Sun

Hotels | Properties | Services

ANNUAL REPORT 2018

Creating *Timeless Memories*

This year we launched our brand promise, Timeless Memories, which is all about enhancing our guests' experience and differentiating Sun Resorts as a brand.

By offering personalised services and exclusive activities, we grab every opportunity there is to turn something great into something breathtaking. Through each of our unique resorts, we propose a set of carefully designed signature experiences that make our guests savour every moment possible at our resorts.

TRANSFORMING TREASURED MOMENTS INTO TIMELESS MEMORIES!

David J. Anderson
CEO Sun Limited

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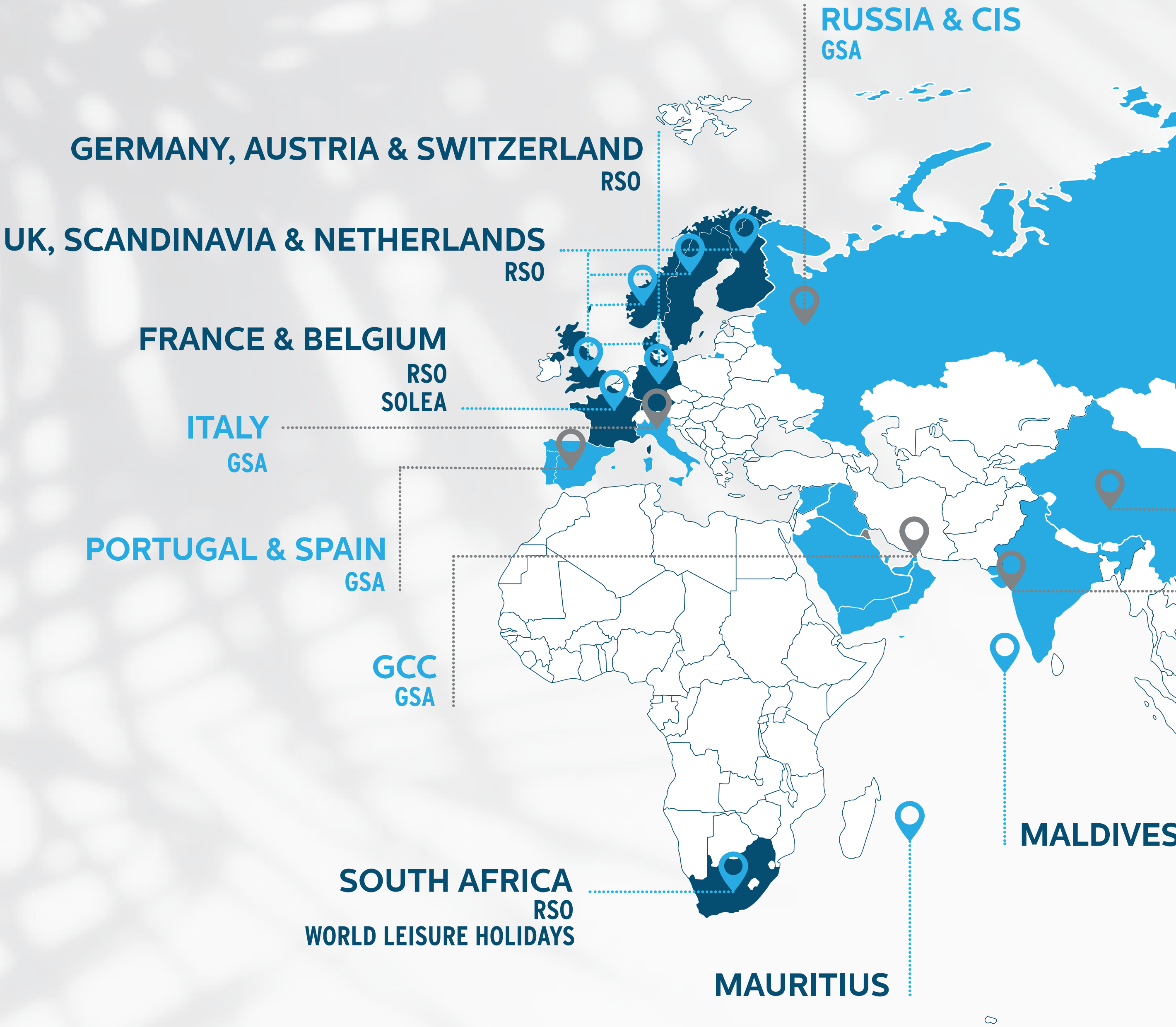
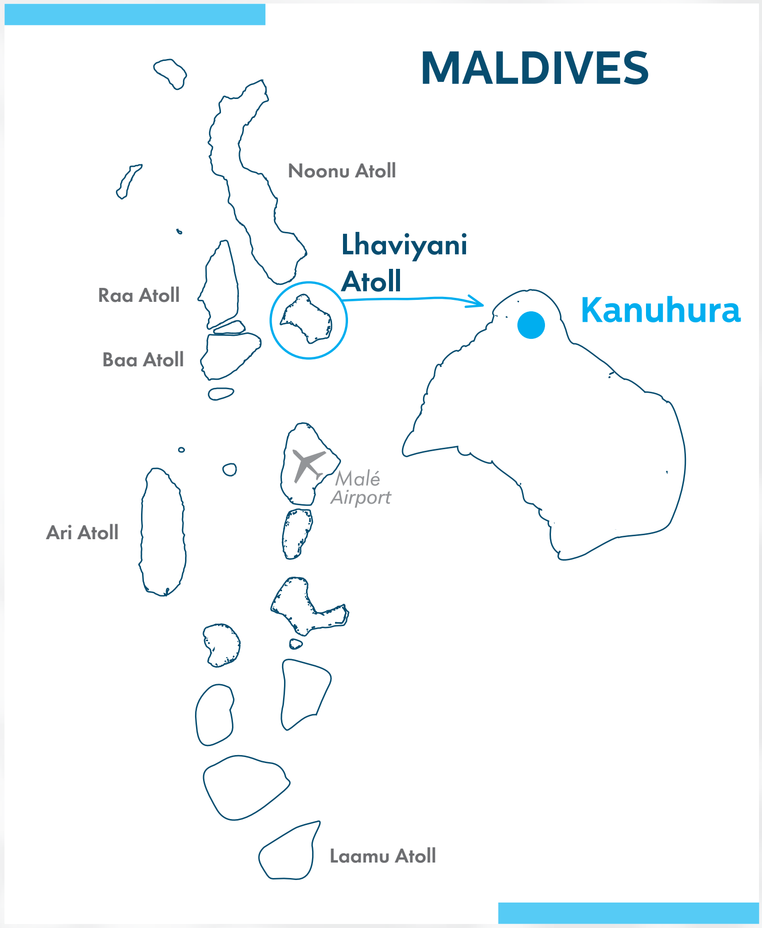
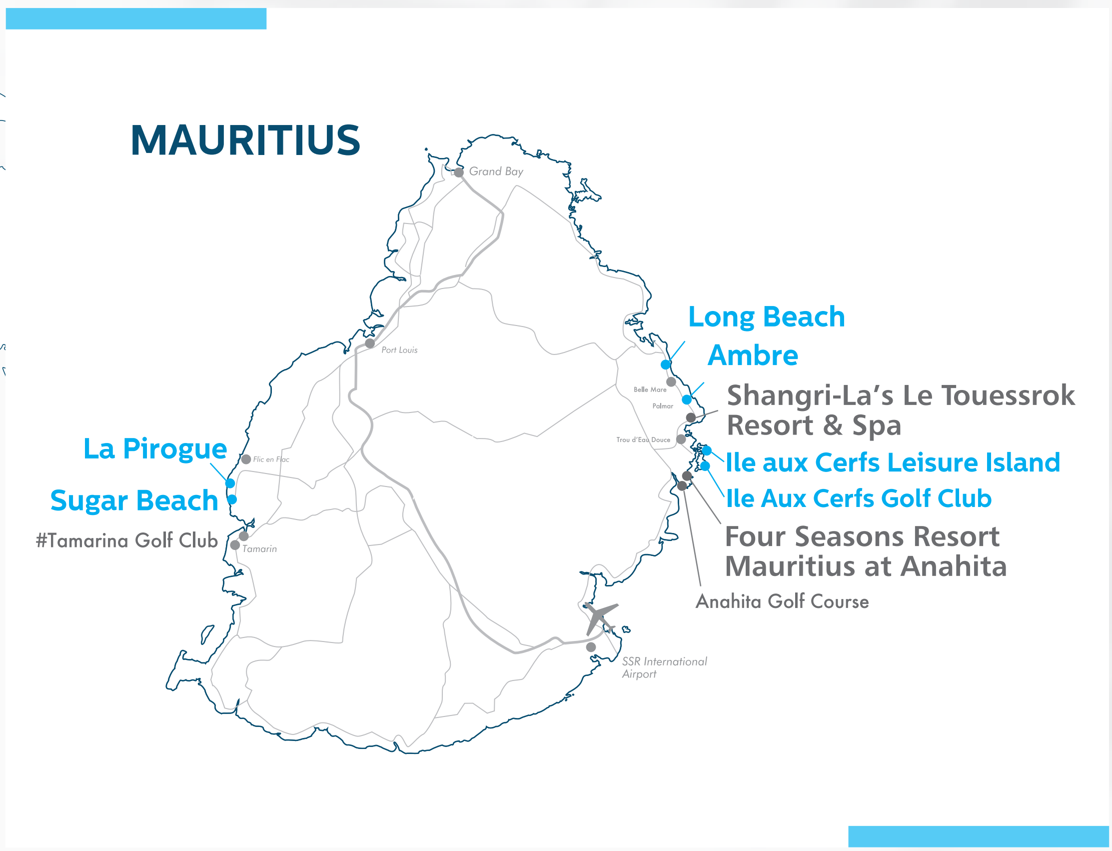
OUR GLOBAL PRESENCE



RSO: Regional Sales Office
GSA: Global Sales Agency


CHINA
GSA
INDIA
GSA


MALDIVES
Noonu Atoll
Lhaviyani
Atoll
Kanuhura
Raa Atoll
Baa Atoll
Malé
Airport
Ari Atoll
Laamu Atoll


MAURITIUS
Grand Bay
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Ile aux Cerfs Leisure Island
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Four Seasons Resort
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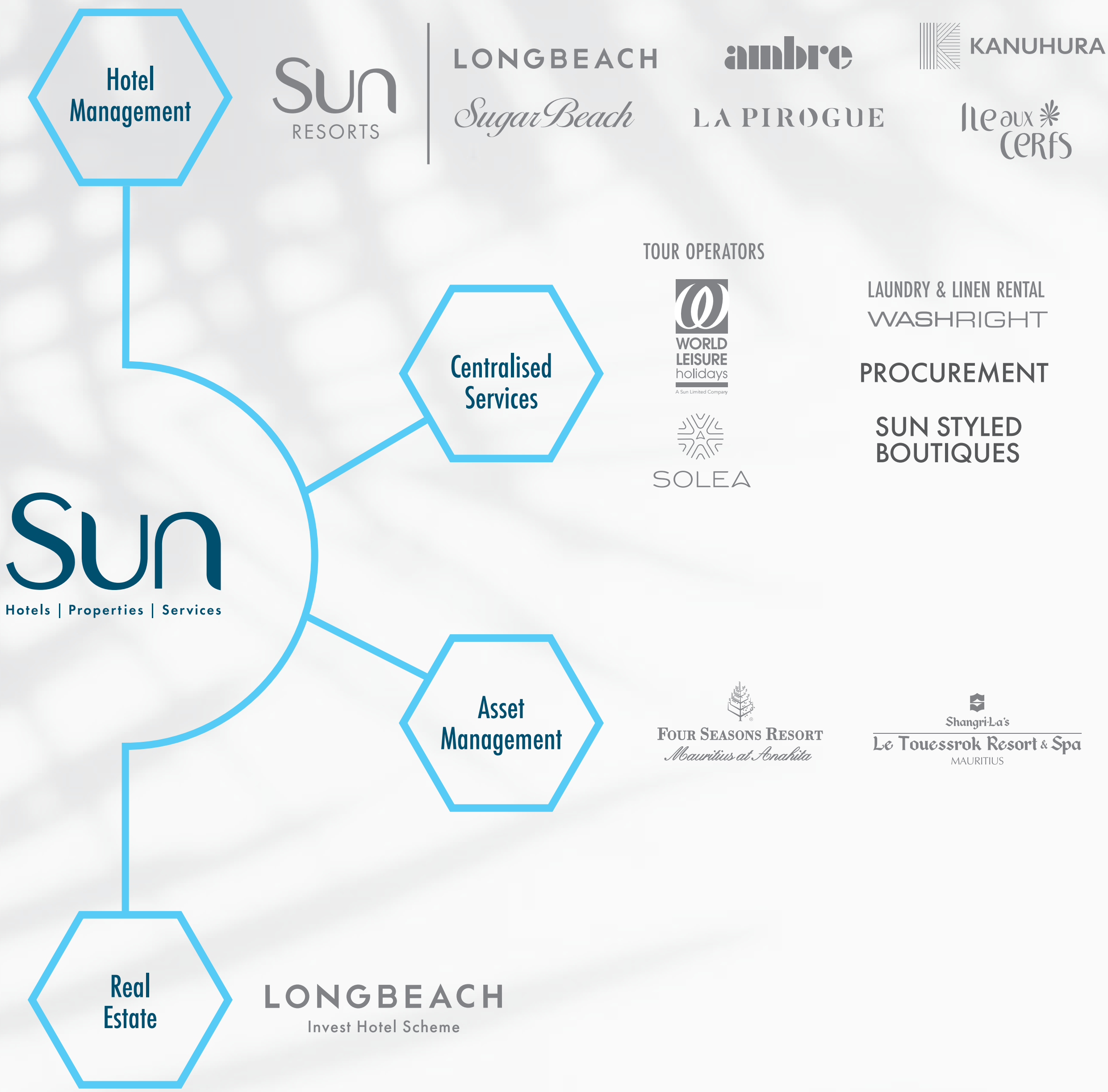
La Pirogue
Flic en Flac
Sugar Beach
#Tamarina Golf Club
Tamarin
SSR International
Airport

ABOUT SUN
WHO WE ARE

Sun Limited is the owner of seven resorts in Mauritius and Maldives. Five are managed directly by Sun Resorts and two by well-known international brands: Shangri-La Hotels & Resorts and Four Seasons.

Sun Limited is organised in 4 clusters :

- Hotel Management
- Centralised Services
- Asset Management
- Real Estate



WE ARE SUN

OUR VISION

To be the leading hospitality group that inspires

Timeless Memories

OUR MISSION

We **delight** our guests

We **nurture** a passion for excellence

We **act as role model** in our communities

We **build** trustful partner relations

We **reward** our owners

OUR VALUES

EXCELLENCE

INTEGRITY

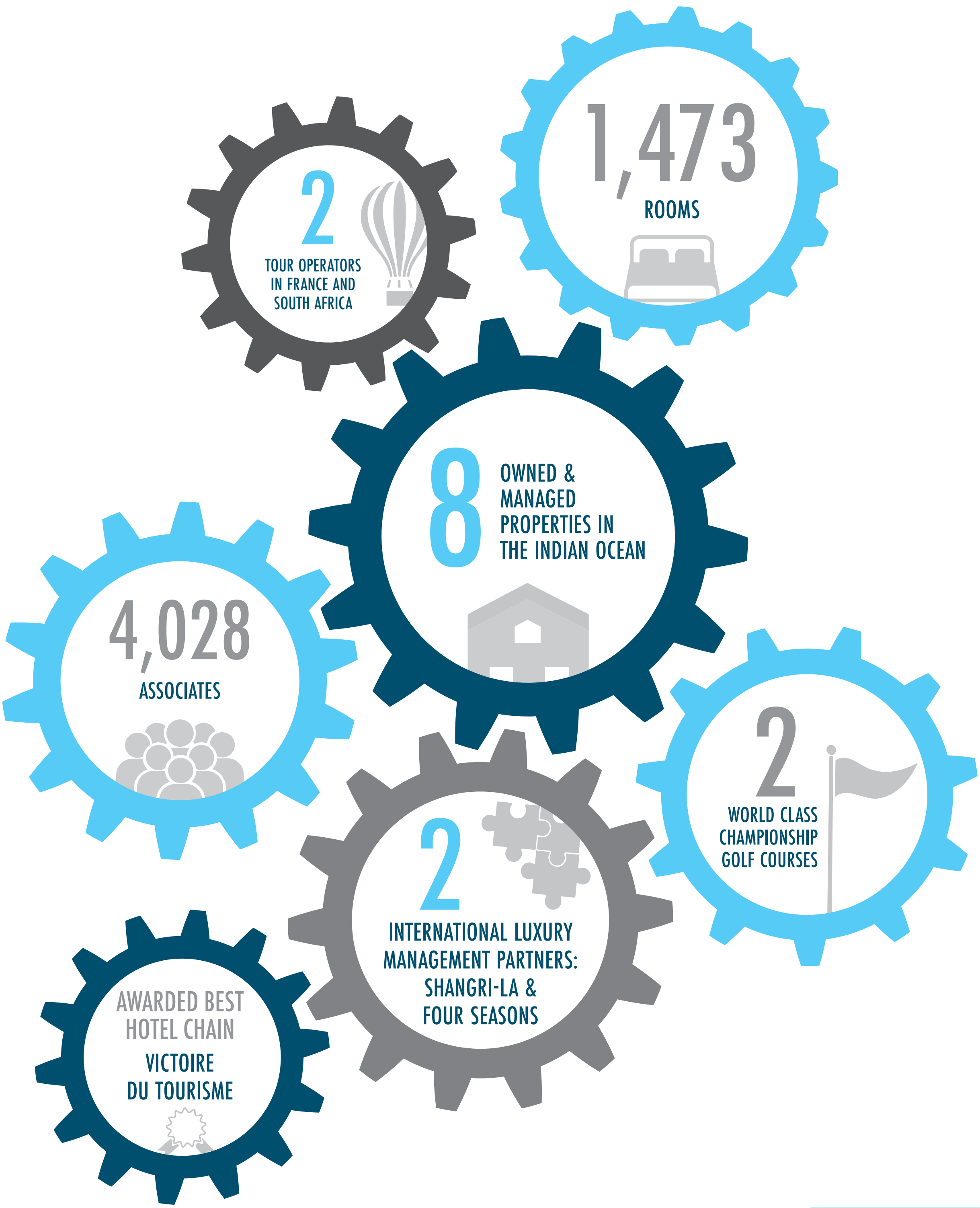
TRUST

PASSION

TEAMWORK

ABOUT SUN

A LEADING HOSPITALITY GROUP IN THE INDIAN OCEAN



KEY HIGHLIGHTS

OUR PEOPLE, OUR PASSION

FY18 was the year in which we launched our brand promise to guests, Timeless Memories. To deliver this promise, it is vital to offer best-in-class services and memorable experiences in a consistent manner. The initiatives were therefore aligned to this priority.

Our key objectives and focus areas were:

1. CULTURE OF EXCELLENCE

Learning and Development has been instrumental in this journey. We launched the 'SUN Winning Well Training Programme', a complete training plan that encompasses SUN's core values, service excellence, leadership development plans and technical skills amongst others.

862 front-liners were scheduled to follow the 'SUN Rise and Shine' Training programme over a period of 6 months with an international company specialised in service culture training. All our managers and supervisors have also embarked on a Leadership Development Programme which includes personal coaching sessions.

SUN is committed to give best-in-class training to its associates and is focusing more on training effectiveness than training hours. This said, we are ambitious to deliver at least 100 hours of training to our associates in operations in this financial year.

2. EMPLOYEE ENGAGEMENT

It is an established fact that happy employees equal happy customers! We are continuously improving the work environment through welfare activities, with management involvement and proximity with our people. A staff engagement survey was carried out in June 2018, with a response rate of 94% and engagement rate of 76%, representing an improvement of 19% points compared to the last survey carried out in 2016.

3. OPERATIONAL AND SERVICE EXCELLENCE

A new organisation structure, introducing the concept of Centre of Excellence and Business Partner role is in place since 1 March 2018. The model is designed to promote expertise and deliver improved services across the organisation.

INFORMATION TECHNOLOGY (IT)

Our Information Technology leadership is responsible for all IT Infrastructure and applications across the Group and use internal IT teams as well as external providers through service level agreements to ensure timely delivery of Information Technology Services to each department.

Technology is moving fast and it has become essential that we keep up to speed with changes and be able to innovate to have a competitive edge.

During the past financial year, we have completed many digital projects aimed at improving customer experience such as IPTV, Sun Mobile App and tablet check-in.

In addition, the other areas that the department focused on are IT Governance and Framework, cost optimisation and service improvement to internal customers through the implementation of an IT Helpdesk system.

DIGITAL STRATEGY

Sun Resorts launched its new Business to Customer (B2C) website in October 2017 together with a Search Engine Optimisation (SEO) strategy to increase traffic and direct bookings. For FY18, the group has achieved a 12% increase in its online bookings.

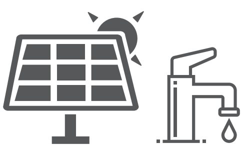
In addition to the focus on our website, a strategy was also implemented on social media increasing the creative content publication in order to reach more potential clients; this was also supported by advertising campaigns on different platforms. The result is that at the end of June 2018, we have a fan base of 684,759 on Facebook (+135% compared to previous financial year) and 105,954 on Instagram (+174% compared to previous financial year).

To improve our online reputation management, SUN has re-enforced its focus on achieving optimum guest satisfaction and its drive to have all its resorts in the Top 20 on TripAdvisor.

ABOUT SUN
SUSTAINABILITY ENGAGEMENT

SUNCARE
For What Really Matters

SUN has launched the first phase of its SUNCARE programme. As a founder member of the United Nation SDGs (Sustainability Development Goals), SUN is committed to pursuing its environmental, social and financial responsibilities by finding innovative ways to do more with less.



Through renewable energy
of the sun, we generate hot water

90% of Led Light
implemented

Pure By Sun

Reduce plastic with
in-house water bottling plant

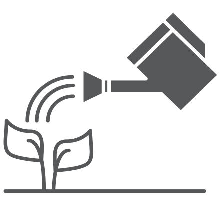
Around 80% of our waste is being
recycled & Implement a waste
management System.

Sustainable Procurement

SUN has established
Supplier Code of Conduct and
Procurement Framework

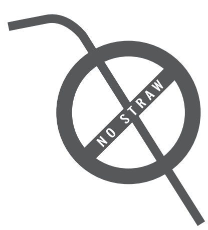
MAURI GAP GOOD AGRICULTURAL PRACTICES

Participating on a national pilot
project to sensitize farmers to use less
chemical in production



100% irrigation from
waste water treatment plant.

Promote
Endemic trees plantation



Going Strawless

SUNCARE ROAD MAP

- Registration of SUNCARE as a non profit organisation in 2018
- One EURO per Room night action plan
- "Children at Heart" community programme, each resort has established a programme to support local community where they operate

SUNCARE ACHIEVEMENTS

- Sun Children Cancer Trust sponsor
- SUN is the first hospitality company to sign a Memorandum of Understanding (MOU) with the University of Mauritius for marine conservation

SUNCARE OBJECTIVES

- Research on climate change mitigation
- Hotel Best sustainable practices for SID countries
- Assisting the local hospitality industry to meet with UNSDGs objective
- Marine & reef observatory – coral beaching
- Education for staff, guest and communities
- Improving the life of communities – through community projects
- Research published for UN on challenges for SID Countries

SUSTAINABLE TOURISM AWARD (2018)

EARTHCHECK SILVER AWARD (2017)

CHAIRMAN'S REPORT

JEAN-PIERRE DALAIS

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report of Sun Limited ("SUN"/"Company") for the financial year ended 30 June 2018.

This past year has been an important one for your company as it posted a return to profitability and a dividend distribution of Rs 0.50 per share. I am pleased to report on some of the key achievements of this past financial year:

- The successful rights issue and private placement of Rs 1.86 billion, with a new strategic partner, Dentressangle, joining the capital of the Company. This led to a significant reduction in the gearing ratio of the Group from 56% to 44%.
- The re-opening and re-launch of La Pirogue as a four-star superior resort on 17 August 2017, after a two-phased renovation.
- The launch of our brand promise "Timeless Memories" with seven signature experiences in our SUN managed resorts on 1 November 2017.
- The continuation of our rate repositioning strategy which resulted in an improvement of 25% in average daily rate in SUN managed resorts.
- A strong drive towards the training of our associates and a significant improvement in our people's engagement survey in June 2018 which yielded a net effective score of 76%.

FINANCIAL OVERVIEW

I am pleased to report that SUN posted an encouraging 12% increase in revenue and a 32% growth in normalised EBITDA, leading to a profit of Rs 194 million for the year. This improvement in performance has been mainly driven by the SUN managed resorts which achieved a Revenue per Available Room ("RevPAR") growth of 20% whilst our two branded resorts continued to progress satisfactorily with a RevPAR increase of 9%.

However, the Group results were impacted by the Kanuhura, in the Maldives, due to a more challenging than anticipated relaunch, coupled with a period of political instability and a growing room supply in the industry.

VISION AND STRATEGY

Our vision is to be the leading hospitality group that inspires Timeless Memories.

Our strategy of improving our rates is supported by a clear focus on constantly improving guest experience and satisfaction. Being client centric, we look at the entire customer journey and invest in operational excellence, innovation, product enhancement and staff engagement to fulfill our brand promise, Timeless Memories.

RIGHTS ISSUE AND PRIVATE PLACEMENT

In August 2017, the Company successfully completed a rights issue and private placement totalling Rs1.86 billion which helped to stabilise the Group's financial position and led to a reduction in the gearing ratio from 56% to 44%. We are pleased to welcome a new strategic shareholder, Dentressangle, with a stake of 17.52% in SUN. As a result of this capital injection, the Company's balance sheet has been strengthened, thereby enabling the Group to accelerate its future development plans.

SUSTAINABILITY ENGAGEMENT

In line with our core values, SUN aims to instil a sustainability culture across its associates through initiatives designed at reducing our carbon footprint with renewable energies and waste management as well as sustainable procurement practices. Our commitment towards sustainability is further demonstrated by our entry on the Stock Exchange of Mauritius Sustainability Index ("SEMSI") on 5 July 2018. I am also delighted with the launch of our first phase of the SUNCARE programme which sets-out our road map to achieve our aim of a sustainable environment for all our stakeholders. It focuses on the triple-bottom line approach of environment, social and financial responsibilities.

RISK MANAGEMENT

The Company's risk management framework has been redesigned during the past financial year with the identification of the Top 20 risks by management. Mitigating controls and remedial actions are being applied, where appropriate, to bring the residual risks to tolerable levels. A refreshed risk management governance structure and associated lines of communication have been finalised and communicated to all associates.

The formalisation of the protocols will ensure that the risk management process is well engrained in everyone's actions as it matures within the Group.

PEOPLE'S ENGAGEMENT

Investment in our people is key to our strategy to drive Timeless Memories for all our guests. The recent launch of the "SUN Winning Well" training programme, aimed at inculcating SUN's core values, service excellence, leadership development plans and technical skills, and at illustrating our commitment to delivering best-in-class training to all our associates. We are also encouraged by the recent staff engagement survey which had a strong response rate and produced a high net effective score compared to the previous study done two years ago.

OUTLOOK

Official statistics from the Governments expect tourist arrivals to maintain moderate growth in Mauritius and the Maldives. We expect our Mauritian resorts to uphold their good performance. As mentioned earlier, our resort in the Maldives has impacted in a significant way our financial results, however, we have witnessed encouraging progress in customer satisfaction at this resort. It is now rated as one of the best in the Maldives and we believe that this will induce an enhanced performance for the current financial year.

Overall, and given the positive momentum gained in the past financial year, the Group is expected to capitalise on its current strategy to post an improved current financial year.

ACKNOWLEDGEMENTS

I would like to welcome Pierre Vaquier and Alexis Caude who joined us on the Board during the year and take this opportunity to thank my fellow Board members for their advice and support in guiding the Group to greater heights. A special mention to David J. Anderson, our CEO for his leadership, and to the management and all associates for their dedication and commitment to make this year a turning point on which we can build an exciting future. Likewise, I would also like to express our sincere gratitude to our shareholders, business partners and guests, who continue to believe in us.

Jean-Pierre Dalais
Chairman

26 September 2018

SUN'S BRAND PROMISE

Our tribute to the Sun

At Sun Resorts, we pay tribute to the sun and strive to ensure that our guests savour every moment possible at our hotels. We aim to surprise and delight at every opportunity in order to turn something great into something breathtaking by offering personalised services and unique activities that create memorable vacations. Whether you're spending a day blissfully luxuriating on the beach, appreciating the silence and gorgeous views at sunrise, indulging in an expertly created signature cocktail or delighting in a romantic dinner as newlyweds, each of our unique Sun Resorts offer carefully designed signature experiences that transform treasured moments into timeless memories.

Sun Beach

Island holidays are meant to centre on stunning tropical days spent creating timeless memories with loved ones while lapping up the sun—which is why we've created luxury beachside experiences for our guests like no other. From delicious island-inspired refreshments, exclusive beach loungers and cabanas to phone chargers and relaxing massages, our Sun Beach offerings—complete with superb beach butlers—ensure that your every need is catered for. Enjoy the flawless beaches in true Sun style.

SUN'S BRAND PROMISE

Sunrise & Sunset

Kickstart your day in the best possible way with our unique range of memorable sunrise activities. From relaxing beachside yoga classes to sunrise SUP, there's a plethora of exciting ways to welcome in a new day with Sun. Equally exceptional are the activities to celebrate the arrival of dusk, with a host of phenomenal sunset experiences that allow you to fully embrace this breathtaking spectacle, favourite signature Sun cocktail in hand.

Sun Luxury moments

We believe that what makes an exceptional holiday is not only the destination but the resort's capability to turn every moment from good to great. That is why we pride ourselves on going the extra mile for our guests. From complimentary exotic fruit platters or flower bath in your room, personalised VIP luxury amenities, to signature welcome cocktails—these small gestures and surprises form the foundation of luxury moments that turn into timeless memories.

Sun Kids

Our little guests are as important to us as our big ones and we want them to be able to make their very own timeless memories in a safe, kid-friendly environment. With our reputed Sun Kids Club, kids are well-supervised and kept entertained for hours in truly magical surrounds. From arts and crafts classes to cinema evenings and sporting events, our team will ensure your Sun Kids have a holiday of a lifetime.

Sun Golf

Let Sun Resorts take you on golfing adventures like never before. With world-class championship golf courses that boast unforgettable views and exotic scenery, a game on any of the three golf courses affiliated with Sun is sure to be unforgettable. Tee off in absolute paradise, discover a sublime beach reserved for golfers or make the most of the golf academies; with Sun, your dream golf holiday can become a reality.

Sun Memory Lab

While you are enjoying a once-in-a-lifetime holiday, you are going to want to capture it perfectly. Cherish your island holiday memories with Sun Resorts by hiring any of the exceptional photographic equipment on offer. With an array of cameras and equipment to help you get the perfect shot, you can rest assured that your unforgettable moments will be captured in the best possible ways. Print your favourite pics and relive your special memories forever.

Sun Mixology

Lazy island holidays spent in the sun are meant to be enjoyed with the finest cocktails in hand. Our phenomenal array of drinks includes many of the international favourites but it's our signature tropical cocktails, made with the finest fresh local ingredients, that will surely impress. Indulge in one of the many cocktail & beverages, learn to make your own cocktail or sample something special made with the local rum—the options are practically endless.

OUR RESORTS

KANUHURA
A SUN RESORT · MALDIVES

5 * LUXURY

UNFETTERED PARADISE

Encompassing three private islands, our sublime hotel is the ultimate luxury retreat for free-spirited adventurers. Discover a new realm of bohemian elegance surrounded by tropical gardens and bordered by stretches of pristine beaches that fade into scintillating tropical waters; where alluring private islands provide the perfect hideaway for wild-hearted world travellers. The definition of utopia, Kanuhura balances laid-back barefoot luxury with natural sophistication, complemented by the mesmerising beauty of the Maldives.

LEADING HOTELS®

AWARDS

- ONE OF THE WORLD'S TOP RENOVATIONS - CONDE NAST TRAVELLER (2017)
- MALDIVES' LEADING FAMILY RESORT - WORLD TRAVEL AWARDS (2017)
- OUTSTANDING ISLAND RESORT DESTINATION IN SOUTH ASIA - ASIAN LIFESTYLE TOURISM AWARDS (2017)
- WORLD'S BEST SPA - NATIONAL GEOGRAPHIC TRAVELLER (2017)
- TRIPADVISOR CERTIFICATE OF EXCELLENCE (2017)
- HOLIDAY CHECK (2017)
- GLOBAL LUXURY ISLAND RESORT SPA - LUXURY SPA AWARDS (2018)
- TRIPADVISOR CERTIFICATE OF EXCELLENCE - HALL OF FAME (2018)
- 1ST STAR AWARDS - CHINA (2018)

OUR RESORTS

LONGBEACH

A SUN RESORT · MAURITIUS

5 * SUPERIOR

FEEL THE ENERGY

Fringing the famed beach at Belle Mare along the untamed East Coast of Mauritius, lies the island chic Long Beach Mauritius Resort. This magnificent five-star resort, set in dense tropical gardens, is uniquely modern and provides the ultimate escape for discerning guests seeking a blissful haven with equal measures of relaxation and activity. Long Beach Mauritius offers unprecedented service and contemporary luxury for active couples and families along an immaculate beach that melts into cyan waters, where the energy is so pure and vibrant that you can feel it.

AWARDS

- INDIAN OCEAN'S BEST GOLF HOTEL (2017)
- TRIPADVISOR CERTIFICATE OF EXCELLENCE (2017)
- TRAVELIFE GOLD (2018)
- EARTHCHECK SILVER (2018)
- TRIPADVISOR CERTIFICATE OF EXCELLENCE - HALL OF FAME (2018)

OUR RESORTS

Sugar Beach

A SUN RESORT · MAURITIUS

5 *

CONTEMPORARY PLANTATION STYLE

Imposing and impressive, this elegant five-star Sugar Beach Mauritius unfurls along the sun-drenched, sheltered bay of Flic-en-Flac, bordered by crystalline waters, manicured gardens and one of the most picturesque beaches on the island. This plantation-style resort masterfully balances old-world opulence with modern comforts and offers panoramic views of the sunset over the ocean. A testament to the aesthetics of colonial estates in a bygone era, Sugar Beach Mauritius today provides a luxurious sanctuary for families and couples seeking the ultimate holiday in paradise.

AWARDS

- BRITISH AIRWAYS HOLIDAYS CUSTOMER EXCELLENCE AWARD (2017)
- TRIPADVISOR CERTIFICATE OF EXCELLENCE (2017)
- EARTHCHECK SILVER (2018)
- TRIPADVISOR CERTIFICATE OF EXCELLENCE - HALL OF FAME (2018)

OUR RESORTS

LA PIROGUE

A SUN RESORT · MAURITIUS

4 * SUPERIOR

MORE BOHO CHIC THAN EVER

Situated along the breathtaking sunset coast and bordered by scintillating turquoise waters, La Pirogue Mauritius offers guests an incredible four-star superior experience in paradise. Imbued with authentic and unrivalled Mauritian charm, La Pirogue resembles a traditional fishing village, each bungalow's thatched roof reminiscent of the unfurled sail of a local fishing boat, from which the resort derives its name. Set amongst a coconut grove and surrounded by lush gardens, this boho-chic hotel boasts a relaxed atmosphere that is still vibrant—perfect for both families and couples alike.

AWARDS

- TUI TOP QUALITY (2017)
- TUI ENVIRONMENTAL CHAMPION AWARD (2017)
- TUI HOLLY (2017)
- BRITISH AIRWAYS HOLIDAYS CUSTOMER EXCELLENCE AWARD (2017)
- EARTHCHECK SILVER (2017)
- TRIPADVISOR CERTIFICATE OF EXCELLENCE (2017)
- TRIPADVISOR CERTIFICATE OF EXCELLE – HALL OF FAME (2018)
- BOOKING.COM GUEST REVIEW AWARD (2018)
- HOLIDAY CHECK AWARD (2018)

OUR RESORTS

ambre

A SUN RESORT · MAURITIUS

4 *

THE LIGHT SIDE OF LIFE

Ambre Mauritius offers comfortable four-star, all-inclusive accommodation for guests from the age of 16 at our adults-only resort. The uninterrupted views of the tropical Indian Ocean from our resort provide our guests with prime seating to one of nature's most spectacular moments every day; sunrise—encouraging guests to live on the light side of life from the break of day. Designed with the intention to ensure this light filters into everything we are and do, from our beautiful open architecture to our unparalleled service, we set the stage for tranquil, carefree holidays in the sun.

AWARDS

- EARTHCHECK SILVER (2017)
- TRIPADVISOR CERTIFICATE OF EXCELLENCE (2017)
- TRIPADVISOR CERTIFICATE OF EXCELLENCE - HALL OF FAME (2018)

Ile aux Cerfs
LEISURE ISLAND
& GOLF CLUB

TRULY ICONIC ISLAND

Ile aux Cerfs is a picturesque island spread over 87 hectares of land off the east coast of Mauritius. It is famous for its white sandy beaches, its turquoise lagoons and for the wide range of restaurants, water sports and land activities on offer.

It is also home to one of the most beautiful golf courses in the world, the Ile aux Cerfs Golf Club, an 18-hole championship golf course designed by two-time Masters champion Bernhard Langer.

AWARDS

- TOP 1 OF THE WORLD'S "MUST-PLAY" GOLF COURSES – GOLF WORLD MAGAZINE (2017)
- WORLD'S BEST GOLF COURSE – GOLF JOURNAL TRAVEL AWARDS (2017)
- TRIPADVISOR CERTIFICATE OF EXCELLENCE - HALL OF FAME (2018)

CENTRALISED SERVICES

TOUR OPERATORS

WORLD LEISURE HOLIDAYS

World Leisure Holidays (WLH), based in South Africa, is positioned as the Indian Ocean Specialist representing some of the most exclusive brands in Mauritius, Zanzibar, Reunion, Mozambique, Maldives and the Seychelles.

During the year, WLH has enhanced its Online Booking Engine to enable the travel trade to transact with WLH 24/7.

The restructure and rebranding done in 2017, started to give significant results with both revenues and profit registering encouraging growth in the previous financial year. This has driven through a stronger sales and marketing presence on the South African market.

SOLEA

Solea, our in-house Tour Operator based in France, brings together expertise that combines the skills of the artisan with the most efficient technology.

Following successful launch of new African products and destination in Solea's portfolio, Solea has developed a new brand "Equato by Solea" offering exceptional safaris, lagoons combined with local culture and amazing landscapes with a dedicated brochure.

Indian Ocean destinations are the core focus of Solea, especially Mauritius and Maldives.

The repositioning and rebranding exercise carried out in FY17 has successfully driven an increase in revenue and new travel agents contracts have been signed in order to develop sales with new partners.

PROCUREMENT

SUPPLY CHAIN EXPERTS LTD

As from July 2017, Supply Chain Experts, which is the Central procurement arm of the group, has re-engineered its operations to focus mainly on:-

- Multi category sourcing activities
- Direct imports
- Category volume consolidation and Bulk Procurement deals
- End to End Logistics Services
- Project Procurement

To this end, a new Head of supply chain was appointed to re-organise the procurement activities and implement group wide strategic initiatives and new procurement processes for a seamless, integrated procurement operation.

During this period, Spend Under Management (SUM), has grown by 20% as a result of continuous category on boarding.

The sourcing of import alternatives is proving extremely beneficial with consequential cost avoidance achieved on food and beverage items and specific capital expenditure equipment.

LAUNDRY & LINEN RENTAL

WASHRIGHT SERVICES LTD

Washright Services provides laundry and dry cleaning services as well as linen rental to resorts within and outside the Group.

Its strategy is to further expand its business by proposing its services to other hotels on the Island. In line with the sustainability policy of the group, Washright has replaced the use of liquid coal by used oil, which is a more environmental friendly product, for the generation of steam in its laundry since the beginning of the year.

The future growth of Washright is expected to benefit from increased business within the hotel industry but also outside the hospitality sector.

RETAIL

SUN STYLED BOUTIQUES LTD

Sun Styled Boutiques manages gift shops located on the premises of Sun Resorts as well as third party hotels. It also acts as a wholesale provider to boutiques outside the group.

The company is growing its business using the expertise and resources of the Group, regular training of all its staff, and aggressive buying strategies for its product range with established and new international and local market partners.

ASSET MANAGEMENT

The asset management cluster represents SUN's portfolio of owned and managed hotel assets. It hosts our partnerships with leading international groups, such as Four Seasons Resort Mauritius at Anahita and Shangri-La's Le Touessrok Resort & Spa.

This cluster also overlooks resorts managed by SUN from an owner's view with the aim of aligning the objectives of the owner and the operator to maximise returns.

Its main role has been to act as the owner's representative with Four Seasons and Shangri-La's management to ensure that the objectives of the operations are aligned with the owner.

FOUR SEASONS RESORT MAURITIUS AT ANAHITA

FOUR SEASONS RESORT MAURITIUS AT ANAHITA

Four Seasons Resort Mauritius at Anahita continued to perform well with revenue increasing by 4% to Rs1.3 million and EBITBA reaching Rs 446 million.

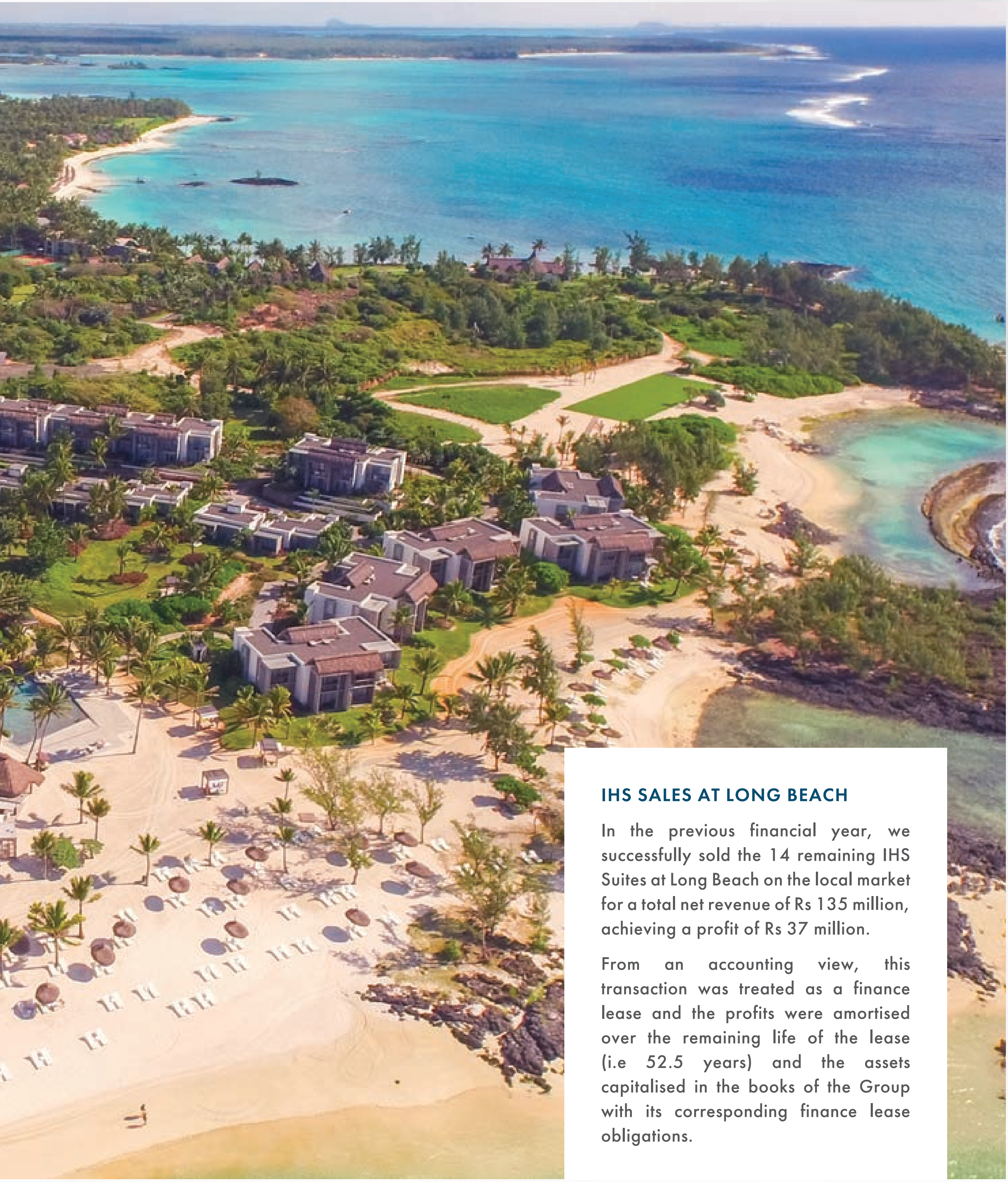
The resort has started planning for the revamp of its food and beverages facilities with a specialist consultant. As an extension of its marine education and conservation programme launched in August 2015 with partner WiseOceans, the resort will be expanding the programme to incorporate a reef restoration project, to help protect the marine life of the lagoon and raise awareness among guests, staff and the local population.

As part of its CSR programme, Four Seasons continues to support and be active in the local community specially through the Eastern Welfare Association for disabled.

SHANGRI-LA'S LE TOUESSROK RESORT & SPA

In its second full year of operation the resort is continuing its steady progression to improve yield. Revenues were 7.4% up on prior year with an EBITDA of Rs 240 million. During the previous financial year, the resort was active in pursuing its sustainability initiatives with various planting, cleaning up and waste management programme with the local community as well as guests.

REAL ESTATE



IHS SALES AT LONG BEACH

In the previous financial year, we successfully sold the 14 remaining IHS Suites at Long Beach on the local market for a total net revenue of Rs 135 million, achieving a profit of Rs 37 million.

From an accounting view, this transaction was treated as a finance lease and the profits were amortised over the remaining life of the lease (i.e 52.5 years) and the assets capitalised in the books of the Group with its corresponding finance lease obligations.

EXECUTIVES' REPORT

DAVID
J. ANDERSON

Financial year 2017-18 has been a turnaround year for Sun Limited with a return to profitability and the payment of dividends for the first time in seven years.

TOMMY WONG
YUN SHING

ENHANCING CUSTOMER EXPERIENCES

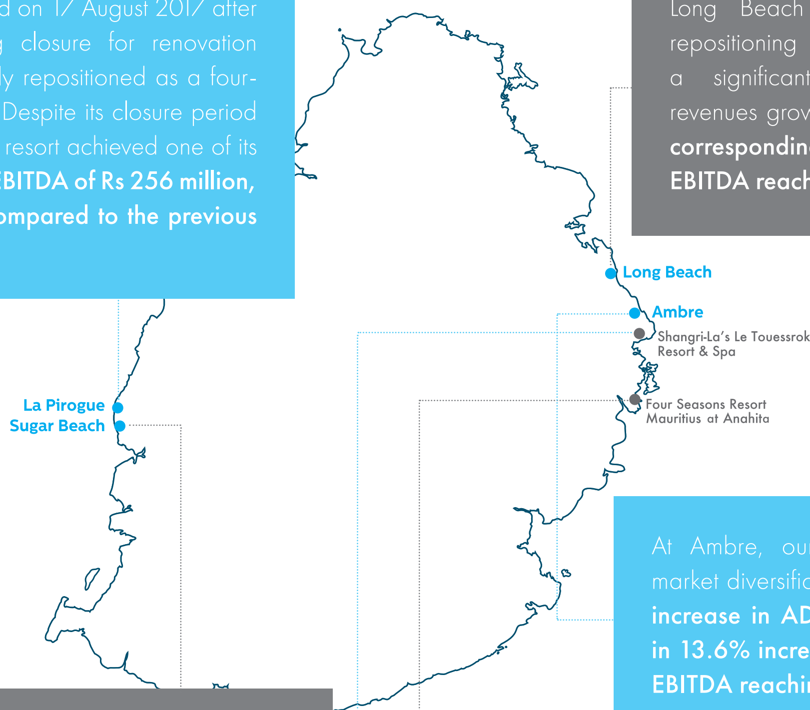
During the past financial year, we launched our brand promise, Timeless Memories, in all our SUN managed resorts. This aims at differentiating "Sun Resorts" as a hospitality brand by giving it a stronger identity. The Timeless Memories are based on seven signature experiences you will find in our SUN managed resorts, including breathtaking experiences around beach, restaurant, bars, golf and kids.

MAURITIUS

From a SUN-managed perspective in the Mauritian market, it has been a very encouraging year. Our branded resorts, Four Seasons and Shangri-La's Le Touessrok both continue to perform well.

La Pirogue reopened on 17 August 2017 after a seven-week-long closure for renovation and was successfully repositioned as a four-star superior resort. Despite its closure period of seven weeks, the resort achieved one of its best results with an **EBITDA of Rs 256 million, a 45% increase compared to the previous financial year**.

Long Beach continued its rate repositioning exercise and made a significant progression with revenues growing by **14% against corresponding financial year, and EBITDA reaching Rs 100 million**.



At Ambre, our strategy of better market diversification has yielded **an increase in ADR of 22% resulting in 13.6% increase in revenues and EBITDA reaching Rs 88 million.**

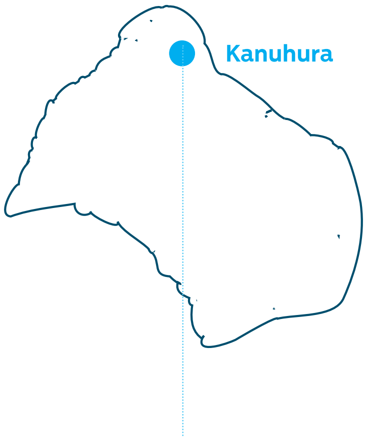
Sugar Beach maintained its good performance despite its ageing condition with **ADR growing by 18% year on year. Revenue increased by Rs 103 million to Rs 980 million with EBITDA reaching Rs 270 million,** an **19% increase** compared to the previous financial year. The resort renovation is planned to be carried out in multiple phases over the next two financial years.

Four Seasons grew **revenues by 4% to Rs 1.3 billion** despite competition becoming more intense with the upgraded resorts locally and the revival of other world destinations such as Marrakesh, Turkey and the Red Sea. **EBITDA was up 7% to Rs 446 million**. Nevertheless, the resort remains the top performer in its competitive set.

Shangri-La's Le Touessrok is steadily improving its yield with **ADR progressing by 15% and revenues growing by 7% to Rs1.2 billion. EBITDA grew by 28% to Rs 240 million**.

EXECUTIVES' REPORT (CONT'D)

MALDIVES



Kanuhura in the Maldives remains management's main challenge. Re-opened in December 2016 the resort had its first full year of operation with a full inventory of 80 villas available for eight months as from November 2017. During the past financial year, there was a period of political instability with state of emergency, hindering the growth of tourist arrivals. This was coupled with the increase in hotel supply, with over ten resorts opening in that financial year. We still have much work to do to get the occupancy at the rate we have positioned the resort at. Even though we improved this year, we still have some way to go to ensure profitability for the resort.

CUSTOMER SATISFACTION & EMPLOYEE TRAINING

Naturally, as one of the leading hotel groups in Mauritius, one of our main focuses is on customer satisfaction and constantly improving the level of service that we offer. This year, we managed to improve our TripAdvisor ratings, with Kanuhura achieving the 10th position in the Maldives; and La Pirogue and Long Beach ranking in the Top 20 in Mauritius. To achieve these improvements, we have increased the number of training hours for all our associates to ensure operational excellence. We have laid down the foundation and started training of all our associates with an aim to achieve 100 training hours per person in FY19.

We also want to be regarded as the best employer in the industry. Over the past few years, we have been benchmarking the salary and benefits of our competitors so that we can acquire and retain the best employees with attractive packages. This will allow us to have happy and skilled employees, which will lead to happy customers. Ultimately, this will result in increased growth of our room rates in each of our competitor set.

SUSTAINABILITY

Regarding our sustainability, we have succeeded in getting listed on the SEMSI (Stock Exchange of Mauritius Sustainability Index), which now recognises us as a sustainable hotel company. This falls in line with our various sustainability initiatives that we have put in place over the years. Additionally, in collaboration with the University of Mauritius, SUN is establishing a marine conservation program to educate our guests on healthier oceans.

LOOKING FORWARD

We aim to continue to drive sustainable profitability through all our assets.

At Long Beach, we aim to sustain the resort's growth through the continued rate strategy, supported by an upgrade of the rooms and the main lobby to create an enhanced guest arrival, in-room and departure experience.

At Sugar Beach, we aim to execute the first phase of the refurbishment and upgrade the resort from a five-star entry level into a five-star deluxe resort to allow superior rate positioning with the redesign of Tides and Citronella restaurants and the renovation of a portion of rooms in FY19.

At La Pirogue, we aim to optimise its position as the leading four-star superior resort in Mauritius, capitalising on its renovation completed in the last financial year to drive guest experience and profitability.

At Ambre, we aim to optimise yield in its key source markets by maintaining its adults-only concept. The objective for this financial year is to drive profitability by tapping on a wider market diversification.

At Kanuhura, we aim to reinforce its positioning in five-star luxury segment consolidating our presence in traditional markets and accelerate our penetration in the Asian, Russian/CIS and Middle Eastern markets. We also plan on enhancing the resort's gypset experience.

To drive revenue growth, increased investment will be placed on digital marketing to improve our direct bookings.

Finally, as a Group, we also plan on initiating a rebranding exercise to become an aspirational B2C hospitality brand.

David J. Anderson
Chief Executive Officer

Tommy Wong
Chief Finance Officer

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS (THE GROUP)

	30 JUNE 2018		30 JUNE 2017 Restated
Revenue (Rs'M)	6,724	▲	6,007
Earnings Before Interest Depreciation and Amortisation (EBITDA) (Rs'M)	1,290	▲	977
Operating profit (Rs'M)	744	▲	395
Profit/(Loss) after tax (Rs'M)	194	▲	(112)
Net debt (Rs'M)	8,621	▼	10,530
Total equity (Rs'M)	10,863	▲	8,220

PERFORMANCE MEASURES (THE GROUP)

	30 JUNE 2018		30 JUNE 2017 Restated
Basic earnings/(loss) per share (Rs)	1.07	▲	(0.84)
Net worth per ordinary share (Rs)	57.57	▼	58.66
EBITDA margin (%)	19.19	▲	16.26
Operating margin	11.07	▲	6.57
Gearing ratio (%)	44.20	▼	56.20
Stock price - at 30 June (Rs)	51.00	▲	41.50

STATEMENT OF COMPLIANCE

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

Name of Public Interest Entity ("PIE"):

Sun Limited ("SUN"/"the Company")

Reporting Period:

30 June 2018

On behalf of the Board of Directors of SUN, we confirm, to the best of our knowledge, that throughout the year ended 30 June 2018 and to the best of the Board's knowledge, the Company has partially complied with the all the obligations of the National Code of Corporate Governance for Mauritius (2016).

The area of non-compliance, whose reasons are included in the Corporate Governance Report, is as follows, namely:

- **Principle 4 – Remuneration of Directors**

Jean-Pierre Dalais
Chairman

Naderasen Pillay Veerasamy
Chairman of the Corporate Governance, Ethics, Nomination & Remuneration Committee

26 September 2018

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2018

SUN Limited ("SUN" or "the Company") is public company listed on the Official Market of the Stock Exchange of Mauritius and is a Public Interest Entity ("PIE") as defined by the Financial Reporting Act 2004.

The Board of Directors ("Board") of SUN is committed to maintaining high standards of corporate governance and acknowledges its responsibility for applying and implementing the principles contained in the National Code of Corporate Governance for Mauritius (2016) ("the Code"). Throughout this report, it undertakes to explain its interpretation and application of the eight principles of the Code.

PRINCIPLE 1: SUN's GOVERNANCE STRUCTURE

THE ROLE OF THE BOARD

The primary function of SUN's Board is to provide effective leadership and direction to enhance the long-term value of the Company and its subsidiaries ("the Group") for its shareholders and other stakeholders. The Board of SUN assumes its responsibility in

(i) overseeing the business affairs of the Group,

(ii) reviewing the Group's strategic plans, performance objectives, financial plans, annual budget, key operational initiatives, major funding, investment proposals, financial performance reviews and corporate governance practices. It also ensures that all legal and regulatory requirements are met.

CODE OF CONDUCT, VALUES AND MISSION STATEMENT

SUN operates a Code of Conduct for all its employees, officers, Directors and suppliers. Its objective is to become a leading hospitality group in the Indian Ocean Region. It was therefore important to demonstrate not only its unwavering commitment to provide outstanding service but ensure that its business is done according to the highest ethical standards. In addition to its code of conduct, SUN has defined its vision – **to be the leading hospitality group that inspires timeless memories** – led by mission statements that rests on core values – **Integrity - Trust – Teamwork – Passion – Excellence** - which are SUN's way of doing business.

RESPONSIBILITIES AND ACCOUNTABILITIES

SUN has approved job descriptions for key senior governance positions that provide a clear definition of their roles and responsibilities. It has also implemented a Board charter to define, amongst other items, the composition, role and duties of the Directors and the Chairman of the Board as well as the responsibilities assigned to the Board's sub-committees. The roles of the Chairman of the Board and that of Group Chief Executive are held separately.

Jean-Pierre Dalais assumes the role of the Non-Executive Chairman and David J. Anderson is the Chief Executive Officer.

CONSTITUTION

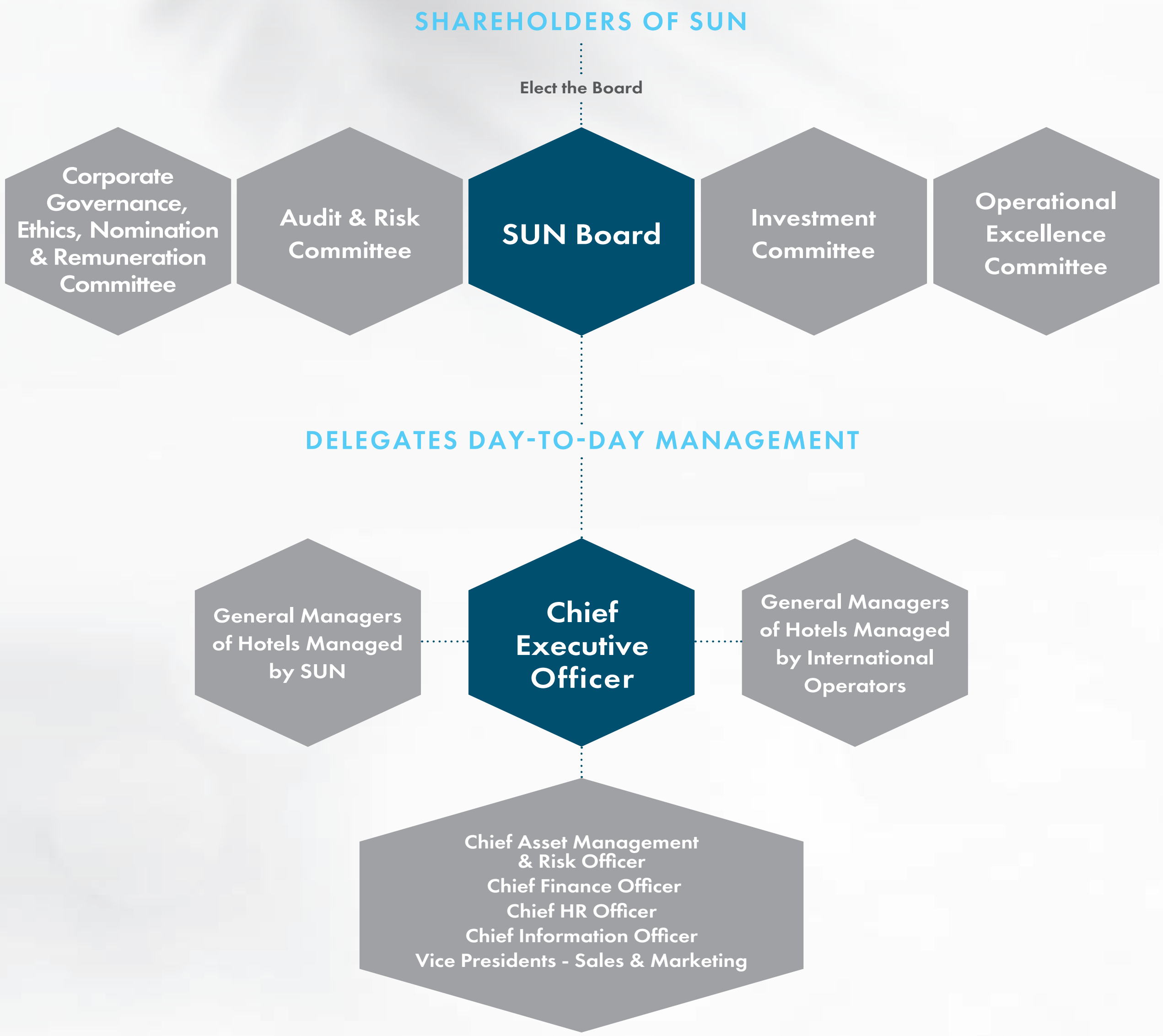
The constitution of SUN complies with the provisions of the Companies Act 2001 and the Listing Rules of the SEM. There are no clauses of the constitution deemed material enough for special disclosure.

CORPORATE GOVERNANCE REPORT (CONT'D)

YEAR ENDED 30 JUNE 2018

SUN'S ORGANISATIONAL CHART AND STATEMENT OF ACCOUNTABILITIES

The Group operates within a defined governance framework, as explained in the chart below, through delegation of authority and clear lines of responsibility while enabling the Board to retain effective control. As such, the Board is ultimately accountable and responsible for the performance and affairs of the Group. The Board has created four committees tasked to provide specialist guidance to its Directors and each operate within defined terms of reference. A reporting mechanism is in place to ensure that recommendations from the committees escalate to the Board. Reports from the chairmen of these committees are systematically included on the agendas of Board meetings.



GOVERNANCE WITHIN THE GROUP

The guidance under the Code for groups and subsidiaries provides that ultimate holding of group companies should apply all principles of the Code and provide appropriate explanations. Wholly-owned subsidiaries are thus exempted from applying the principles of the Code. As holding company, SUN's governance structure contributes to the effective oversight of its subsidiaries considering the nature, scale and complexity of the different risks to which the Group and its subsidiaries are exposed such that the governance structure remains appropriate considering its growth, increased complexity and geographic expansion.

FIND OUT MORE

https://www.sunresortshotels.com

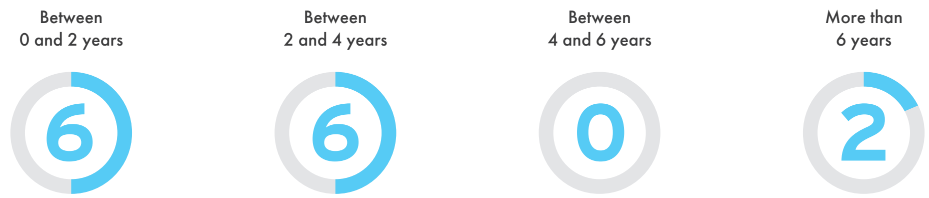
- Code of conduct
- Board charter
- Constitution
- Job descriptions of key senior governance positions

PRINCIPLE 2: STRUCTURE OF THE BOARD AND ITS COMMITTEES

BOARD SIZE AND STRUCTURE

The Board is composed of Directors coming from different industries and backgrounds with strong business, international and management experience which are important considering the nature and scope of the Group's business and the number of Board committees.

Tenure of Directorships:



Board Appointments during the year: Alexis Caude / Pierre Vaquier 14 February 2018

Type of Mandate: Unitary Board of 14 Directors

Constitution: Not less than 8 or more than 14 Directors

Board Meetings during the financial year: 6

Decisions adopted by way of written resolution in lieu of holding Board Meetings: 2

Gender:

Areas of expertise: Finance, Hospitality, Asset & Risk Management, Textile, Private Equity, Strategic Business Development

Quorum for the Board: Majority of Directors and in case of equality of votes, Chairman has a casting vote

CORPORATE GOVERNANCE REPORT (CONT'D)

YEAR ENDED 30 JUNE 2018

BOARD SIZE AND STRUCTURE (CONT'D)

Directors	Gender	Age	Board Attendance	Country of Residence	Category
Jean-Pierre Dalais (Chairman)	M	54	6/6	Mauritius	NEC
David J. Anderson	M	50	6/6	Mauritius	ED
Alexis Caude	M	49	3/3	Mauritius	NED
P. Arnaud Dalais	M	63	6/6	Mauritius	NED
R. Thierry Dalais	M	59	6/6	Mauritius	NED
L. J. Jérôme De Chasteauneuf	M	52	6/6	Mauritius	NED
Hélène Echevin	F	41	6/6	Mauritius	NED
M. G. Didier Harel	M	66	6/6	Mauritius	INED
J. Harold Mayer	M	53	5/6	Mauritius	NED
Olivier Riché	M	62	4/6	France	NED
Jean-Louis Savoye	M	45	6/6	France	NED
Pierre Vaquier	M	61	3/3	France	INED
Naderasen Pillay Veerasamy	M	61	4/6	Mauritius	INED
Tommy Wong Yun Shing	M	51	6/6	Mauritius	ED
NEC - Non-Executive Chairman • NED - Non-Executive Director • INED - Independent Non-Executive Director • ED - Executive Director					

Focus Areas of the Board during the Year

- Foreign Exchange Risk Management
- Rights Issue and Private Placement
- Terms of reference of the Investment Committee
- Terms of reference of the Operational Excellence Committee
- Reports from the chairmen of sub-committees
- Amendments to the terms of reference of the Audit & Risk Committee
- Annual Budget
- Annual and quarterly financial statements
- Quarterly review of operations
- Acquisition of CTL Retail Ltd by Sun Styled Boutiques Ltd

The Board is of the view that its composition is adequately balanced and that the current directors have the range of skills, expertise and experience to carry out their duties properly. Independence criteria has been defined by the Corporate Governance, Ethics, Nomination & Remuneration Committee to facilitate the annual assessment of independence of SUN's Non-Executive Independent Directors.

THE ROLE OF THE COMPANY SECRETARY

The company secretariat function is fulfilled by CIEL Corporate Services Ltd ("CCS"), through a service agreement it holds with SUN. CCS is a service company that provides a unique combination of corporate services and strategic support to CIEL and its subsidiaries. It employs qualified secretaries from the Institute of Chartered Secretaries & Administrators to fulfill its duties as Company Secretary. In addition to the service agreement, a position statement defines the main duties and responsibilities of the company secretary.

BOARD PROCESSES AND ATTENDANCE AT BOARD/COMMITTEE MEETINGS

The dates of Board and committee meetings as well as the annual meeting of shareholders are planned well in advance with the assistance of the company secretary. The Board meets at least five times a year and ad-hoc meetings may also be convened to deliberate on urgent substantive matters. Decisions of the Board are also taken by way of written resolutions.

DEDICATED COMMITTEES ASSISTING THE BOARD IN ITS DUTIES

The Board delegates certain roles and responsibilities to its committees. Whilst the Board retains the overall responsibility, committees probe subject more deeply and report on the matters discussed, decisions taken, and where appropriate, make recommendations on items requiring Board approval. The committees play a key role in supporting the Board. The company secretary of the Board acts as secretary to these committees. The Investment Committee was constituted during the year. The chairmen of each of the committee report verbally to the Board on their activities. The Board is satisfied that the committees are appropriately structured, skilled and competent to deal with both the Company's existing and emerging issues, and that they have effectively discharged their responsibilities during the year under review according to their terms of reference. The terms of reference of the committees are updated as and when necessary. During the year, those of the Audit & Risk Committee were updated and aligned, where appropriate, to the exemplar of the Code.

DEDICATED COMMITTEES ASSISTING THE BOARD IN ITS DUTIES (CONT'D)

Audit & Risk Committee

Meetings	Members	Attendance
7	M. G. Didier Harel, Chairman	7/7
	L. J. Jérôme De Chasteauneuf	6/7[1]
	Jean-Louis Savoye	6/6
	Naderasen P. Veerasamy	5/7

[1] Apologised for one meeting – declared his interests being conflicted in a transaction as Director of CIEL Textile Limited – Acquisition of CTL Retail Limited (retail arm of CIEL Textile Limited)

Main Terms of Reference

- Examine and review the quality and integrity of the Group financial statements and any formal announcements relating to its financial performance.
- Review and report to the Board on significant financial reporting issues and judgements which these financial statements contain having regard to matters communicated to the Committee by the auditors.
- Assess the robustness of the Company's internal controls, including financial and management accounting controls.
- Monitor the effectiveness of the internal control and risk management systems, as well as the conclusions of any verification performed by internal and external auditors.
- Ensure that the Company develops and executes a comprehensive and robust system of risk management.
- Appointment, reconduction and termination of internal and external auditors.

Focus Areas during the Year

- Roadmap of projects aimed at optimising the utilisation effectiveness of the Oracle ERP and recurrent updates on the implementation process.
- Key audit matters - FY 30 June 2017.
- Follow-up on Risk Management Process implementation.
- Optimising the conciseness of ARC presentations concerning abridged financial quarterly results.
- Change in external auditor.
- Terms of reference of the committee – reviewed and updated.
- Audited accounts of the Company and its subsidiaries for the FY 30 June 2017 and the abridged version of these accounts together with the relevant publication notes.
- Internal audit plan - FY 30 June 2018.
- Status on SUN's General Data Protection Regulations - gap assessment.
- Review of quarterly financial results and respective abridged versions.
- Acquisition of CTL Retail Ltd (retail arm of CIEL Textile Limited) by Sun Styled Boutiques Ltd.
- Audit plan - FY 30 June 2018.

Corporate Governance, Ethics, Nomination & Remuneration Committee

Meetings	Members	Attendance
4	Naderasen P. Veerasamy, Chairman	4/4
	Jean-Pierre Dalais	4/4
	P. Arnaud Dalais	4/4
	M. G. Didier Harel	4/4
	Olivier Riché	3/3

Main Terms of Reference

- Ensure that the Company's reporting requirements on corporate governance are in accordance with the principles enunciated in the Code and guide the Board on the adoption of other governance policies and best practices.
- Analyse, advise sand make recommendation to the Board with respect to ethics, remuneration and nomination matters.
- Monitor the implementation of the code of conduct and set the tone for its implementation by management.

Focus Areas during the Year

- Nominations on the Board and sub-committees of the Board.
- Performance bonus, benefits and KPIs of the CEO.
- Corporate governance report .
- Approval of the Board Charter, Share Dealing Policy, Conflict of Interest/Related Party Transactions Policy for recommendation to the Board.
- Share Option Scheme.
- Group salary increase and performance incentive scheme.
- Directors' fees and hotel allowance benefits.

CORPORATE GOVERNANCE REPORT (CONT'D)

YEAR ENDED 30 JUNE 2018

DEDICATED COMMITTEES ASSISTING THE BOARD IN ITS DUTIES (CONT'D)

Operational Excellence Committee

Meetings	Members	Attendance
3	J. Harold Mayer, Chairman[1]	3/3
	David J. Anderson	3/3
	Jean-Pierre Dalais[2]	3/3
	Hélène Echevin	3/3
	Jean-Louis Savoye	2/3

[1] *Chairman as from 14 February 2018*
[2] *Chairman up to 31 October 2017*

Main Terms of Reference

- Review, evaluate and enhance the ultimate and root key performance indicators ("KPIs") - Customer satisfaction results and processes/Quality of teams/ employee engagement/excellence at grass roots/ people processes/management infrastructure.
- Review, evaluate and enhance the other parameters forming part of the CIEL Group operational excellence plan.
- Provide the relevant guidance to management in building customer satisfaction dashboards, Board books and other root KPIs dashboards.

Focus Areas during the Year

- Monitor progress achieved on the operational excellence front.
- Approval of the committee's terms of reference.
- Priorities for 2018.
- Overview of customer satisfaction processes, results, objective, accountabilities and people processes.
- Implementation of an excellence award process.

Investment Committee

(New committee constituted during the year)

Meetings	Members	Attendance
4	Pierre Vaquier, Chairman	1/1
	David J. Anderson	1/1
	Jean-Pierre Dalais	1/1
	Olivier Riché	1/1

Main Terms of Reference

- Ensure that investment and development strategies meet the strategic objectives set.
- Ensure that effective and regular access exists for the debate of the Company's/Group's investment strategy options and changes thereto.
- Understand and assess potential investment and divestment opportunities available to the Company/Group.
- Understand and match the Company's/Group's investment strategy options with its financing and treasury strategies.
- Be a forum to debate deal flow opportunities.

Focus Areas during the Year

- Property development opportunities.
- Sugar Beach refurbishment.
- Long Beach refurbishment.

FIND OUT MORE

https://www.sunresortshotels.com

Terms of Reference of Board Committees

PRINCIPLE 3: DIRECTOR APPOINTMENT PROCEDURES

APPOINTMENT AND RE-ELECTION OF DIRECTORS/CHAIRMAN

The Corporate Governance, Ethics, Nomination & Remuneration Committee reviews all new appointments on the Board and committees prior to recommending same to the Board for approval until submission to the shareholders for approval at the annual meeting. Skills, knowledge, industry experience, diversity and independence are important factors that are being considered prior to recommending any appointment. Alexis Caude and Pierre Vaquier were appointed Directors by the Board on 14 February 2018. Their nomination will be submitted for the approval of the shareholders at the annual meeting of the shareholders in December 2018.

Directors are re-elected annually by the shareholders at the annual meeting by way of separate resolution.

The Board charter provides that the Directors shall be a natural person of not less than 18 years old and not more than 75 years old. It also provides that the Chair of the Board shall not be older than 70 years old and shall hold office for a period of five years and may, at the term of his office, be re-elected by the Board for a further period of five years or such other term as may be determined by simple majority of the Board. Jean-Pierre Dalais, has been chairing SUN since 13 February 2017.

INDUCTION OF THE DIRECTORS

The Board assumes its responsibility for the induction of newly appointed Directors, through a process which is facilitated by the company secretary. They undergo an induction programme under the guidance of the Chairperson and the company secretary, which enable them to gain an in-depth understanding of the Company's business model, governance framework, activities and strategy. Their letter of appointment consists, amongst others, of the following key information:

- Minutes of proceedings of the recent Board and Committee meetings
- Governance documents (Code of Conduct, Constitution, Board Charter, Terms of Reference of Board Committees and any policy approved by the Board)
- Details of Directors' fees
- Company profile
- Latest audited financial statements
- Legal duties of Directors

In addition to the aforesaid documents, newly appointed directors meet the Executive Directors and perform site visits to acquaint themselves with SUN's operations and culture. All Directors have unrestricted access to the Company's records.

CORPORATE GOVERNANCE REPORT (CONT'D)

YEAR ENDED 30 JUNE 2018

DIRECTORS' PROFILES

The biographical details of the Directors of the Company are provided hereunder. The Board has decided to only disclose directorships in listed companies.

JEAN-PIERRE DALAIS

Non-Executive Chairman - joined the Board on 7 April 2010 and appointed Chairman on 13 February 2017
Member of the Corporate Governance, Ethics, Nomination & Remuneration Committee
Member of the Operational Excellence Committee
Member of the Investment Committee

Jean-Pierre Dalais joined CIEL Group in January 1992 and is its Group Chief Executive since January 2017, overseeing all Group operations. He was formerly Executive Director at CIEL, focusing particularly on the development of the Group's Hotels & Resorts, Financial Services and Healthcare clusters. Before that, Jean-Pierre Dalais was the Chief Executive Officer of CIEL Investment Limited. He graduated with an MBA from the International University of America, San Franciso, and previously worked at Arthur Anderson (Mauritius and France).

Directorships in other listed companies: Alteo Limited, CIEL Textile Limited, CIEL Limited, Phoenix Beverages Limited (Alternate Director)

DAVID J. ANDERSON

Executive Director – joined the Board on 06 May 2016
Chief Executive Officer since February 2016
Member of the Operational Excellence Committee
Member of the Investment Committee

Bringing more than 25 years of industry experience to SUN, David J. Anderson most recently served as the Regional Vice President of Wyndham Hotel Group, directly managing a portfolio of 182 hotels across 5 brands. Previously, he served as Managing Director of Dolce Hotels and Resorts for four years, a respected leader in the group in the meeting and conference space and luxury accommodation. The Wyndham Hotel Group acquired Dolce Hotels & Resorts in April 2015. Prior to joining the Dolce Hotels & Resorts in January 2012, David J. Anderson held senior leadership roles at Louvre Hotel Group, Northern Europe where he was the Vice President of Operations. He holds a BA Honours in Business Studies with French from London Metropolitan University.

Directorships in other listed companies: none

ALEXIS CAUDE

Non-Executive Director - joined the Board on 14 February 2018

Alexis Caude is a well-known French entrepreneur particularly successful in the fields of digital media, hospitality and real estate. He was the founder and Chairman of the Executive Board of NEWSWEB, a leading online publisher that went public in 2006 on the Paris Stock Exchange (Euronext) and was subsequently acquired by the LAGARDERE Group for €74 million. He was also the co-founder of BETCLIC, the leading French online gaming company that was sold in 2008 to seasoned French investor Stéphane Courbit. In April 2015, he sold his last online publishing company to NEXTRADIO. He is the co-founder and owner of VALUESTATE, a mid-scale hotel operator that owns 10 hotels across Europe. He currently serves as Managing Director of private equity fund Adenia Partners. He holds an MBA from Harvard Business School.

Directorships in other listed companies: none

Non-Executive Director – joined the Board on 3 December 1991
Member of the Company's Corporate Governance, Ethics, Nomination & Remuneration Committee

P. Arnaud Dalais joined the CIEL Group in August 1977. Under his leadership, the CIEL Group at large has gone through an important growth both locally and internationally. He has played and continues to play an active role at the level of the Mauritian private sector and has assumed the Chairmanship of several organisations including the Joint Economic Council from 2000 to 2002 and Business Mauritius from 2015 to 2017. He was appointed Group Chairman of CIEL in 2010 and Chairman of CIEL Limited following the recent reorganisation of the group in 2014. He has chaired the Board between February 2011 and 2017.

Directorships in other listed companies: Alteo Limited, CIEL Textile Limited (Chairman), CIEL Limited (Chairman)

P. ARNAUD DALAIS

Non-Executive Director – joined the Board on 13 February 2017

R. Thierry Dalais has more than 30 years' experience in the financial services and private equity investment industry. He was the co-founder of two private equity investment firms and acted as a key person and principal in numerous private investment programs over the last 25 years. R. Thierry Dalais was also former director and trustee on numerous boards, including listed companies in Mauritius and abroad. He completed degrees in Commerce and Accounting at the University of the Witwatersrand and qualified as a Chartered Accountant in South Africa.

Directorships in other listed companies: CIEL Limited

R. THIERRY DALAIS

Non-Executive Director – joined the Board on 12 November 2014
Member of the Audit & Risk Committee

L. J. Jérôme De Chasteauneuf is a Chartered Accountant of England and Wales and holds a BSc Honours in Economics from the London School of Economics and Political Science. He joined CIEL Group in 1993 as Corporate Finance Advisor and became Head of Finance of the CIEL Group in 2000. He has been closely involved with the corporate affairs of the CIEL Group and the major financial re-engineering which occurred in 2013/2014. He was nominated CIEL Group Finance Director on 1 January 2017.

Directorships in other listed companies: Alteo Limited, CIEL Textile Limited, CIEL Limited, Harel Mallac & Co. Ltd, The Medical and Surgical Centre Limited

L. J. JÉRÔME DE CHASTEAUNEUF

CORPORATE GOVERNANCE REPORT (CONT'D)

YEAR ENDED 30 JUNE 2018

DIRECTORS' PROFILES (CONT'D)

HÉLÈNE ECHEVIN

Non-Executive Director – joined the Board on 22 June 2017
Member of the Operational Excellence Committee

Hélène Echevin joined CIEL Group in March 2017 as Chief Officer – Operational Excellence after 17 years of working experience in similar position. Her main role is to support the consolidation and growth of the global operations of the CIEL Group through the deployment of new principles and tools of operational excellence and heading the Healthcare Cluster of CIEL Group as Executive Chair of CIEL Healthcare Limited. Holds a degree in Food Sciences and Technology from Polytech Engineering School, Montpellier, France and followed a Management Executive Program at INSEAD. Has been president of The Mauritius Chamber of Commerce and Industry in 2015/2016.

Directorships in other listed companies: CIEL Textile Limited, The Medical and Surgical Centre Limited (Chairperson)

M. G. DIDIER HAREL

Independent Non-Executive Director – joined the Board on 18 August 2015
Chairman of the Audit & Risk Committee
Member of the Corporate Governance, Ethics, Nomination & Remuneration Committee

M. G. Didier Harel has spent his career in the downstream sector of the oil industry, working for the EXXON and TOTAL Groups. Starting in operational positions, he progressed into general management, first heading up smaller country subsidiaries (in Reunion Island and across Southern Africa), and then progressing to some of the largest under TOTAL's ownership (in South Africa and in the United Kingdom). He also held executive positions in the general management of core activities, on both business support and operational fronts, within TOTAL's subsidiary in France and at Africa/ Middle East Head Office level. After a rich international career spanning over some 34 years, M. G. Didier Harel has recently retired from the TOTAL Group and has decided to apply his acquired skills and executive management experience in prominent corporates in Mauritius. He holds an MBA (Distinction) from INSEAD (Fontainebleau, France) and a BSc. Eng (First Class Honours) Degree in Chemical Engineering and Chemical Technology at Imperial College of Science and Technology, London. In 1973, he was awarded the Governor's Prize and William Hinchley Medal for Proficiency in Chemical Engineering.

Directorships in other listed companies: MCB Group Limited (Chairman), Terra Mauricia Ltd

J. HAROLD MAYER

Non-Executive Director – joined the Board on 24 July 2014
Chair of the Operational Excellence Committee

J. Harold Mayer holds a Bachelor in Commerce and is qualified as Chartered Accountant - South Africa. He has been very active in the management team of various companies of CIEL Textile Group since 1990 and was appointed its Chief Executive Officer since 2006.

Directorships in other listed companies: CIEL Textile Limited, CIEL Limited

Non-Executive Director – joined the Board on 22 June 2017
Member of the Corporate Governance, Ethics, Nomination and Remuneration Committee
Member of the Investment Committee

Olivier Riché is the President of DI-HLT Foncière de Cuzieu, investment company of Dentressangle (Holding company of the Dentressangle Family). Prior to joining DI-HLT Foncière de Cuzieu in 2016, Olivier has been Managing Director of Foncière de Paris for 30 years. He is a member of the Corporate Governance of several companies as Axa Mutuelle Vie and IARD, Mutuelles le Conservateur. Olivier is a graduate in Business and Corporate Law.

Directorships in listed companies: none

OLIVIER RICHÉ

Non-Executive Director – joined the Board on 22 June 2017
Member of the Audit & Risk Committee
Member of the Operational Excellence Committee

Jean-Louis Savoye is Deputy General Manager of the Dentressangle, a French société par actions simplifiée which is the investment holding company of the Dentressangle family. He has been instrumental in helping Dentressangle to realise its investment strategy during the last 14 years. Prior to joining Dentressangle in 2003 as CFO, Jean-Louis Savoye, served with PwC and ran due-diligences acquisitions in M&A for various Private Equity firms and French leading industrial companies. Jean-Louis Savoye is a graduate of the Toulouse Business School with a major in Finance.

Directorships in listed companies: none

JEAN-LOUIS SAVOYE

Independent Non-Executive Director – joined the Board on 24 July 2014
Member of the Audit & Risk Committee (Committee he has chaired from 13 February 2015 until 30 June 2016)
Chairman of the Corporate Governance, Ethics, Nomination & Remuneration Committee

Born in 1957, Naderasen Pillay Veerasamy holds an LLB degree from the University of Buckingham in the United Kingdom. He was called to the Bar at Middle Temple in 1982. In 1989, he completed his Masters in Private Law at Université de Paris II (Assas) and thereafter sat for examinations for attestation as Barrister at La Cour d'Appel de Paris in 1990. He practised as Barrister-at-Law in Mauritius from 1982 to 1987. He started practice in Paris, France, and joined SCP J. C. Goldsmith & Associates, and thereafter SCP Azéma Sells both firms of lawyers at the Paris Bar. In 1995, he created his own Chambers in Paris exercising mainly in Business Law. In 1997 he participated in the setting up of the Chambers Fourmentin Le Quintrec Veerasamy et Associés, comprising now of 8 associates and dealing with litigation, arbitration and Business Law. He is also a member on the Comité Français d'Arbitrage and the Chambre de Commerce et d'Industrie France Maurice. Since 2014, he is based in Mauritius as partner of the French law firm and resuming his practice at the Mauritian Bar on a permanent basis.

Directorships in listed companies: Ascencia Limited

NADERASEN PILLAY VEERASAMY

CORPORATE GOVERNANCE REPORT (CONT'D)

YEAR ENDED 30 JUNE 2018

DIRECTORS' PROFILES (CONT'D)

PIERRE VAQUIER

Independent Non-Executive Director - joined the Board on 14 February 2018
Chairman of the Investment Committee

Pierre Vaquier has 37 years principal investment and asset management experience. Having worked since 1980 in financial institutions with global activities, all his career was in business positions held in Europe, the US and Asia. Until recently, he was the Chief Executive Officer of AXA Investment Managers-Real Assets (AXA IM-Real Assets), position he held for 10 years. He chaired the Management Board and Executive Committee of AXA IM-Real Assets and was as well member of the AXA Investment Managers Management Board. His responsibilities included the definition of AXA IM-Real Assets strategy and its implementation. Prior to the launch of AXA IM-Real Assets, he was Director of Business Development at AXA Immobilier. His key assignments were the restructuring of real estate investment generated through the property crisis of the late 80's early 90's, the evaluation of Mergers and Acquisition transaction made by the AXA Group and the governance of Equitable Real Estate Investment. Prior to AXA, he spent 13 years at Paribas in different investment and merchant banking functions. After two years as an associate at Paribas International Private Banking, he moved to the US to manage real estate investment made for Paribas and its clients. He set- up a real estate investment and advisory platform based in New York, Paribas Properties Inc. At the different stage of the property cycle, he managed opportunistic investments, work out situation and investment banking assignments. He graduated from HEC in 1980. He is a Director of the listed company Foncières des Régions and member of its remuneration committee.

Directorships in listed companies: none

TOMMY WONG YUN SHING

Executive Director - joined the Board on 12 November 2014
Chief Finance Officer

A BSC graduate from the London School of Economics and fellow member of the Institute of Chartered Accountants of England and Wales, Tommy Wong Yun Shing acquired his working experience as a chartered accountant in UK with Deloitte before returning to Mauritius. As a partner in Deloitte Mauritius, he was in charge of the corporate finance department together with the auditing of some publicly listed companies and large corporations. In July 1998, he joined the Executive team of SUN to take over the responsibilities of finance, project studies and the group accounts. As Chief Finance Officer of the Group, he supervises all the finances, legal and treasury of the group as well as some operational responsibilities. Having been President of the Association des Hoteliers et Restaurateurs de l'île Maurice (AHRIM) previously, he is a Board member and acts as the treasurer and chairman of the finance committee.

Directorships in listed companies: none

SENIOR LEADERSHIP TEAM

SUN is managed by a skilled team of professionals with different backgrounds and experience from the world of tourism, financial, consulting, management and hospitality.

SENIOR LEADERSHIP TEAM AT HEAD OFFICE

DAVID J. ANDERSON

Chief Executive Officer

Please refer to the Directors' Profiles.

TOMMY WONG YUN SHING

Chief Finance Officer

Please refer to the Directors' Profiles.

BERNARD FORSTER

Chief Asset Management and Risk Officer

Bernard Forster has more than 25 years of solid hospitality experience. Prior to joining SUN in July 2015, he spent the last seven years with Aujan Group Holding and IFA Hotels & Resorts based in Dubai, where he asset-managed their hotel portfolios situated in the Middle East and Africa. Previously, Bernard gained diverse experience through consulting as Director of HVS Global Hospitality Services, based in London, where he was responsible for Africa, the Middle East and Turkey during his ten-year tenure. Bernard is a graduate of Ecole Hotelier Cesar Ritz, Switzerland; Oxford Brookes University, UK and a Savoy Group alumni. He is an experienced asset manager, with focus on the complete asset life cycle from acquisition to disposal spanning both, operational assets and development projects, in the hospitality field and the wider real estate market. He is an accomplished negotiator of hotel management agreements and has a detailed understanding of the implementation of mixed use projects.

VARUNA RAMLAGUN

Chief Human Resources Officer

Prior to joining SUN in March 2017, Varuna Ramlagun held the position of Secrétaire Générale at Banque des Mascareignes Ltée. Varuna holds a Master's degree in Management from the University of Surrey. She started her career in the HR field at Air Mauritius Ltd where she worked for 8 years. She then moved to Accenture and Mauritius Union Assurance Ltd subsequently. She has led the merger between Mauritius Union Assurance Co. Ltd and La Prudence Mauricienne Ltée on the Human Resources aspect. She joined Banque des Mascareignes Ltée in August 2012 as Head of Human Resources and was promoted as Secrétaire Générale in April 2015.

ABDOOL KADELL,

Chief Information Officer

Abdool Kadell's core skills and experience is in Information Technology, Business Process Optimisation and Project Management, which include leading large IT and Non-IT Projects where he has over 16 years of professional experience. His experience base covers over 7 sectors including Banking, Insurance, Telecommunications, Hospitality, Healthcare, Petrochemicals and Automotive. Prior to joining SUN in July 2017, he occupied several positions both locally and internationally at the Mauritius Commercial Bank, KPMG, PricewaterhouseCoopers and more recently, at African Alliance Group as Chief Information Officer. He holds a Master's Degree in Business Administration from Coventry University, England and BSc Honors Computing Science from the University of Greenwich, England.

ALEXANDRE HULEN

Vice President – Sales & Marketing

Alexandre Hulen joined SUN on 13 March 2018 as Vice President of Sales & Marketing. He holds a BA (Hons) in Business Studies and has an extensive and rich experience, over 18 years within the hospitality industry, mainly in London, Seychelles, Maldives, Indonesia and Dubai. Prior to joining SUN, he was at the One & Only Royal Mirage, Dubai, where he held the position of Director of Sales & Marketing for more than 5 years.

Alexandre has also an extensive experience of the Maldives for more than 4 years as Cluster Director of Sales & Marketing for Anantara Resorts & Spas and Naladhu, Maldives and for the opening of the 2 Jumeirah Hotels & Resorts in Maldives. Alexandre is responsible of establishing the commercial strategies of Sun Resorts with a focus on the Mauritian market but also on the Asian, Middle Eastern, South African, Russian & CIS and East European markets where he has an extensive past experience. The goal will be to grow Sun Resorts positioning within the luxury hospitality industry and ultimately allow a further development with new hotels & resorts management contract acquisitions.

SENIOR LEADERSHIP TEAM - EUROPE

ALEXANDRE ESPITALIER NOËL

Vice President of Sales & Marketing, European Markets

Alexandre Espitalier Noël reckons 20 years of experience in the hospitality world and travel agency. He started his career with SUN as Director of Sales in 2007 and was then promoted as the VP of Sales & Marketing for the European Markets in 2016, while retaining his position as Managing Director for Tour Operator, SOLEA Vacances. He started his career in 1995 as Sales Manager at Beaux Songes Tour Operator/Travel Agency and then moved to 'Naiade' Resorts in 1999 as Sales & Marketing Manager for the European Markets. His extensive experience in the field is completed by his Diploma in Management from ESSEC, specialising in Marketing.

CORPORATE GOVERNANCE REPORT (CONT'D)

YEAR ENDED 30 JUNE 2018

GENERAL MANAGERS OF HOTELS MANAGED BY SUN

JEAN MARC MA-POON

General Manager of Long Beach

Jean-Marc Ma-Poon was appointed General Manager of Long Beach Mauritius in July 2016. He holds a Bachelor of Science in International Hospitality Management from Glion Hotel School, Switzerland. He has over 20 years' experience in the hotel industry mainly with Starwood Hotels and Resorts, spanning over 8 countries. In 2012, he was appointed Hotel Manager of W Retreat & Spa Bali, Seminyak. Most recently, he has held the position of General Manager at Anantara Kihavah Villas and W Retreat & Spa, both in the Maldives.

NICOLAS BLANDIN DE CHALAIN

General Manager of Sugar Beach

Nicolas Blandin de Chalain was appointed General Manager of Sugar Beach Hotel on 19 January 2015. He has been with SUN for 19 years and started as Sales Manager in the M.I.C.E Department in July 1997 before being promoted to Resident Manager at Sugar Beach in 2000. In 2002, he joined the Corporate Office as Regional Sales Manager and was appointed General Manager of La Pirogue in May 2005. He spent 5 years as General Manager of La Pirogue between 2005 and 2010 before his appointment as General Manager of Long Beach in 2010. Subsequently, he returned to the corporate office as the Chief Sales Officer and Chief Marketing Officer. He holds a Bachelor of Commerce from the University of Natal and a Bachelor of Business Science from Rhodes University, RSA.

ANDREW SLOME, OBE

General Manager of La Pirogue

Andrew Slome has more than thirty-five years' experience with the SUN Group and is currently the General Manager at La Pirogue. He was General Manager of Sugar Beach between from 1999 until January 2015 when he was transferred to La Pirogue Resort and Spa, where he brought his highly engaging vision of management to the team. More recently, he has overseen the renovation of La Pirogue which reopened in August 2017 with its "more boho-chic than ever" style in keeping with the original theme of the resort dating back over 40 years. Andrew Slome received the award of General Manager of the Year, and honorary citizenship of the village of Flic-en-Flac and Moka District and ultimate accolade of an OBE (Officer of the Most Excellent Order of the British Empire) from Queen Elizabeth II in recognition for his services to the tourism industry in Mauritius. In January 2012, he was appointed Honorary Consul of the Republic of Slovenia.

CLENCY ROMEO

General Manager of Ambre and General Manager (on secondment) at Kanuhura

Clency Romeo was appointed General Manager of Ambre on 19 January 2015. He was initially occupying the same function at La Pirogue since October 2013. He has been Resort Manager of La Pirogue since March 2013 and Resident Manager since 2011. Clency Romeo joined the SUN Group in 1989 and has been very much involved within the Food & Beverage sector and the Quality Management process both at La Pirogue and Le Touessrok. He holds a Diploma in Hotel Management and is known for his great leadership skills. In the Year 2000, he successfully completed a Management Course at Cornell University, New York, USA. He has also been a mentor for several training projects, being himself an experienced and certified trainer in the field of Food & Beverage.

GENERAL MANAGERS OF HOTELS MANAGED BY INTERNATIONAL HOTEL OPERATORS:

MICHEL VOLK

General Manager of Four Seasons Resort

Michel Volk is the General Manager of the Resort, since September 2016. He holds a diploma "EHL" in Hotel Management from Ecole Hotelière de Lausanne in Switzerland and has been working for the Four Seasons Group since 1996. Prior to moving to Mauritius, Michel was the General Manager of Four Seasons Resort Bora Bora in French Polynesia, role he was assuming since September 2013.

GERHARD HECKER

General Manager of Shangri-La's Le Touessrok Resort & Spa, Mauritius - From 27 September 2017

Gerhard Hecker has been appointed General Manager of Shangri-La's Le Touessrok Resort & Spa, Mauritius since 27 September 2017. During his 24 years of experience specialising in the management of luxury five-star hotels and resorts, Gerhard Hecker has also worked in various Shangri-La properties over the last decade, namely at Futian Shangri-La in Shenzhen, Shangri-La Jakarta and Shangri-La Hotel Dubai.

PROFESSIONAL DEVELOPMENT

As part of their duties as directors, it is critical for Board members to have a thorough knowledge of the environment within which the Group operate. Directors continuously receive information on the industry, benchmarks to industry players, tourism statistics, trip advisor's trends etc., as part of their Board packs.

SUCCESSION PLANNING

The Board assumes its responsibility for succession planning which is a systematic effort and process of identifying and developing candidates for key leadership positions over time to ensure the continuity of management and leadership in an organisation. The objective of succession planning is to ensure that the organisation continues to operate successfully when individuals occupying critical positions and hard to replace competencies depart. As part of its terms of reference, the Corporate Governance, Ethics, Nomination & Remuneration Committee has reviewed the succession plan for key executives of the Group.

Top 20 roles, the Senior Management team, were, in the first place identified to kick-start the succession planning process as part of a long-term initiative to prepare potential candidates. The job incumbents in the current Top 20 roles (except the new recruits) went through an evaluation exercise with Labeille Conseil in view of assessing their potentials as well as understanding their ambitions to better address their personal/career development plan. The outcome of this exercise has also been considered.

The Chief Human Resources Officer also carried out:

- a Talent Management Review in collaboration with the General Managers in Business Units (for employees at Head of Department level); and
- a career chat with the Head of Departments, both to understand their ambitions and as career counselling.

The output of this exercise was also considered in the identification of the successors.

The successors were identified in 4 categories, namely:

Emergency	The individual is ready to step in to the role/job/position in case of an emergency vacancy but may not be the most suitable successor long-term. Typically oversees role for 3-6 months pending permanent replacement.
Ready Now	This indicates that this employee was in the highest level of readiness and could transition into the role with minimal development.
Ready C+1	The employee would be ready for the role within the next two to three years and may include one additional role or assignment for development purposes.
Ready C+2	The employee will be ready for the role in 3 to 5 years and may include one or two additional roles or assignments for development purposes.

PRINCIPLE 4: DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

LEGAL DUTIES

Directors are made aware of their legal duties upon their appointment and are reminded of same annually when asked to update the register of interests. Several documents and policies have also been implemented to guide them, namely the code of conduct, conflict of interest/related party transactions policy, share dealings policy and board charter.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

A liability insurance cover for Directors and Officers has been subscribed for by SUN and its subsidiaries, as part of the CIEL Group insurance cover.

CONFLICT OF INTERESTS/RELATED PARTY TRANSACTIONS POLICY

Transactions with related parties are disclosed in the financial statements. A Conflict of Interest/Related Party Transactions Policy has been approved by the Board to ensure that the deliberations and decisions made by SUN are transparent and in the best interests of the Company. It also aims to protect the interests of the Officers from any appearance of impropriety and to ensure compliance with statutory disclosures and law. Notwithstanding the above, Directors of SUN are also invited by the Company Secretary, on an annual basis, to notify the Company of any direct and interest in any transactions or proposed transaction with the Company. Declarations made by the Directors are entered in the interests' register which is maintained by the company secretary and which is available for inspection by the shareholders upon written request to the company secretary.

CORPORATE GOVERNANCE REPORT (CONT'D)

YEAR ENDED 30 JUNE 2018

INFORMATION, INFORMATION TECHNOLOGY AND INFORMATION SECURITY GOVERNANCE

Board Information

The Chairman, with the assistance of the company secretary ensures that Directors receive the necessary information for them to perform their duties and that the Board has sufficient time for consultation and decision-making.

Information Technology Policy

The Information Technology and Information Security Policies are being updated in line with the European Union General Data Protection Regulations. An IT Steering Committee ("ITSC") composed of representatives of management ensures that companies within the Group are involved in critical information technology decision-making which are based on organisational goals. The ITSC meets on a quarterly basis, at which, major information technology investments are considered for approval.

A budget for information technology is allocated annually, based on business needs for the financial year. A clear process has been determined to drive Information technology projects from start to end, while adopting a cost/time effective approach.

EU General Data Protections Regulations ("EU GDPR")

In compliance with new data protection laws, EU GDPR and the Data Protection Act 2017, SUN is working on a Group Data Privacy Policy ("Group Policy") with a view to promote a privacy culture within the Group and ensure that all clusters, business units and employees protect the privacy of personal information of individuals in their daily operations. The Group Policy will defines the Group's requirements regarding the collection, storage, use, transmission, disclosure to third parties and retention of personal information. SUN's Corporate Manager for Quality, Safety, Health and Environment is the Group Data Protection Officer.

SHARE DEALING POLICY

The Directors ensure that their dealings in the shares of the Company are conducted in accordance with the principles of the Model Code for Securities Transactions by Directors of Listed Companies, as detailed in Appendix 6 of Listing Rules of the SEM. In that spirit, the Board has approved a Share Dealing Policy that reiterates the procedures to provide clear guidance to the Directors and Officers of SUN on the practice to be followed when dealing in shares of the Company to avoid the abuse of price-sensitive information (insider dealing). Directors are strictly prohibited to deal in shares of the Company during close periods.

DIRECTORS' INTERESTS IN THE SHAREHOLDING OF THE COMPANY AS AT 30 JUNE 2018

	Direct	Indirect
Jean-Pierre Dalais (Chairman)	192,301	17,266
David J. Anderson	Nil	Nil
Alexis Caude	Nil	Nil
P. Arnaud Dalais	139,273	23,656
R. Thierry Dalais	Nil	Nil
L. J. Jérôme De Chasteauneuf	Nil	Nil
Hélène Echevin	Nil	Nil
M. G. Didier Harel	Nil	Nil
J. Harold Mayer	349,829	8,106
Olivier Riché	Nil	Nil
Jean-Louis Savoye	Nil	Nil
Pierre Vaquier	Nil	Nil
Naderasen Pillay Veerasamy	Nil	Nil
Tommy Wong Yun Shing	331,048	4,680

During the year under review, the following Directors increased their shareholding in the Ordinary Shares of the Company as follows:

	Direct	Indirect
	No. of Shares	No. of Shares
Jean-Pierre Dalais (Chairman)	99,953	2,266
P. Arnaud Dalais	33,658	3,105
J. Harold Mayer	45,920	3,266
Tommy Wong Yun Shing	43,454	614

BOARD EVALUATION AND DEVELOPMENT

The Board has recommended that the effectiveness survey be conducted every two years. The last effectiveness survey was performed in August 2017 by the financial services department of BDO, in association with Insync Surveys, using a benchmark survey approach. The results were benchmarked with best practices which helps in the identification of areas of improvement. The anonymity of all respondents was ensured throughout the process to encourage frank exchange of views. The results of the survey were analysed by the Corporate Governance, Ethics, Nomination & Remuneration committee prior to being reported at Board level. Weaknesses which were identified from the survey were being addressed by management.

REMUNERATION POLICY

The underlying philosophy is to set remuneration at the right level to attract, retain and motivate high calibre personnel and reward in alignment with their individual as well as joint contribution towards the achievement of SUN's objective and performance, whilst taking into consideration the current market conditions and the Company's financial position. The Directors are remunerated for their knowledge, experience and insight given to the Board and Committees. The fees paid to the Directors are recommended to the Board by the Corporate Governance, Ethics, and Nomination & Remuneration Committee.

BOARD AND COMMITTEE FEES

The following Directors' fees were approved by the Board on recommendation of the Corporate Governance, Ethics, Nomination & Remuneration Committee for the financial year under review:

- Director fee - Rs. 150,000
- Chairman of the Audit & Risk Committee - Rs. 300,000
- Other members of the Audit & Risk Committee - Rs. 150,000
- Chairman of the Corporate Governance, Ethics, Nomination & Remuneration Committee - Rs. 200,000
- Other members of the Corporate Governance, Ethics, Nomination & Remuneration Committee - Rs. 50,000
- Chairman of the Investment Committee - Rs. 300,000

P. Arnaud Dalais, Jean-Pierre Dalais, L.J. Jérôme De Chasteauneuf and Hélène Echevin are remunerated by CIEL Corporate Services Ltd, which holds a service agreement with SUN for the provision of strategic support & Group strategy harmonisation, legal, company secretarial and payroll services. They therefore do not perceive Board and Committee fees.

Non-Executive Directors have not received remuneration in the form of share options or bonuses associated with the Company's performance.

In addition to Directors' fees, Directors are encouraged to experience SUN's resorts and quality standards to assess management's performance and receive an annual hotel and golf allowance. Unused allocations during the year are not carried forward to the following year.

Executive Directors are entitled to a phantom share option scheme that has been set-up by the Company to attract, retain and reward its executives while strengthening the mutuality of interests between the latter and the Company.

The Board believes that the remuneration of individual directors is sensitive information and has resolved not to disclose such information in the Annual Report. For the remuneration and benefits received, or due and receivable by the Directors of the Company and its subsidiaries as at 30 June 2018, please refer to the section Statutory Disclosures made pursuant section 221 of the Mauritius Companies Act 2001.

FIND OUT MORE

https://www.sunresortshotels.com

- Share Dealing Policy
- Conflict of Interest/Related Party Transactions Policy

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

RISK MANAGEMENT

The Board is ultimately accountable for ensuring that the Company develops and executes a comprehensive and robust system of risk management. The Audit & Risk Committee is mandated by the Board to monitor the Company's risk management process and systems of internal control.

The Company's risk management and internal control systems are designed to meet the Company's needs and manage the risks to which it is exposed, including the risk of failure to achieve business objectives. It should however be noted that such risks cannot be eliminated and that systems can only provide reasonable, but not absolute outcomes.

The systems can never completely protect against such factors as unforeseeable events, fraud and errors in judgement even after due consideration.

- **Risk Management Structure and Process**

The risk practices of the Company were reviewed during the financial year resulting in changes to the design of the risk management framework to be then cascaded across its business units. This results in the formalisation of the risk management protocols and ensures that the Risk Management System progressively and consistently matures within the Company and its subsidiaries.

CORPORATE GOVERNANCE REPORT (CONT'D)

YEAR ENDED 30 JUNE 2018

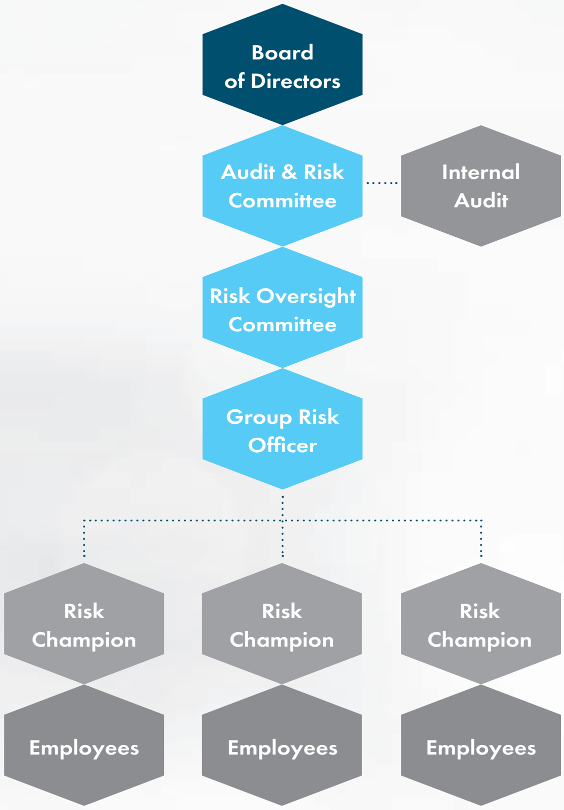
RISK MANAGEMENT (CONT'D)

The principles applied to arrive at the design of the risk management framework are the following:

- Risk management must create and protect value,
- Risk management must be a culture and form an integral part of the organisation,
- Risk management must be included in the decision-making process,
- Risk management must address uncertainty in a systematic, structured and timely manner using the best available information,
- Risk management must be transparent and consistent throughout the organisation,
- Risk management must be versatile,
- Risk management must have clearly defined accountability.

The top 20 risks of the Company were identified and validated by management during the financial year, including the identification and assessment of mitigating controls and formulation of remaining remediation actions, where appropriate, to mitigate residual risks to within tolerable levels. A Group Risk Officer and Risk Champions within each subsidiary have been appointed, and the Company has released a new Risk Policy and Enterprise Risk Management Manual.

The refreshed risk management governance structure and associated lines of communication that apply to the Company are illustrated in the graphic below.



The roles of each of the components in the above graphic are explained in more detail below.

Board of Directors ("Board"):

- To determine the nature and extent of the principal risks it is willing to take to achieve the Company's strategic objectives.
- To ensure that an appropriate risk culture has been embedded throughout the organisation.
- To govern and oversee SUN's ERM system.
- To be responsible for the effectiveness of SUN's ERM system.
- To ensure a top-down ERM system that addresses key risks across each cluster (and at Group level) and elevates risk discussions to the strategic level.
- To produce a strategy statement that clarifies risk appetite, risk ownership and the strategies to tackle key risks.

Audit & Risk Committee:

- To require that key risks are reported in a manner that is efficient and accurate.
- To require that risk heat maps and an in-depth prioritized analysis of key risks are produced.
- To challenge management on the completeness of the risk population identified and any emerging risks that may have been overlooked.
- To oversee that actions formulated by management to reduce risks within tolerable levels are implemented effectively and on a timely basis.
- To ensure that the dotted line between the Board and the risk management function is effective.
- To obtain reasonable assurance on the effectiveness of SUN's ERM system.
- To ensure that SUN's ERM system is aligned to the strategy statement produced by the Board.

Risk Oversight Committee ("ROC"):

- To review and ratify all risk related information, as produced by the risk champions, before it reaches the Audit & Risk Committee.
- To challenge risk champions on the completeness of the risk population identified and any emerging risks that may have been overlooked.
- To prioritise the risks identified.
- To ensure actions are formulated, with clearly defined accountabilities and timelines to mitigate risks to within tolerable levels.
- To ensure the timely and effective implementation of these actions.
- To assist in ensuring key risks are reported in a manner that is efficient and accurate.
- To assist in ensuring that risk heat maps and an in-depth prioritised analysis of key risks are produced.
- To assist in ensuring that the risk management department fulfills its duties.
- To assist in ensuring that SUN's ERM system is effective.
- To ensure that the risk champions fulfill their duties.

RISK MANAGEMENT (CONT'D)

Chief Executive:

- To take overall responsibility for implementing an ERM system throughout SUN. This includes embedding risk management in the corporate business processes of SUN, such as:
  - o Strategic planning
  - o Financial planning
  - o Capital projects
  - o Policy making and review
  - o Performance management (i.e. ensuring strategic objectives are met).
- To appoint Risk Champions.
- To lead by example and to oversee the adherence to SUN's risk management process and establish a 'risk aware culture'.
- To appoint at least one executive to sit on the ROC.

Group Risk Officer ("GRO"):

- To ensure and continually evaluate the effectiveness of SUN's ERM system.
- To ensure that the risk management department fulfills its duties.
- To assist in ensuring the risk champions fulfill their duties.
- To ensure key risks are reported in a manner that is efficient and accurate.
- To ensure that risk heat maps and an in-depth prioritized analysis of key risks are produced.
- To keep all risk champions informed on risk-related matters.
- To be responsible for staff training concerning ERM.
- To attend and play a vital role on every ROC meeting. To report to the Audit & Risk Committee of each cluster and at group level.
- To be the Risk Champion for SUN Corporate Services.
- To assist the Board in the construction of the strategy statement that clarifies risk appetite, risk ownership and the strategies to tackle key risks.

Risk Champions:

- To perform their respective risk assessments.
- To oversee in liaison with risk owners that controls are put in place to mitigate their key respective risks to within tolerable levels.
- To continuously monitor their respective risks and controls.
- To nurture a culture of risk management within their designated area of business.
- To sit on the ROC and report on risk-related matters concerning their designated area of business.

Employees:

- To adhere to SUN's risk management process.
- To report directly to a risk champion within their designated area of business on any matters relating to ERM (e.g. risks identified, control gaps, incidents etc.).

Internal Audit:

Internal Audit's role is to provide an independent opinion on the adequacy of Risk Management by:

- Ensuring that the internal audit scope and procedures follow a risk-based approach.
- Commenting on the adequacy and effectiveness of the methodology and processes of risk identification and evaluation.
- Commenting on the proposals for implementation of risk management and expressing an opinion on their overall adequacy.
- Evaluating the adequacy and effectiveness of controls in each area of major risk.
- Commenting annually on the effectiveness of SUN's control framework on the basis of audits conducted.

The Company conducts an annual risk reassessment and quarterly risk reviews to ensure that all risks are identified, risk heat maps updated, appropriate mitigating controls with relevant capabilities are in place and accurate and timely reporting is achieved.

• Internal Controls and Risk Management

The Company's risk management and internal control systems are designed to meet the Company's needs and manage the risks to which it is exposed, including the risk of failure to achieve business objectives. It should however be noted that such risks cannot be eliminated and that systems can only provide reasonable, but not absolute outcomes. The systems may never completely protect against such factors as unforeseeable events, fraud and errors in judgement even after due consideration.

• Principal Risks Descriptions

The key risks that could affect the Company and the way in which each of these are managed are set out below. Principal risks can generally be divided into strategic, operational, compliance and financial risks. There are other risks which are not described here which could impact the Company, either because they are not currently perceived as material or because they are presently unknown.

Strategic Risks

Strategic risks are related to the uncertainties and untapped opportunities embedded in the corporate strategy. More specifically, the following risks have been identified.

<u>Failure to deliver on our sales and marketing strategy could impact SUN's competitive positioning, growth ambitions and reputation with guests and owners.</u>

The Company's sales & marketing and positioning strategy, with focus on price re-positioning, facilitated by service enhancement initiatives and product improvements is showing very encouraging results. The re-organisation of sales' leadership and full distribution channel accountability between sales teams will further bear fruit on SUN's strategy. In addition, a corporate marketing function was formed, with direct focus on the SUN Resorts brand to help with positioning and exposure.

CORPORATE GOVERNANCE REPORT (CONT'D)

YEAR ENDED 30 JUNE 2018

RISK MANAGEMENT (CONT'D)

Natural disasters and weather

The Company is subject to major natural disasters such as floods, cyclones or weather conditions which make it impossible to travel safely to the travel destination, as well as similar circumstances in guest source markets. Contributing factors common to a few hotels include the unpredictability of cyclones and natural defences against beach erosion compromised due to ocean warming (e.g. coral reef damage, stronger storms).

Actions and factors that mitigate these risks include:

- Operating losses that may result from natural disasters are covered by SUN's insurance policies related to property damage and business interruption. This cover can only reduce the impact but not the likelihood of such unpredictable natural events.
- Regular fire, tsunami and cyclone drills are conducted at business units to be best possibly prepared.
- Sand erosion and rising sea levels are monitored through environmental monitoring plans (EMP).
- Capital expenditure projects include beach erosion and sedimentation mitigating practices.
- Exceptionally warm summer weather in Europe may have resulted in deferred holiday plans from this key source market, which SUN counteracted with its commercial policy to attract business from other markets.

External factors including air access restraints, acts of terrorism, health issues

The risk that external factors adversely affect the tourism industry in Mauritius and Maldives, thereby impacting the ability of the Company to meet its targets due to its reliance on these two destinations. These factors include terrorist attacks, health issues, accessibility and cost of travelling to these countries, significant exchange rate fluctuations and political developments.

Actions and factors that mitigate these risks include:

- In recent years, Mauritius has made good progress in opening its skies to new airlines, thereby diversifying its potential customer base. Opportunities remain to diversify its customer base to become a year-round destination and reduce reliance on its mature European markets. SUN's membership of AHRIM, to lobby further access to market, facilitates this.
- Higher air fares that increase holiday expenses generally may impact the purchasing power of guests and in turn demand to Mauritius. A wider choice of air access is likely to contain cost increases and stimulate demand.
- While Mauritius is a peaceful nation, any act of terrorism or political upheaval may case a sudden drop in visitation to the island. SUN is insured for acts of terrorism and similar events. The recent political uncertainty in the Maldives did affect business levels on a short-term basis, with most business deferred to later months, rather than cancelled.
- The outbreak of an epidemic or the fear of one occurring could have an adverse effect on demand to the island. Hotel audits are conducted on a regular basis to identify risks to the safety of guests and employees alike and to develop appropriate solutions to manage these. A business continuity plan is being developed to minimise the risk of disruption to services in the event of an outbreak.

Operational Risks

Operational risks relate to the internal operations of the Company, including business processes, organisational structure, culture, systems and people. More specifically, the following risks have been identified.

The risk that renovated properties do not achieve occupancy and sales targets to recoup Capital Expenditures ("CAPEX") incurred within acceptable timelines.

Actions and factors that mitigate this risk include:

- A project life cycle has been developed to address the rigor in the process. This includes during the pre-project period, the functional heads and teams involved at each phase of the feasibility, the reporting deliverables required, the external professional team assistance and timeliness of retention, and the management and Board approval requirements.
- During the project implementation, a Governance Framework addresses a) Key project leadership positions and their roles and responsibilities; b) Key project committees/bodies and their roles and responsibilities; c) Delegation of authority specific to the project; d) a formal communications strategy; e) Processes and protocols for authorising hiring of professional team, project's scope, cost increases and requirement changes; f) Processes to manage project's risks and issues; g) Key project reports and reporting protocols. The approach can be scaled down for smaller projects.
- A detailed Positioning and Marketing Strategy and implementation plan, including Sales & Marketing and Public Relations Launch Strategic Plan, with appropriate budget is prepared, approved and implemented.
- Regular progress meetings are conducted on marketing launch and post launch milestones, and execution of the Positioning and Marketing Strategy and reporting thereon.

The risk that the service provision by support services, such as the laundry service to the Business units fails

Actions and factors that mitigate this risk include:

- A CAPEX replacement plan is in place which addresses the periodic replacement of equipment to ensure continued service delivery as well as increase efficiency and capacity.
- The expansion of services to a separate location is expected to attract new customers and grow business levels further.

RISK MANAGEMENT (CONT'D)

The risk that the hotel is unable to attract, develop and retain talent to instill appropriate behaviours and service levels, resulting in guest dissatisfaction.

Actions and factors that mitigate this risk include:

- Recruitment methods were reviewed, and several new initiatives were implemented to generate more attractive and relevant candidates, increase length of service, provide internal development opportunities and thereby increase employee engagement.
- SUN has implemented the new "SUN Winning Well Training Programme 2018-2020" aimed at uplifting service standards, enhancing leadership and entrepreneurship as well as talent development and retention.
- Cluster Training Managers have been hired to drive the implementation of the set standards.
- A full induction and integration programme, as well as recognition programme, have been devised and implemented.

Early signs of these measures show that staff engagement has significantly increased, SUN is considered a much more attractive employer and development opportunities are available internally.

Risks related to cyber security and information systems

Threats to cybersecurity and potential loss of information evolve at pace, with a number of high profile companies and industries having experienced breaches in the last 12 months. This risk could impact our operations, lead to loss of sensitive data, undermine stakeholder trust and could result in legal action.

Actions and factors that mitigate these risks include:

- A cyber maturity assessment was conducted with a view to improving the lines of defence and resilience against cyber threats. This assessment resulted in a road map to mature cyber defences and posture further.
- The Company has made provisions in its budget to implement the road map.

Risks related to data privacy

With the coming in force of the European General Data Protection Regulation (GDPR) and the Mauritius Data Protection Act 2017 in 2018, breaches in the confidentiality of or loss of information can result in significant fines and legal/regulatory action.

Actions and factors that mitigate these risks include:

- A data privacy assessment was conducted with a view to improving the lines of defence and resilience against privacy breaches. This assessment resulted in a road map to mature data privacy controls which is currently under implementation.
- The Company is further considering the implementation of an ISMS (ISO:27001).

The risk that the assets at the properties of the Company are not adequately maintained, thereby resulting in disruptions in operations and hotel guest dissatisfaction.

Actions and factors that mitigate this risk include:

- The Company has a significant focus on ensuring its assets are well maintained, a focus of preventative vs. corrective maintenance exists, while measures have been put in place to identify replacement needs early.
- Maintenance contracts have been implemented with third parties for most specialist equipment families, while in-house functional specialists are responsible for the maintenance of other equipment.
- Strategic capex plans exist, identifying CAPEX needs of a revenue generation, cost containment, guest satisfaction, employee retention, and health, life safety nature rather than replacements of only existing equipment

The risk that sought-after value from transformative projects (e.g. implementation of IT systems, digitization etc.) is not realised.

This risk could occur if SUN's approach to running transformative projects is not robust and mature, resulting in missed timelines, cost overruns and project failures.

To mitigate this risk, a Project Management Guideline is being finalised between Supply Chain and the CIO Project Team to define a more robust procurement and implementation policy for projects. This will include the formulation of clear and comprehensive requirements and protocols for independent assessments.

The risk that available IT systems are not fully utilised, resulting in lower return on investment in IT.

Actions and factors that mitigate this risk include:

- A wholesale and critical gap analysis of the use and fit of the IT tools within a selection of core operational cycles of the Company was performed, resulting in the release of a fresh set of procedure manuals clearly documenting the related business processes and associated accountabilities. This initiative also identified a number of improvements to the existing operating model, as well as the IT applications to increase the degree of automation of processes and improve management information available from these systems to assist with running the business. The implementation of these changes is ongoing.
- The internal audit function will review degree of adherence to these manuals to drive effective implementation of these changes.
- Performance evaluation and rewards of the relevant accountable officers will be impacted by the degree of compliance revealed by these audits.
- Thorough training and follow-up training for any new software installation to assist users with adapting to the changes that result.

CORPORATE GOVERNANCE REPORT (CONT'D)

YEAR ENDED 30 JUNE 2018

RISK MANAGEMENT (CONT'D)

Compliance Risks

The risk of collusion amongst employees and between employees and guests to defraud the hotel, resulting in financial losses and reputation damage.

Actions and factors that mitigate this risk include:

- A communication campaign on the Code of Conduct and ethics is performed by the corporate office and business units on an annual basis and as part of the on-boarding of any new employees.
- Various procedures are in place to limit fraud, including regular stock control exercises performed by cost controllers.
- A delegation of authority at the business units exists to clarify authorities.
- The Company is also considering the introduction of a formal group-wide mystery shopper programme.

Financial Risks

Financial risks relate to threats to the financial health of the business, including its liquidity, profitability and gearing levels. They include the risk that the gearing level impacts the liquidity of the Group, its financial results and its ability to exploit investment opportunities.

Measures are in place, within the existing Group Risk Management Framework, to closely monitor and continuously mitigate the Group's exposure to the above-referred risks. These include, inter-alia, managing the following risks:

- Foreign exchange risk
- Interest rate risk
- Liquidity risk
- Credit and counterparty risk

WHISTLE BLOWING

SUN fosters a culture of integrity and good governance and encourage all means to achieve same. Employees and Suppliers who have genuine concerns about a wrong-doing including, but not limited to, corruption, illegal, fraudulent or hazardous activities and/or violations of law, regulations, the code of conduct or Company policies are encouraged to promptly report them. A reporting mechanism is detailed in the Code of Conduct.

Employees may first raise concerns verbally or in writing with their direct manager or the HR department. If for any reason, they feel that it is not appropriate to make such a report to any of the above-mentioned person or department, they may address their report to CEO. Again, if they believe that in the particular circumstances, even the CEO is not the appropriate person to whom they can make a report, they may address their report to the chairman of the Corporate Governance, Ethics, Nomination & Remuneration Committee through a dedicated email: whistleblowing@sunresorts.mu.

FIND OUT MORE

https://www.sunresortshotels.com

- Code of Conduct

PRINCIPLE 6: REPORTING WITH INTEGRITY

The Directors affirm their responsibilities in preparing the Annual Report and the Financial Statements of the Company and its subsidiaries which comply with International Financial Reporting Standards and the Mauritius Companies Act 2001. The Board also considers that taken, they are fair, balanced and understandable and provide the information necessary for shareholders and other stakeholders to assess SUN's position, performance and outlook. Please refer to the Statement of Directors' Responsibilities.

CHARITABLE AND POLITICAL CONTRIBUTIONS

	Subsidiaries		The Company	
	FY 30 June 2018 Rs'000	FY 30 June 2017 Rs'000	**FY 30 June 2018 Rs'000**	FY 30 June 2017 Rs'000
Political Donations	**525**	-	**525**	75
Other	**-**	543	**-**	-

SUSTAINABILITY

In keeping with its commitment to promote sustainable business practices, SUN has implemented the SUNCARE program, which focuses on the triple-bottom line approach of environmental, social and financial responsibilities by finding innovative ways "to do more with less". SUN was admitted on the SEMSI (Stock Exchange of Mauritius Sustainable Index) on 5 July 2018. SEMSI tracks the price-performance of companies listed on the Stock Exchange of Mauritius which demonstrate strong sustainability practices.

In 2016, SUN became a member of the ten principles of the UN Global Compact. Through this initiative, it has undertaken to work in a dedicated manner to advance its contribution to sustainable development and has been recognised as a Founding Member of the UN Global Compact for Mauritius.

SUN's engagement to promote economic, environmental and social sustainability, along with its commitment to Global Compact, is incorporated in its Code of Conduct and the Supplier Code of Conduct.

Sharing of Knowledge

This year, as a pioneer in sustainable tourism, SUN has signed a memorandum of understanding with the University of Mauritius. SUN will work with the department of the International Center for Sustainable Tourism and Hospitality of the University, whose main objective is to carry out research of direct relevance to the hospitality industry as well as facilitating transfer of knowledge between the University and the public/private sectors' stakeholders in the field of sustainable tourism.

Social Sustainability

Efforts in social sustainability comprise of an important process, not only internally within SUN, but also externally. In this regard, SUN's principal contribution to social sustainability involves Children at Heart and since 2008, it made a strong commitment with the SUN Children Cancer Trust. Additionally, each hotel of the Group is committed to help a local school in its locality.

Environmental Sustainability

SUN's environmental policy promotes the protection of the environment and the preservation of biodiversity for the future generation. In this regard, a number of actions have been launched in collaboration with the University of Mauritius, namely, coral reef farming and identification of endemic trees.

External Recognition

SUN's efforts have earned recognition from independent organisations, including a Silver EarthCheck Certification, Travel Life Gold Certification for Long Beach, Ambre and Sugar Beach. SUN also won the first Sustainable Tourism Award issued by the Ministry of Tourism.

QUALITY, HEALTH AND SAFETY

Continuing with its focus placed on quality, safety, customer satisfaction and operational excellence, special attention was given to revisiting the Group's standards with the view to improve the quality of the guest experience and inspire timeless memories.

SUN continuously monitors quality of its services, safety and guest satisfaction through surveys and quality assessments. It was recognised by guests and rewarded with numerous awards, including the certification of ISO 22000 for Sugar Beach, Long Beach and Ambre.

SUN fully acknowledges its responsibility to its stakeholders to minimise the health and safety, environmental and food safety risks in relation to its operations and products, whilst maximising guest satisfaction and shareholders' value. Employees have been trained to respond to Health and Safety and emergency situations.

SUN strives to conduct all its activities in a responsible, professional and competent manner and continuously to improve performance towards the ultimate objective of zero incidents, injuries, failures or complaints, with maximum effectiveness and efficiency.

FIND OUT MORE

https://www.sunresortshotels.com

- SUN 2018 Annual Report

CORPORATE GOVERNANCE REPORT (CONT'D)

YEAR ENDED 30 JUNE 2018

PRINCIPLE 7: AUDIT

EXTERNAL AUDIT

PriceWaterhouseCoopers Ltd ("PwC") were appointed external auditors of the Group for the financial year ended 30 June 2018, in replacement of BDO & Co.

The external auditor, whose report is included in the audited financial statements, is responsible for providing an independent opinion on the financial statements. The external audit function offers reasonable, but not absolute, assurance on the fair presentation of the financial disclosures. To adhere to the new and revised Auditor Reporting Standards comprise, amongst others, the new ISA 701, the auditor's report also includes the Key Audit Matters which are those matters that, in the external auditor's professional judgement, are of the most significance in the audit of the financial statements. The list of these Key Audit Matters is taken up for discussion with the members of the Audit & Risk Committee ("ARC") in the presence of the management prior to finalising.

In line with the recommendations of the Code, members of the ARC met the team of PwC without management's presence. Fees paid to the external auditors for both audit and other services performed during the year are set out in the section other statutory disclosures under Section 221 of the Companies Act 2001.

INTERNAL AUDIT

Internal audit is an independent function which examines and evaluates the activities and appropriateness of the systems of internal control, risk management and governance. SUN has outsourced the internal audit function to Ernst & Young ("EY").

Risk based internal audit plans that typically include internal audit reviews at both corporate and operational levels are developed every year and approved by the Audit & Risk Committee ("ARC"). Internal audit reports on control effectiveness are submitted at the ARC meetings in line with the agreed internal audit plan. Management formulates and commits to remediation actions with clear timelines and responsible parties to address the findings of the internal auditors. The internal audit team reports to the Chairman of the ARC and, in addition, has unrestricted access to the Company's records and information, its employees and the management team as required.

The internal audit plan is regularly reviewed by the ARC and may be subject to changes to ensure that it reflects changes in the risks of the Company. The internal audit plan for the Year 2017 was changed to assess the recurring themes underpinning findings from previous internal audit exercises related to the effective utilisation of the Oracle ERP and the design of the operating model. This resulted in the identification and execution of several key projects. Regular updates on the status of these projects were provided to the members of the ARC.

The support of EY was solicited to assess current risk practices and design a comprehensive and robust risk management framework at SUN to achieve sustainable gains in the maturity of the risk management practices of the Company and its subsidiaries. This initiative is ongoing, subsequent to placing the overall supervision of the Group Risk Management function under the Chief Asset Management & Risk Officer and to releasing a SUN Risk Policy and Enterprise Risk Management Manual.

EY performed a gap analysis of the Company concerning compliance with the newly released European Union ("EU") General Data Protection Regulation ("GDPR"), resulting in a roadmap detailing the key action points to be implemented to achieve compliance.

PRINCIPLE 8:
RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

SHAREHOLDING STRUCTURE AS AT 30 JUNE 2018

Changes effected in the capital structure post 30 June 2017:
- A Rights Issue of Rs. 746.1 million, of 19,129,924 new ordinary shares, in the proportion of 0.1511 new ordinary share for every ordinary share held at an issue price of Rs. 39.00 per share; and
- A Private Placement, for an amount of Rs. 1.12 billion to Di Cirne HLT Ltd ("DI CIRNE"), a 100% indirect subsidiary of Dentressangle, of 28,684,380 new ordinary shares, at an issue price of Rs. 39.00 per share.

Issued share capital as at 30 June 2018:
- 194,545,072 no par value ordinary shares, including 20,118,546 treasury shares.

SUBSTANTIAL SHAREHOLDERS AS AT 30 JUNE 2018

Shareholders holding more than 5% of the stated capital of SUN as at 30 June 2018 (excluding treasury shares) were:

CIEL Limited

Number of Shares Owned
87,387,690

% Holding
50.10

Di Cirne HLT Ltd

Number of Shares Owned
30,558,768

% Holding
17.52

COMMON DIRECTORS WITHIN THE HOLDING STRUCTURE AS AT 30 JUNE 2018

Name of Directors of SUN	CIEL Limited	Di Cirne HLT Ltd
Jean-Pierre Dalais (Chairman)	√	
P. Arnaud Dalais	√*	
R. Thierry Dalais	√	
L. J. Jérôme De Chasteauneuf	√	
Olivier Riché		Nominee
J. Harold Mayer	√	
Jean-Louis Savoye	√	√

** Chairman*

CORPORATE GOVERNANCE REPORT (CONT'D)

YEAR ENDED 30 JUNE 2018

GROUP STRUCTURE AS AT 30 JUNE 2018

Sun

- 100% GreenSun Management Ltd
- 100% Wolmar Sun Hotels Ltd
- 99.82% City & Beach Hotels (Mtius) Ltd
- 99.96% Loisirs des Iles Ltée
- 100% Sun Leisure Hotels Ltd
- 100% Long Beach IHS Ltd
- 100% SRL Property Ltd
- 99.89% Sun Leisure Investments Ltd
- 74% SRL Touessrok Hotel Ltd
  - 100% SRL Touessrok Residences & Villas Ltd
- 100% Washright Services Ltd
- 100% Sun Styled Boutiques Ltd
- 100% Sun Resorts International Ltd
  - 100% Sun Resorts (Seychelles) Ltd
  - 100% Solea Vacances SA
  - 100% World Leisure Holidays (Pty) Ltd
  - 100% Sun Resorts France Sarl
  - 100% SRL Maldives Ltd
    - 100% SRL Kanuhura Ltd
- 50% Anahita Hotel Limited
  - 12.23% Anahita Golf Ltd
- 30% EastCoast Hotel Investment Ltd
  - 99.99% Armand Apavou & Co Ltd
- 100% SRL FS, Ltd
  - 50% Anahita Hotel Ltd
- 100% Sun Hotel Holdings Ltd
  - 100% Ambre Resort Ltd
  - 100% Long Beach Resort Ltd
  - 100% Sun International Hotel Holdings Ltd
- 100% Sun Hotel Investment Ltd
  - 100% Sun International Investment Ltd
- 100% Sun Resorts Hotel Management Ltd
  - 100% Sun International Management Ltd
    - 100% SRL Marketing Ltd
    - 100% SRL Management Ltd
    - 100% Sun Hotels & Resorts GmbH
- 100% Sun Real Estates Ltd
  - 100% Sun International Realty Development Ltd
- 100% Sun Support Ltd
  - 100% Sun Centralised Services Ltd
  - 100% Sun Logistics Ltd
  - 100% Supply Chain Experts Ltd
  - 100% Sun Training Institute Ltd
  - 100% Sun Resorts CSR Fund Ltd

SHARES IN PUBLIC HANDS

In accordance with the Listing Rules of the SEM, more than 25% of the shareholding of SUN is in the hands of the public.

SHAREHOLDER'S AGREEMENTS

CIEL Limited, Dentressangle Initiatives SAS and DI Cirne HLT Ltd have entered into a shareholders' agreement to regulate their respective rights and obligations in respect of their shareholdings in SUN (usual reserved matters, dividend policy, lock up period of 4 years, tag along and drag along rights).

THIRD PARTIES MAIN AGREEMENTS

SUN holds an agreement with CIEL Corporate Services Ltd (a subsidiary of CIEL Limited – "CCS") for the provision of strategic support & group strategy harmonisation, legal, company secretarial and payroll services to the companies of the Group. An amount of Rs. 8m was paid to CIEL Corporate Services Ltd for the financial year. This fee also covers the time allocation dedicated to SUN by P. Arnaud Dalais, Jean-Pierre Dalais, L. J. Jérôme De Chasteauneuf and Hélène Echevin, who are currently employed by CCS. No Directors fees are paid to them by SUN.

SUN holds a treasury agreement with Azur Financial Services Ltd (a subsidiary of CIEL Limited) for the provision of cash management services, treasury advisory services and foreign exchange & money market brokerage services to the Group. SUN pays a fixed monthly fee for the cash management together with a variable fee, based on the volume of intercompany transactions processed by Azur Financial Services Ltd for SUN. An amount of Rs. 3.2m was paid to Azur Financial Services Ltd for the financial year.

SHAREHOLDERS' INFORMATION AND CALENDAR OF EVENTS

Event	Month
Publication of first quarter results to 30 September 2018	November 2018
Annual Meeting of shareholders	14 December 2018
Publication of half-yearly results to 31 December 2018	February 2019
Publication of third-quarter results to 31 March 2019	May 2019
Publication of end-of-year results	September 2019

KEY STAKEHOLDERS

SUN is committed to engage actively with its stakeholders to meet their expectations and interests in an effective and efficient manner. SUN's key stakeholders and the way it has responded to their expectations are described below:

Shareholders	SUN communicates to its shareholders through its Annual Report, Annual Meeting of Shareholders ("AMS"), press announcements, publication of unaudited quarterly, audited abridged financial statements and its website hosted at http://www.sunresortshotels.com as well as the SUN magazine (Sundays) which is published on a quarterly basis. The Company's AMS remains foremost the ideal platform for shareholders to interact with Board members and the management team on matters pertaining to SUN and its performance. Shareholders are strongly encouraged to attend the AMS to remain updated on SUN's initiatives/projects and goals.
Financial Partners	Communication with financial institutions and the financial community in general usually takes places through investor meetings. The main recurring topic of discussion is financial performance.
Regulators	SUN's business activities are conditional on regulatory requirements meaning that regulators have a high level of influence and interest in the Company's operations. The Company ensures that it complies with regulatory provisions and guidelines in the conduct of its activities.
Employees of the Group	SUN recognises that its workforce is key to its performance and development. During the year, an employee engagement survey has been launched within specific clusters of the Group which provides the basis for improvements in some areas.

CORPORATE GOVERNANCE REPORT (CONT'D)

YEAR ENDED 30 JUNE 2018

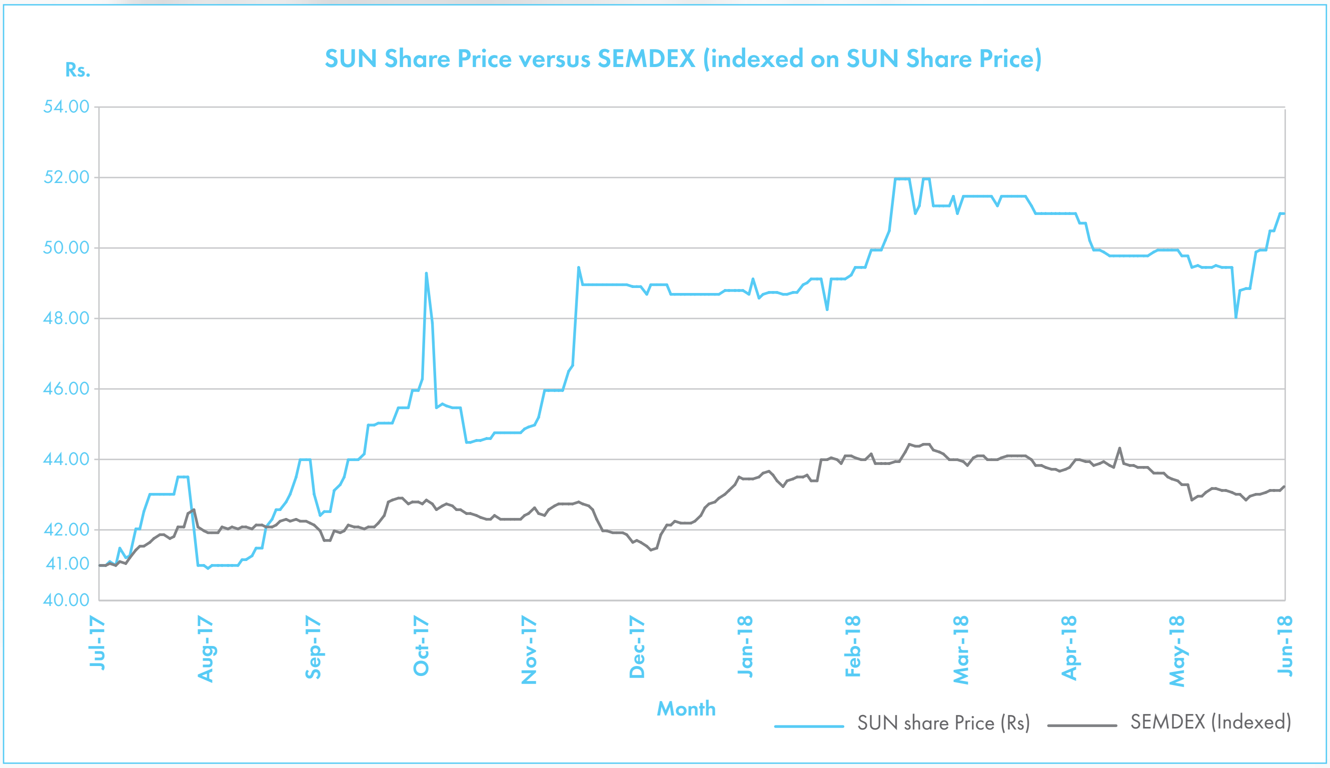
DIVIDEND

The Board declared a dividend of Rs. 0.50 (fifty cents) per share during the financial year, taking into consideration the financial results and the cash requirements of SUN during this development phase.

SHARE PRICE INFORMATION

Development of SUN's share price versus SEMDEX – indexed on a share price of Rs. 41.00 on 3 July 2017.

Note - A Rights Issue was proposed to the shareholders of SUN at an issue price of Rs. 39.00 during the subscription period of 20 July 2017 to 10 August 2017.



This report has been approved by the Board upon recommendation of the Corporate Governance, Ethics, Nomination & Remuneration Committee.

Jean-Pierre Dalais
Chairman

Naderasen Pillay Veerasamy
Chairman of the Corporate Governance, Ethics, Nomination & Remuneration Committee

Clothilde de Comarmond, ACIS
For and on behalf of
CIEL Corporate Services Ltd
Group Company Secretary

26 September 2018

STATUTORY DISCLOSURES

SECTION 221 OF THE MAURITIUS COMPANIES ACT 2001

PRINCIPAL ACTIVITY AND HISTORY

The Company was incorporated as a limited company on 10 February 1983 under the name Sun Resorts Limited and changed its name to Sun Limited ("SUN") as evidenced by certificate issued by the Registrar of Companies dated 25 September 2015. SUN is a public company listed on the official market of the SEM and is registered as a Reporting Issuer with the FSC. It is the holding company of SUN Group, an established hotel group in the Indian Ocean, owning and/or managing six resorts in Mauritius (5* Luxury Four Seasons Resort at Anahita, 5* Luxury Shangri-La's Le Touessrok, 5* Long Beach, 5* Sugar Beach, 4* La Pirogue, and 4* Ambre) and one resort in the Maldives (5* Luxury Kanuhura). SUN holds marketing offices in London, Paris and Frankfurt and representations in Milan, Madrid, India, China, and Japan. SUN also owns two in-house tour operators, namely Soléa Vacances, in France and World Leisure Holidays (Pty) Ltd, in South Africa.

DIRECTORS' SERVICE CONTRACTS

The Chief Executive Officer and Chief Finance Officer hold service contracts with the Company without expiry date. To the best of the Company's knowledge, there was no contract of significance subsisting during the year to which the Company or its subsidiaries was a party and in which a Director was materially interested, either directly or indirectly.

SHAREHOLDING PROFILE

Ownership by Size of Shareholding	Ordinary Shares		
	Shareholder Count	Number of Shares	Percentage Held
1 - 500	8,289	1,224,134	0.70
501 - 1,000	1,487	1,044,808	0.60
1,001 - 5,000	1,559	3.466,703	1.99
5,001 - 10,000	347	2,402,344	1.38
10,001 - 50,000	377	8,188,724	4.69
50,001 - 100,000	65	4,264,226	2.44
100,001 - 250,000	25	3,904,147	2.24
250,001 - 500,000	10	3,177,740	1.82
500,001 - 1,000,000	12	8,382,589	4.81
Over 1,000,001	9	138,371,111	79.33
Total	**12,180**	**174,426,526**	**100.00**
Ownership by Size of Shareholding	Ordinary Shares		
Category	Shareholder Count	Number of Shares	Percentage Held
Individuals	11,631	18,686,486	10.71
Insurance and Assurance Companies	13	8,689,721	4.98
Pension and Provident Funds	61	19,402,593	11.12
Investment and Trust Companies	56	4,266,152	2.45
Other Corporate Bodies	419	123,381,574	70.74
Total	**12,180**	**174,426,526**	**100.00**

The above number of shareholders is indicative due to consolidation of multi portfolios for reporting purposes.

STATUTORY DISCLOSURES

SECTION 221 OF THE MAURITIUS COMPANIES ACT 2001

DIRECTORS' REMUNERATION AND BENEFITS

	The Company		Subsidiaries	
	FY 30 June 2018 Rs'000	FY 30 June 2017 Rs'000	**FY 30 June 2018 Rs'000**	FY 30 June 2017 Rs'000
Directors of the Company				
Executive Directors	**30,404**	29,997	**-**	-
Non-Executive Directors	**856**	750	**-**	-
Non-Executive Independent Directors	**1,169**	1,000	**-**	-
Directors of the Subsidiaries				
Executive Directors	**-**	-	**17,989**	19,299
Non-Executive Directors	**-**	-	**-**	-
Non-Executive Independent Directors	**-**	-	**-**	-

DIRECTORS OF SUBSIDIARIES AS AT 30 JUNE 2018

Company	Directors
Ambre Resort Ltd	David J. Anderson
City & Beach Hotels (Mauritius) Ltd	Jean-Pierre Dalais
Loisirs des Iles Ltée	Tommy Wong Yun Shing
Long Beach IHS Ltd	
Long Beach Resort Ltd	
SRL Kanuhura Ltd	
SRL Property Ltd	
Sun Centralised Services Ltd	
Sun Hotel Holdings Ltd	
Sun Hotel Investment Ltd	
Sun International Hotel Holdings Ltd	
Sun International Investment Ltd	
Sun International Management Ltd	
Sun International Realty Development Ltd	
Sun Leisure Hotels Limited	
Sun Leisure Investments Limited	
Sun Logistics Ltd	
Sun Real Estates Ltd	
Sun Resorts Hotel Management Ltd	
Sun Resorts International Limited	
Sun Styled Boutiques Ltd	
Sun Support Ltd	
Supply Chain Experts Ltd	
Washright Services Limited	
Wolmar Sun Hotels Limited	

DIRECTORS OF SUBSIDIARIES AS AT 30 JUNE 2018 (CONT'D)

Company	Directors
Anahita Hotel Limited	David J. Anderson
	L.J. Jérôme De Chasteauneuf
	Jean-Pierre Dalais
	Tommy Wong Yun Shing
GreenSun Management Ltd	Marc Amelot
	David J. Anderson
	Tommy Wong Yun Shing
Solea Vacances SA	David J. Anderson
	Francois Cottignies
	Jean-Pierre Dalais
	Alexandre Espitalier-Noel
	Maryvonne Labeille
	Tommy Wong Yun Shing
SRL FS, Ltd	David J. Anderson
	Tommy Wong Yun Shing
SRL Maldives Ltd	David J. Anderson
SRL Management Ltd	Jean-Pierre Dalais
	Stephanie Germain
	Daniella Hoareau (Alternate Director of Stephanie Germain and Bernadette Suzanne Julie)
	Bernadette Suzanne Julie
SRL Marketing Ltd	David J. Anderson
	Jean-Pierre Bosquet
	Jean-Pierre Dalais
	Tommy Wong Yun Shing
SRL Touessrok Hotel Ltd	Kapil Aggarwal
	David J. Anderson
	Jean-Pierre Dalais
	L. J. Jérôme De Chasteauneuf
SRL Touessrok Residences &Villas Ltd	Kapil Aggarwal
	David J. Anderson
	Tommy Wong Yun Shing
Sun Hotel & Resorts GMBH	Jean-Pierre Dalais
	Tommy Wong Yun Shing
Sun Resorts CSR Fund Ltd	David J. Anderson
	Jean-Pierre Dalais
	Naderasen Pillay Veerasamy
	Tommy Wong Yun Shing
Sun Resorts France SARL	Tommy Wong Yun Shing

STATUTORY DISCLOSURES

SECTION 221 OF THE MAURITIUS COMPANIES ACT 2001

DIRECTORS OF SUBSIDIARIES AS AT 30 JUNE 2018 (CONT'D)

Company	Directors
Sun Resorts (Seychelles) Ltd	David J. Anderson
	Jean-Pierre Dalais
Sun Training Institute Ltd	David J. Anderson
	Jean-Pierre Dalais
	Neelmanee Ramlagun
	Tommy Wong Yun Shing
World Leisure Holidays (Pty) Ltd	David J. Anderson
	Jean-Pierre Dalais
	Elaine Mercia Durr
	Rameswarsingh Jeenarain
	Tommy Wong Yun Shing

AUDIT FEES AS AT 30 JUNE 2018

	The Group		The Company	
	FY 30 June 2018 Rs'000	FY 30 June 2017 Rs'000	**FY 30 June 2018 Rs'000**	FY 30 June 2017 Rs'000
Local External Auditors				
Audit Fees	**4,185**	4,006	**550**	500
Other Services	**1,413**	935	**244**	850
Local Internal Auditors				
Audit Fees	**1,080**	1,218	**60**	60
Other Services	**825**	360	**400**	360
Foreign External Auditors				
Audit Fees	**2,430**	2,291	**-**	-
Other Services	**215**	131	**-**	-

SHARE REGISTRY & TRANSFER OFFICE

SUN's Share Registry & Transfer Office is administered by MCB Registry & Securities Limited. If you have any queries regarding your account, wish to change your name or address, or have questions about lost certificates, share transfers or dividends, you may contact the Share Registry and Transfer Office, whose contact details are as follows:

MCB Registry & Securities
2nd Floor, MCB Centre
9-11 Sir William Newton Street, Port Louis
Tel: +230 202 5397
Fax: +230 208 1167

On Behalf of the Board

Jean-Pierre Dalais
Chairman
26 September 2018

M. G. Didier Harel
Chairman of the Audit & Risk Committee

COMPANY SECRETARY'S CERTIFICATE

In our capacity as Company Secretary of SUN Limited ("the Company''), we hereby confirm that, to the best of our knowledge and belief, the Company has lodged with the Registrar of Companies as at 30 June 2018, all such returns as are required for a company in terms of the Mauritius Companies Act 2001, and that such returns are true, correct and up to date.

Clothilde de Comarmond, ACIS
For and on behalf of
CIEL Corporate Services Ltd
Group Company Secretary
26 September 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare Financial Statements in accordance with International Financial Reporting Standards ("IFRS") for each financial year, which present fairly the financial position, financial performance and cash flows of the Group and the Company.

The Directors confirm that, in preparing the Financial Statements, they have to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State that IFRS have been adhered to, subject to any material departures being disclosed and explained in the Financial Statements;
- Prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business; and
- Ensure compliance with the Code of Corporate Governance ("Code") and provide reasons in case of non-compliance with the Code.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and Company to enable them to ensure that the Financial Statements comply with the Mauritius Companies Act 2001, IFRS and the Financial Reporting Act 2004.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors hereby confirm that they have complied with the above requirements.

Approved by the Board of Directors on 26 September 2018.

On behalf of the Board,

Jean-Pierre Dalais
Chairman

M. G. Didier Harel
Chairman of the Audit & Risk Committee

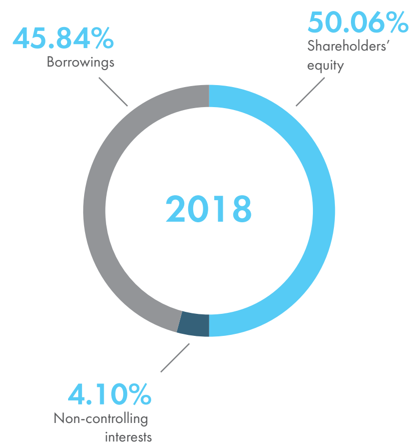
3-YEAR FINANCIAL REVIEW

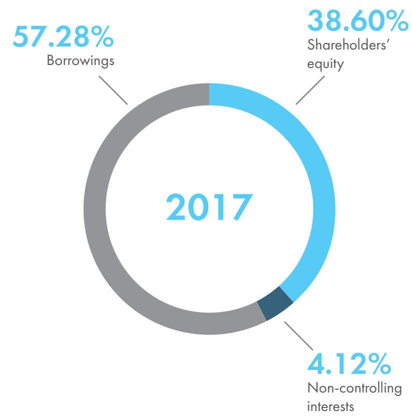
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

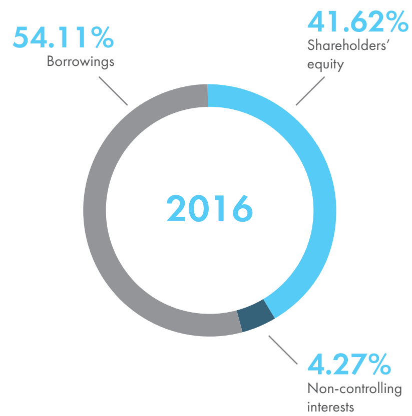
	The Group		
	30 June 2018	30 June 2017 Restated	30 June 2016 Restated
	Rs'000	Rs'000	Rs'000
Assets			
Non-current assets	21,279,135	20,238,288	19,663,929
Current assets	1,621,042	1,509,983	1,694,584
Total assets	22,900,177	21,748,271	21,358,513
Equity			
Equity attributable to owners of the Company	10,041,019	7,426,828	7,767,000
Non-controlling interests	822,302	792,992	796,489
Total equity	10,863,321	8,219,820	8,563,489
Borrowings	9,194,232	11,021,928	10,095,805
Total capital employed	20,057,553	19,241,748	18,659,294
Trade and other payables	1,481,638	1,431,279	1,644,626
Current tax liability	27,865	8,432	5,110
Deferred tax liability	831,535	713,526	738,173
Employee benefit liability	269,621	306,568	264,592
Provision	80,218	46,718	46,718
Deferred income	64,534	-	-
Dividend payable	87,213	-	-
Interest-free liabilities	2,842,624	2,506,523	2,699,219
Employment of capital	22,900,177	21,748,271	21,358,513

CONSOLIDATED CAPITAL EMPLOYED

	The Group		
	30 June 2018	30 June 2017 Restated	30 June 2016 Restated
Shareholders' equity	50.06%	38.60%	41.62%
Non-controlling interests	4.10%	4.12%	4.27%
Borrowings	45.84%	57.28%	54.11%
Total capital employed	100.00%	100.00%	100.00%







3-YEAR FINANCIAL REVIEW (CONT'D)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	The Group		
	Year ended 30 June 2018	Year ended 30 June 2017 Restated	Year ended 30 June 2016 Restated
	Rs'000	Rs'000	Rs'000
Revenue	**6,723,879**	6,007,284	4,989,237
Other income	**50,277**	40,596	63,930
Normalised Earnings before interest, tax, depreciation and amortisation	**1,290,403**	976,838	777,789
Closure, marketing launch, restructuring, branding and transaction costs	**-**	(124,138)	(534,208)
Earnings before interest, tax, depreciation and amortisation	**1,290,403**	852,700	243,581
Depreciation and amortisation	**(546,079)**	(457,956)	(356,894)
Operating profit	**744,324**	394,744	(113,313)
Finance costs	**(479,822)**	(504,068)	(457,453)
Finance income	**16,312**	12,152	10,527
Share of results of associates	**-**	(1,399)	(6,799)
Profit/(loss) before tax	**280,814**	(98,571)	(567,038)
Income tax (charge)/credit	**(86,747)**	(13,488)	197,577
Profit/(loss) after tax	**194,067**	(112,059)	(369,461)
Non-controlling interests	**(14,550)**	4,003	69,108
Profit attributable to owners of the Company	**179,517**	(108,056)	(300,353)
Balance at start of period, as previously reported	**2,826,935**	2,941,413	3,280,561
Dividends on ordinary shares	**(87,213)**	-	-
Other movements in retained profits	**41,725**	(6,422)	(38,795)
Balance at end of period	**2,960,964**	2,826,935	2,941,413

RATIOS AND STATISTICS

		The Group		
		Year ended 30 June 2018	Year ended 30 June 2017 Restated	Year ended 30 June 2016 Restated
Share Performance				
Ordinary shares				
- In issue	000's	**194,545**	146,731	146,731
- Weighted average	000's	**167,211**	129,257	126,974
Earnings per share from Continuing operations	Rupees	**1.07**	(0.84)	(2.37)
Dividend declared per ordinary share	Rupees	**0.50**	-	-
Dividend cover (in respect of year)	times	**2.06**	N/a	N/a
Net worth per ordinary share		**57.57**	58.66	61.34
Profitability and Asset Management				
EBITDA margin	%	**19.19%**	16.26%	15.59%
Operating margin	%	**11.07%**	6.57%	-2.27%
Return on net assets	%	**1.79%**	-1.36%	-4.31%
Gearing	%	**44.20%**	56.20%	53.01%
Total liabilities to total equity	%	**110.80%**	164.58%	149.41%
Interest cover	times	**1.61**	0.80	-0.27
Current ratio	1:	**0.71**	0.51	0.22
Employees		**4,028**	3,981	3,790
Stock-Exchange Performance				
Stock price				
- At 30 June	Rupees	**51.00**	41.50	34.25
- Highest	Rupees	**52.00**	44.80	45.00
- Lowest	Rupees	**40.90**	32.80	33.00
Other				
Hotel rooms at year end		**1,473**	1,457	1,393
Rooms night sold	000's	**400**	401	381

3-YEAR FINANCIAL REVIEW (CONT'D)

DEFINITIONS

Earnings per Share

Earnings per share is profit attributable to owners of the Company divided by the weighted average number of shares in issue during the period.

Dividend Cover

Dividend cover is profit attributable to owners of the Company divided by ordinary dividends.

Gearing

Interest-bearing loans and borrowings, net of cash and cash equivalents and advance payments expressed as a percentage of capital employed including all capital, reserves and the net debt of the Group.

Net Worth per Ordinary Share

Net worth per ordinary share is equity attributable to owners of the company divided by the total number of shares in issue at reporting date.

Operating Margin

Operating margin is operating profit expressed as a percentage of revenue.

EBITDA Margin

EBITDA margin is normalised margin before interest, tax, depreciation and amortisation expressed as a percentage of revenue.

Net Assets

Total assets less interest free liabilities and interest-bearing loans and borrowings .

Return on Net Assets

Profit for the year expressed as a percentage of Net assets.

Total Liabilities

Total liabilities include current and non-current liabilities.

Interest Cover

This is the ratio of profit before tax, finance income and finance costs to net finance costs.

Current Ratio

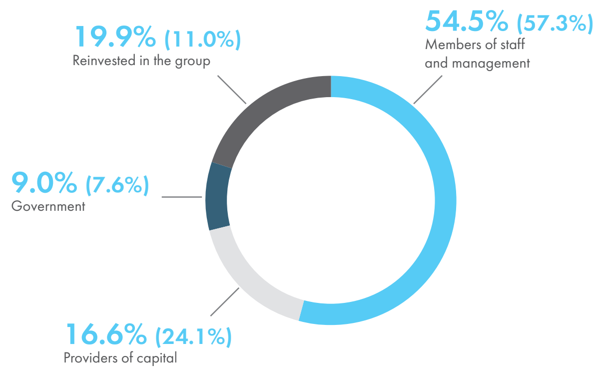
This is the ratio of current assets to current liabilities.

VALUE ADDED STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018

	Year ended 30 June 2018		Restated Year ended 30 June 2017	
	Rs'000	%	Rs'000	%
Total revenue	**6,774,156**		6,047,880	
Paid to suppliers for materials and services	**(3,071,306)**		(2,927,978)	
VALUE ADDED	**3,702,850**		3,119,902	
Finance income	**16,312**		12,152	
TOTAL WEALTH CREATED	**3,719,162**	100.0	3,132,054	100.0
Distributed as follows :				
MEMBERS OF STAFF				
Salaries and other benefits	**2,026,403**	54.5	1,789,516	57.3
PROVIDERS OF CAPITAL				
Dividends to ordinary shareholders	**80,370**	2.2	-	-
Finance costs	**479,822**	12.9	504,068	16.1
Operating lease payments	**56,791**	1.5	250,913	8.0
	616,983	16.6	754,981	24.1
GOVERNMENT AND PARASTATAL CORPORATIONS				
Income tax (current and deferred)	**86,747**	2.3	13,488	0.4
PAYE	**50,649**	1.4	45,405	1.4
EPF	**49,890**	1.3	45,772	1.5
Licences, permits and levies	**19,357**	0.5	16,641	0.5
Lease costs	**122,144**	3.3	120,354	3.8
Dividends - ordinary shares	**6,843**	0.2	-	-
	335,630	9.0	241,660	7.6
REINVESTED IN THE GROUP TO MAINTAIN AND DEVELOP OPERATIONS				
Depreciation and amortisation	**546,079**	14.7	457,956	14.6
Retained profit/(loss) for the year	**194,067**	5.2	(112,059)	(3.6)
	740,146	19.9	345,897	11.0
TOTAL WEALTH DISTRIBUTED AND RETAINED	**3,719,162**	100.0	3,132,054	100.0

Value added is a measure of the wealth the Group has been able to create in all of its various operations by 'adding value' to the cost of raw materials, products and services purchased. The statements summarises the total wealth created and shows how it was shared by employees and other parties who contributed to the Group's operations. The calculation takes into account the amount retained and reinvested in the Group for the replacement of assets and the further development of operations.



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SUN LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Sun Limited (the "Company") and its subsidiaries (together the "Group") and of the Company standing alone as at 30 June 2018, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

Sun Limited's consolidated and separate financial statements set out on pages 86 to 159 comprise:

- the consolidated and separate statements of financial position as at 30 June 2018;
- the consolidated and separate statements of profit or loss for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements" section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters

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

KEY AUDIT MATTER RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment of goodwill and assets (see Note 4.2 (vi) to the financial statements) The Group has goodwill totalling Rs 1.9 billion as at 30 June 2018, arising from past business combinations and has assets for which indicators of impairment exist as at 30 June 2018. Management assessed assets for which indicators of impairment exist and goodwill for impairment as at 30 June 2018 using a discounted cash flow model to determine the value in use of the cash generating unit to which the goodwill and assets relate to. This requires the use of a number of key assumptions and judgements, including the estimated future cash flows, long-term growth rates, profitability levels and discount rates applied. This was an area of focus in light of the amounts involved and the level of judgement and estimation required.	The reasonableness of the recoverable values assigned to each cash generating unit tested was assessed on a sample basis. The assumptions used in the cash flows models were tested by comparing these assumptions to our independently derived expectations, which are based on historical experience of the businesses, as well as expectations for the markets in which the individual businesses operate. In order to assess the reasonableness of the forecasted cash flows used in the models, the budgeted figures used were compared to the actual experience of the businesses, where applicable. Terminal growth rates have been assessed for reasonableness based on market expected long-term growth rates. In order to determine the reasonableness of the discount rates, the rates used in the cash flow models (on a sample basis) were compared to a range of discount rates independently calculated by us based on the markets in which the businesses operate, taking into account the nature of the individual businesses. Market multiples have been compared to those of similar entities operating in similar sectors. We also verified the mathematical accuracy of the models. We assessed whether appropriate disclosures were made by management in the financial statements with regards to the inherent uncertainties in the calculation.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE SHAREHOLDERS OF SUN LIMITED (CONTINUED)

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

KEY AUDIT MATTER RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Accounting for Invest Hotel Scheme revenue (see Note 4.1 to the financial statements) The Group has sold the remaining 14 rooms under the Invest Hotel Scheme (IHS) during the year and immediately leased back the rooms from the buyers for the remaining period of the underlying Government land lease which will end in 2070. The sale proceeds from the legal sale exceeded the carrying amount of the property and the initial direct costs by Rs 66.7m. A minimum guarantee return (MGR) was also agreed with the buyers at the inception of these transactions. In prior years, the Group sold 76 rooms under the IHS and accounted for the leases as operating leases. While at inception, no MGR was agreed with the buyers, subsequently the lease agreements were amended to include a MGR. This was an area of focus in light of the impact on current year profits, assets and liabilities depending on whether the transactions qualified as a sale and leaseback and if the lease is a finance or operating lease. Significant judgement must also be applied in the interpretation of the clauses in the lease contracts.	We reviewed a sample of contracts in place between the buyers and the Group entities involved in these transactions to gather the key elements of the transactions and understand the substance of the arrangement. We held meetings with management to understand the transactions from a commercial perspective. We considered the requirements of IAS 17, Leases and the examples and indicators included in the standard to determine whether the leases are finance or operating leases. Given the uniqueness of these transactions and the level of judgement involved in determining the classification of the leases, we also consulted with our financial reporting specialists. We assessed whether appropriate disclosures were made to explain the transactions and the prior year adjustment made to the financial statements.
Management estimates of residual value and useful lives of hotel buildings (see Note 4.2 (vii) to the financial statements) The Group has applied a high residual value to the revalued amount of hotel buildings to assess the amount of the asset that is subject to depreciation. Management used an independent valuer to assess the residual value of the buildings. This was an area of focus in light of the significance of hotel buildings and the level of judgement and estimation required in determining the useful life of the hotel buildings and their residual values which impact the depreciation of hotel buildings recognised in profit or loss.	We started our audit work with discussions with management to understand their rationale for the policy applied. We discussed with management on the adequacy of the useful lives attributed to hotel buildings considering their intention, the last renovations effected as well as industry practice in Mauritius and elsewhere. We reviewed the independent valuer's report to assess the factors that were taken into consideration when calculating the residual value and whether their determination of residual values of hotel buildings was in accordance with the requirements of IAS 16, Property, Plant and Equipment.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

KEY AUDIT MATTER RELATING TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Accounting for provisions (see Note 4.2 (viii) to the financial statements) There are two legal cases pending where management has indicated that the Group and Company could be impacted by the outcome of these cases. This was an area of focus in light of the amounts involved and the level of judgement and estimation required.	As part of our planning procedures, we held various meeting with management within and outside of the finance function to obtain an understanding of all unresolved litigation cases. We reviewed minutes of the Board of Directors' meetings held during and after the year end and circularised the Group's legal advisors to identify existing litigations affecting the Group and Company. We reviewed the transaction listing for legal expenses during the year to understand the nature of the costs incurred and whether these were indicative of any potential claims. We reviewed the consolidated log claim book and discussed each individual case with management to consider their assessment of the likely impact of these claims and their basis for the liabilities recognised in the financial statements. We formed an independent view on the reasonableness of the liabilities provided in the light of our understanding of the circumstances of the litigations and the uncertainties involved.
Valuation of investments in subsidiaries (see Note 4.2 (v) to the financial statements) Investments in subsidiaries which are unquoted are carried at fair value. The fair values of the unlisted investments are determined by applying valuation methodologies which include discounted cash flow approach and net asset value approach. The Directors make significant judgement to determine the most appropriate valuation methodology and on the various assumptions used when a discounted cash flow approach is adopted. The valuation of the Company's investments in subsidiaries held at fair value was a key area of audit focus owing to their magnitude, the estimation uncertainties in the assumptions, and the degree of judgement required.	The reasonableness of the fair values assigned to the unlisted investments was assessed on a sample basis. The methodologies applied by management were assessed for appropriateness based on the nature of the investments and its activities. Where a discounted cash flow approach was used, the underlying assumptions in the model were tested by comparing these assumptions to our independently derived expectations, which are based on historical experience of the businesses, as well as expectations for the markets in which the individual businesses operate. In order to assess the reasonableness of the forecasted cash flows used in the models, the budgeted figures used were compared to the actual experience of the businesses, where applicable. Terminal growth rates have been assessed for reasonableness based on market expected long-term growth rates. In order to determine the reasonableness of the discount rates, the rates used in the cash flow models (on a sample basis) were compared to a range of discount rates independently calculated by us based on the markets in which the businesses operate, taking into account the nature of the individual businesses. Market multiples have been compared to those of similar entities operating in similar sectors to determine if the resulting values are reasonable. We assessed whether appropriate disclosures were made by management in the financial statements in the context of the inherent uncertainties involved.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE SHAREHOLDERS OF SUN LIMITED (CONTINUED)

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Other Information

The Directors are responsible for the other information. The other information comprise the information included in the annual report but does not include the consolidated and separate financial statements and our auditor's report thereon. We have obtained prior to the date of this auditor's report the company secretary's certificate, the statement of compliance, the corporate governance report, the other statutory disclosures and the Directors' responsibilities in respect of the presentation of financial statements. All other information in the annual report will be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our reporting responsibilities regarding the corporate governance report is dealt with in the "Report on Other Legal and Regulatory Requirements" section of this report.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information which have not been made available to us prior to the date of this auditor's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

The Directors are responsible for overseeing the Group's and Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

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

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) we have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditor and tax advisors and dealings in the ordinary course of business;

(b) we have obtained all the information and explanations we have required; and

(c) in our opinion, proper accounting records have been kept by the Company as far as 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 (the "Code") as disclosed in the annual report on pages 41 to 68 and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the annual report on pages 41 to 68 is consistent with the requirements of the Code.

OTHER MATTER

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

PricewaterhouseCoopers

Michael Ho Wan Kau,
licensed by FRC

28 September 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2018

		THE GROUP			THE COMPANY		
	Note	**30 June 2018**	30 June 2017 Restated	01 July 2016 Restated	**30 June 2018**	30 June 2017 Restated	01 July 2016 Restated
		Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
ASSETS							
NON-CURRENT ASSETS							
Property, plant and equipment	5	**17,785,302**	16,934,667	16,212,685	**16,319**	18,958	2,957,957
Operating equipment	6	**75,102**	111,855	100,099	**-**	-	-
Intangible assets	7	**2,016,811**	2,014,746	2,050,820	**2,304**	7,287	13,767
Interest in subsidiaries	8	**-**	-	-	**18,736,976**	15,203,355	12,680,173
Interest in associates	9	**702,445**	702,445	808,293	**702,445**	702,445	702,445
Deferred tax asset	18	**-**	-	-	**5,642**	8,017	-
Employee benefit asset	19	**-**	-	-	**777**	3,421	-
Other investments	10	**178,923**	75,182	5,550	**5,550**	5,550	5,550
Leasehold rights and land & buildings prepayments	11	**503,234**	382,473	396,471	**221,294**	94,498	100,771
Other financial assets	12	**17,318**	16,920	90,011	**2,346,902**	2,086,902	1,455,979
		21,279,135	20,238,288	19,663,929	**22,038,209**	18,130,433	17,916,642
CURRENT ASSETS							
Inventories	13	**195,605**	237,305	197,294	**-**	-	-
Trade and other receivables	14	**852,284**	781,249	1,062,451	**3,725,658**	313,890	1,250,476
Cash and short term deposits	31(ii)	**573,153**	491,429	434,839	**51,900**	49,285	86,695
		1,621,042	1,509,983	1,694,584	**3,777,558**	363,175	1,337,171
TOTAL ASSETS		**22,900,177**	21,748,271	21,358,513	**25,815,767**	18,493,608	19,253,813
EQUITY AND LIABILITIES							
Capital and reserves (attributable to owners of the Company)							
Stated capital	15	**1,945,451**	1,467,308	1,467,308	**1,945,451**	1,467,308	1,467,308
Share premium	15	**3,138,833**	1,781,979	1,781,979	**3,138,833**	1,781,979	1,781,979
Reserves	16	**3,447,160**	2,801,995	3,008,330	**8,182,147**	4,648,526	6,207,474
Retained profits		**2,960,964**	2,826,935	2,941,413	**4,487,543**	3,915,459	2,194,600
		11,492,408	8,878,217	9,199,030	**17,753,974**	11,813,272	11,651,361
Treasury shares	15	**(1,451,389)**	(1,451,389)	(1,432,030)	**(1,451,389)**	(1,451,389)	(1,432,030)
Equity attributable to owners of of the Company		**10,041,019**	7,426,828	7,767,000	**16,302,585**	10,361,883	10,219,331
Non-controlling interests		**822,302**	792,992	796,489	**-**	-	-
TOTAL EQUITY		**10,863,321**	8,219,820	8,563,489	**16,302,585**	10,361,883	10,219,331
NON-CURRENT LIABILITIES							
Borrowings	17	**8,516,048**	9,502,759	4,122,533	**5,841,352**	6,204,131	2,441,501
Deferred tax liability	18	**831,535**	713,526	738,173	**-**	-	675
Provision	21	**80,218**	46,718	46,718	**49,500**	16,000	16,000
Deferred income	22	**64,534**	-	-	**-**	-	-
Employee benefit liability	19	**269,621**	306,568	264,592	**-**	-	187,908
		9,761,956	10,569,571	5,172,016	**5,890,852**	6,220,131	2,646,084
CURRENT LIABILITIES							
Borrowings	17	**678,184**	1,519,169	5,973,272	**259,019**	863,564	4,201,412
Dividend payable		**87,213**	-	-	**87,213**	-	-
Trade and other payables	20	**1,481,638**	1,431,279	1,644,626	**3,276,098**	1,048,030	2,186,986
Current tax liability	23(a)	**27,865**	8,432	5,110	**-**	-	-
		2,274,900	2,958,880	7,623,008	**3,622,330**	1,911,594	6,388,398
TOTAL LIABILITIES		**12,036,856**	13,528,451	12,795,024	**9,513,182**	8,131,725	9,034,482
TOTAL EQUITY AND LIABILITIES		**22,900,177**	21,748,271	21,358,513	**25,815,767**	18,493,608	19,253,813

Approved by the Board of Directors and authorised for issue on 26 September 2018.

David J.Anderson
Chief Executive Officer

Tommy Wong
Chief Finance Officer

The notes set out on pages 91 to 159 form an integral part of the financial statements.
Auditors' report on page 80 to 85.

STATEMENTS OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	THE GROUP		THE COMPANY	
		2018	2017 Restated	2018	2017 Restated
		Rs'000	Rs'000	Rs'000	Rs'000
Continuing operations					
Revenue	24	6,723,879	6,007,284	1,084,739	1,382,512
Other income	28	50,277	40,596	71,673	18,499
Operating expenses	25	(5,483,753)	(5,071,042)	(326,190)	(266,224)
Normalised earnings before interest, tax, depreciation and amortisation		1,290,403	976,838	830,222	1,134,787
Impairment of receivable	12(b)	-	-	-	(227,542)
Profit on disposal of assets and liabilities relating to operations of the Company	37(b)	-	-	-	1,015,617
Closure, marketing launch, restructuring, branding and transaction costs	29	-	(124,138)	-	-
Earnings before interest, tax, depreciation and amortisation		1,290,403	852,700	830,222	1,922,862
Depreciation and amortisation		(546,079)	(457,956)	(18,312)	(16,446)
Operating profit		744,324	394,744	811,910	1,906,416
Finance costs	26	(479,822)	(504,068)	(328,590)	(348,596)
Finance income	27	16,312	12,152	200,272	139,848
Share of results of associates	9	-	(1,399)	-	-
Profit/(loss) before tax		280,814	(98,571)	683,592	1,697,668
Income tax (charge)/credit	23(b)	(86,747)	(13,488)	(21,671)	35,925
Profit/(loss) for the year from continuing operations		194,067	(112,059)	661,921	1,733,593
Discontinued operations					
Post tax loss from discontinued operations	37	-	-	-	(47,868)
Profit/(loss) for the year		194,067	(112,059)	661,921	1,685,725
Profit/(loss) attributable to:					
Owners of the Company		179,517	(108,056)	661,921	1,685,725
Non-controlling interests		14,550	(4,003)	-	-
		194,067	(112,059)	661,921	1,685,725
Basic and diluted earnings/(loss) per share (Rs.)	30	1.07	(0.84)		

The notes set out on pages 91 to 159 form an integral part of the financial statements.
Auditors' report on page 80 to 85.

SUN LTD STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note	THE GROUP 2018 Rs'000	THE GROUP 2017 Restated Rs'000	THE COMPANY 2018 Rs'000	THE COMPANY 2017 Restated Rs'000
Profit/(loss) for the year		**194,067**	(112,059)	**661,921**	1,685,725
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Revaluation of buildings		**706,216**	-	**-**	-
Movement in retirement benefit obligations	19	**54,392**	(8,622)	**(3,161)**	3,017
Income tax relating to these items	18	**(85,869)**	1,467	**537**	(513)
		674,739	(7,155)	**(2,624)**	2,504
Items that may be reclassified subsequently to profit or loss:					
Differences arising on retranslation of foreign operations		**2,541**	(53,290)	**-**	-
Differences arising on retranslation of goodwill	7	**6,447**	(58,483)	**-**	-
Revaluation of interest in subsidiaries	8	**-**	-	**3,533,621**	(1,526,318)
Revaluation of other investments	10	**103,741**	(71,879)	**-**	-
Cash flow hedges		**(85,319)**	(21,170)	**-**	-
		27,410	(204,822)	**3,533,621**	(1,526,318)
Other comprehensive income for the year, net of tax		**702,149**	(211,977)	**3,530,997**	(1,523,814)
Total comprehensive income for the year		**896,216**	(324,036)	**4,192,918**	161,911
Total comprehensive income attributable to:					
Owners of the Company		**866,407**	(320,813)	**4,192,918**	161,911
Non-controlling interests		**29,809**	(3,223)	**-**	-
		896,216	(324,036)	**4,192,918**	161,911
Total comprehensive income attributable to:					
Continuing operations					
Owners of the Company		**866,407**	(320,813)	**4,192,918**	209,779
Non-controlling interests		**29,809**	(3,223)	**-**	-
		896,216	(324,036)	**4,192,918**	209,779
Discontinuing operations					
Owners of the Company		**-**	-	**-**	(47,868)
Non-controlling interests		**-**	-	**-**	-
		-	-	**-**	(47,868)

The notes set out on pages 91 to 159 form an integral part of the financial statements.
Auditors' report on page 80 to 85.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

THE GROUP

	<------	------	------	------	Attributable to owners of the Company	------	------	------	------>		
	Stated capital	Share premium	Property revaluation reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Retained profits	Treasury shares	Total	Non-controlling interests	Total equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2016											
- As previously reported	1,467,308	1,781,979	2,527,504	(4)	506,821	21,197	2,976,828	(1,432,030)	7,849,603	796,489	8,646,092
- Prior year adjustment (Note 38)	-	-	(47,188)	-	-	-	(35,415)	-	(82,603)	-	(82,603)
- As restated	1,467,308	1,781,979	2,480,316	(4)	506,821	21,197	2,941,413	(1,432,030)	7,767,000	796,489	8,563,489
Other comprehensive income for the year	-	-	-	(71,879)	(111,773)	(22,683)	(6,422)	-	(212,757)	780	(211,977)
Loss for the year	-	-	-		-	-	(108,056)	-	(108,056)	(4,003)	(112,059)
Total other comprehensive income for the year	-	-	-	(71,879)	(111,773)	(22,683)	(114,478)	-	(320,813)	(3,223)	(324,036)
Purchase of treasury shares (Note 15)	-	-	-	-	-	-	-	(19,359)	(19,359)	-	(19,359)
Dividends - 2017	-	-	-	-	-	-	-	-	-	(274)	(274)
Total transactions with owners of the Company	-	-	-	-	-	-	-	(19,359)	(19,359)	(274)	(19,633)
At 30 June 2017	1,467,308	1,781,979	2,480,316	(71,883)	395,048	(1,486)	2,826,935	(1,451,389)	7,426,828	792,992	8,219,820
At 1 July 2017	1,467,308	1,781,979	2,480,316	(71,883)	395,048	(1,486)	2,826,935	(1,451,389)	7,426,828	792,992	8,219,820
Other comprehensive income for the year	-	-	614,677	103,741	8,988	(82,241)	41,725	-	686,890	15,259	702,149
Profit for the year	-	-	-	-	-	-	179,517	-	179,517	14,550	194,067
Total other comprehensive income for the year	-	-	614,677	103,741	8,988	(82,241)	221,242	-	866,407	29,809	896,216
Issue of shares	478,143	1,356,854	-	-	-	-	-		1,834,997	-	1,834,997
Dividends - 2018	-	-	-	-	-	-	(87,213)		(87,213)	(499)	(87,712)
Total transactions with owners of the Company	478,143	1,356,854	-	-	-	-	(87,213)	-	1,747,784	(499)	1,747,285
At 30 June 2018	**1,945,451**	**3,138,833**	**3,094,993**	**31,858**	**404,036**	**(83,727)**	**2,960,964**	**(1,451,389)**	**10,041,019**	**822,302**	**10,863,321**

THE COMPANY

	Stated capital	Share premium	Property revaluation reserve	Investment revaluation reserve	Cash flow hedging reserve	Retained profits	Treasury shares	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2016								
- As previously reported	1,467,308	1,781,979	32,630	6,174,844	8,592	2,186,087	(1,432,030)	10,219,410
- Prior year adjustment (Note 38)	-	-	-	-	(8,592)	8,513	-	(79)
- As restated	1,467,308	1,781,979	32,630	6,174,844	-	2,194,600	(1,432,030)	10,219,331
Other comprehensive income for the year	-	-	-	(1,526,318)	-	2,504	-	(1,523,814)
Profit for the year	-	-	-	-	-	1,685,725	-	1,685,725
Total comprehensive income for the year	-	-	-	(1,526,318)	-	1,688,229	-	161,911
Purchase of treasury shares (Note 15)	-	-	-	-	-	-	(19,359)	(19,359)
Revaluation on assets disposed transfer to retained earnings	-	-	(32,630)	-	-	32,630	-	-
Total transactions with owners of the Company	-	-	(32,630)	-	-	32,630	(19,359)	(19,359)
At 30 June 2017	1,467,308	1,781,979	-	4,648,526	-	3,915,459	(1,451,389)	10,361,883
At 1 July 2017	1,467,308	1,781,979	-	4,648,526	-	3,915,459	(1,451,389)	10,361,883
Other comprehensive income for the year	-	-	-	3,533,621	-	(2,624)	-	3,530,997
Profit for the year	-	-	-	-	-	661,921	-	661,921
Total comprehensive income for the year	-	-	-	3,533,621	-	659,297	-	4,192,918
Issue of shares	478,143	1,356,854	-	-	-	-	-	1,834,997
Dividends paid	-	-	-	-	-	(87,213)	-	(87,213)
Total transactions with owners of the Company	478,143	1,356,854	-	-	-	(87,213)	-	1,747,784
At 30 June 2018	**1,945,451**	**3,138,833**	**-**	**8,182,147**	**-**	**4,487,543**	**(1,451,389)**	**16,302,585**

The notes set out on pages 91 to 159 form an integral part of the financial statements.
Auditors' report on page 80 to 85.

SUN LTD STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	THE GROUP 2018	THE GROUP 2017 Restated	THE COMPANY 2018	THE COMPANY 2017 Restated
OPERATING ACTIVITIES		**Rs'000**	Rs'000	**Rs'000**	Rs'000
Profit/(loss) before tax from continuing operations		**280,814**	(98,571)	**683,592**	1,697,668
Loss from discontinued operations		**-**	-	**-**	(47,868)
Adjustment for:					
Depreciation of property, plant and equipment	5	**510,554**	448,561	**7,056**	52,713
Amortisation of intangible assets	7	**23,098**	17,284	**4,983**	5,526
Amortisation of leasehold land prepayments	11	**12,427**	12,496	**6,273**	6,273
Release of land and building prepayments	11	**40,000**	-	**40,000**	-
Operating equipment usage	6	**43,166**	37,337	**-**	-
Finance costs	26	**479,822**	504,068	**328,590**	348,596
Finance income	27	**(16,312)**	(12,152)	**(200,272)**	(139,848)
Write off of property, plant and equipment and intangible assets		**-**	3,669	**-**	-
Loss on disposal of interest in associate		**-**	239	**-**	-
Change in provision	21	**33,500**	-	**33,500**	-
Profit on disposal of property, plant and equipment		**(322)**	-	**-**	84,383
Reversal of impairment of other financial assets		**-**	(5,482)	**-**	(5,482)
Share of results of associates	9	**-**	1,399	**-**	-
Impairment of receivable		**-**	-	**-**	227,542
Investment income		**(21,882)**	(83,914)	**-**	(1,139,750)
Unrealised exchange differences		**(39)**	(18,468)	**87,919**	4,938
Movement in employee benefit liability		**17,446**	33,354	**(517)**	(1,163)
		1,121,458	938,391	**307,532**	(556,272)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**1,402,272**	839,820	**991,124**	1,093,528
Movement in working capital	31(i)	**150,490**	9,816	**(949,240)**	(1,319,245)
CASH GENERATED FROM/(USED IN) OPERATIONS		**1,552,762**	849,636	**41,884**	(225,717)
Income taxes paid	23	**(18,985)**	(26,895)	**-**	-
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		**1,533,777**	822,741	**41,884**	(225,717)
INVESTING ACTIVITIES					
Interest received	27	**16,312**	12,152	**-**	20
Purchase of property, plant and equipment	5	**(564,341)**	(1,282,835)	**(4,678)**	(5,479)
Proceeds from disposal of property, plant and equipment		**4,141**	12	**261**	-
Purchase of intangible assets	7	**(18,830)**	(25,699)	**-**	(333)
Advances in respect of leasehold transaction		**(226,414)**	37,573	**(226,016)**	37,573
Loan granted		**-**	(5,100)	**(260,000)**	-
Investment income received		**21,882**	83,914	**-**	83,914
Purchase of operating equipment	6	**(6,452)**	(49,305)	**-**	-
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		**(773,702)**	(1,229,288)	**(490,433)**	115,695
FINANCING ACTIVITIES					
Proceeds from borrowings	31	**200,000**	7,749,739	**200,000**	6,171,069
Repayment of borrowings	31	**(2,024,634)**	(6,006,547)	**(1,046,896)**	(5,449,093)
Finance lease payments	31	**(58,682)**		**(51,160)**	
Issue of shares		**1,834,997**	-	**1,834,997**	-
Dividend paid to non-controlling interests		**(499)**	(274)	**-**	-
Dividend paid to equity holders		**-**	-	**-**	-
Interest paid		**(471,695)**	(487,910)	**(328,590)**	(348,596)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		**(520,513)**	1,255,008	**608,351**	373,380
NET INCREASE IN CASH AND CASH EQUIVALENTS		**239,562**	848,461	**159,802**	263,358
CASH AND CASH EQUIVALENTS AT 1 JULY		**171,438**	(677,023)	**(122,063)**	(385,421)
CASH AND CASH EQUIVALENTS AT 30 JUNE	31(ii)	**411,000**	171,438	**37,739**	(122,063)

The notes set out on pages 91 to 159 form an integral part of the financial statements.
Auditors' report on page 80 to 85.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

1. GENERAL INFORMATION

Sun Limited (the "Company") is a public company incorporated in Mauritius and listed on the Official Market of the Stock Exchange of Mauritius. Its registered office is situated at 5th Floor, Ebène Skies, Rue de L'Institut, Ebène, Republic of Mauritius.

The Group's main activity is in the tourism sector of the leisure industry. It owns and/or operates six resorts in the Republic of Mauritius and one resort in the Republic of Maldives.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 Standards, Amendments to published Standards and Interpretations effective in the reporting period

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS adopted in the year commencing 1 July 2017:

Amendments	Effective for accounting period beginning on or after
IAS 7 Disclosure Initiative - Amendments to IAS 7	1 January 2017
IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12	1 January 2017

The adoption of IAS 7 resulted into additional disclosures of changes in net debt in Note 31. The amendments to IAS 12 did not have any material impact on the Group's financial statements.

2.2 Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2017 or later periods, but which the Group has not early adopted. The Group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	IFRS 9 Financial Instruments
Nature of change	IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Impact	The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 July 2018: There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments; Recognition and Measurement and have not been changed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR YEAR ENDED 30 JUNE 2018

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONT'D)

2.2 Standards, Amendments to published Standards and Interpretations issued but not yet effective (Cont'd)

Title of standard	IFRS 9 Financial Instruments (Cont'd)
Impact	The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 July 2018: (Cont'd) The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group expects a decrease of Rs 2.7M in the loss allowance for trade debtors. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.
Date of adoption by Group	Must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules from 1 July 2018. Comparatives for 2017 will not be restated.

Title of standard	IFRS 15 Revenue from contracts with customers
Nature of change	The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.
Impact	Based on an initial assessment, management has considered the effects of applying the new standard on the Group's financial statements and has identified the following areas that will be affected: • Accounting for commission income of in house tour operators - IFRS 15 requires that an entity needs to determine whether it acts as a principal or an agent for a specified good or service affects the amount of revenue recognized. In house tour operators act as agents. • Accounting for room revenue - under IFRS 15, the promise of a cash rebate might affects the transaction price i.e. what is the 'consideration payable to customer'. The expected cash rebates to be paid to a customer (tour operator) should be estimated at contract inception and must be accounted for as a reduction in revenue as and when the performance obligation is satisfied. At inception, when determining the transaction price, the Group need to assess the variable consideration constraint to the extent that it is highly probable that there will not be a significant reversal in the amount of the cumulative revenue recognised when the uncertainty is resolved. This will result in lower amounts for room revenue and commission expense resulting in a presentation and disclosure changes in the statement of profit or loss. The Group expects a decrease of 4% in revenue with a corresponding decrease in commission expense.
Date of adoption by Group	Mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2018 and that comparatives will not be restated.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONT'D)

2.2 Standards, Amendments to published Standards and Interpretations issued but not yet effective (Cont'd)

Title of standard	IFRS 16 Leases
Nature of change	IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
Impact	The standard will affect primarily the accounting for the Group's operating leases. As at the end of the reporting period, the Group has non-cancellable operating lease commitments of MUR 20.2 billion, see note 32(b). However, the Group is yet to assess what adjustments, if any, are necessary for example: change in the definition of the lease term, treatment of variable lease payments and extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.
Mandatory application date/ Date of adoption by Group	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements are prepared under the historical cost basis, as modified by the revaluation of freehold land and buildings and relevant financial assets and liabilities. The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs'000) except where otherwise indicated. Where necessary, the comparative figures have been amended to confirm with change in presentation in the current year.

The Group had net current liabilities of Rs.0.67 billion as at 30 June 2018 (30 June 2017 restated: Rs. 1.46 billion) and the Company had net current assets of Rs.0.24 billion as at 30 June 2018 (30 June 2017 restated Net Current Liability: Rs.1.56 billion).

In line with its financing strategy of lowering its gearing, the Group has proceeded with rights issue and a private placement of Rs 1.86 billion successfully completed on 28 August 2017 with 90% of the proceeds going towards reduction of the existing debts. The gearing ratio has improved from 56.2% as at 30 June 2017 to 44.1% as at 30 June 2018.

With this debt restructuring done in FY17and the capital injection in FY18, the Group should be able to continue as a going concern for the foreseeable future. Furthermore, Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

3.3 Basis of consolidation

The financial statements of the Group comprise the financial statements of Sun Limited and its subsidiaries as at 30 June 2018.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-Group balances, transactions, income and expenses and profits and losses resulting from intra-Group transactions that are recognised in assets, are eliminated in full. Unrealised losses are also eliminated. Appropriate adjustments are made to the consolidated financial statements where a member of the Group uses accounting policies other than those adopted by the Group.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets.

The excess, of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree (if any) over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss as a bargain purchase gain.

Transactions with non-controlling interests

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Disposal of subsidiaries, associates and joint ventures

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entities or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3.4 Property, plant and equipment

Property, plant and equipment, except for freehold land and buildings and site improvements are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Freehold land is stated at revalued amounts and buildings are stated at revalued amounts less subsequent accumulated depreciation and subsequent accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (cont'd)

Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at each financial year end. It is the Group's policy to revalue its freehold land and buildings at least every three years. The basis used is market value derived using the Sales Comparison Approach and the depreciated Replacement Cost Approach and independent valuers are used for such exercises. Any revaluation surplus is credited to other comprehensive income, except to the extent that it reverses a revaluation deficit for the same asset previously recognised in profit or loss, in which case the surplus is credited to profit or loss to the extent of the deficit previously charged. A decrease in an asset's carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent disposal or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to the retained earnings.

Properties in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Freehold land and capital work in progress are not depreciated.

It is the Group's policy to maintain its buildings in a continued state of sound repair, such that their value is not significantly diminished by the passage of time or usage. Accordingly, in estimating the residual values, the Group has assessed the value of the building at the end of their useful life based on today's rate and this exercise is done by an independent qualified valuer. Therefore, buildings are depreciated on a straight line basis to their estimated residual values over their estimated useful lives.

Leasehold land improvements are depreciated over the shorter of their useful life and the lease period. On other property, plant and equipment, depreciation is calculated on a straight line basis to write off their depreciable amounts (cost less residual value) over their estimated useful lives.

The annual rates are as follows:-

Buildings	- 2% to 5%
Plant and Machinery	- 10% to 20%
Hotel furniture and soft furnishings	- 10% to 25%
Motor vehicles and boats	- 10% to 25%
Computers and telecommunication equipment	- 10% to 33%

The gain or loss arising on the disposal or retirement of an item (or part of an item) of property, plant and equipment is determined as the difference between the disposal proceeds and the carrying amount of the item (or part of the item, as applicable) and is recognised in profit or loss.

Work in progress is valued at the cost of the project. Costs include an appropriate portion of fixed and variable overhead expenses.

3.5 Leased assets

Accounting for leases – where Group is the lessee

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each minimum lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents are expensed in the period in which they are incurred within operating expenses.

Depreciation on the assets under finance leases is in accordance with the policy stated in 3.4 above and is charged to profit or loss.

Leasehold land upfront payments to acquire long-term leasehold interest in property are treated as prepayments and are amortised over the period of the leases.

Periodic payments made under operating leases are charged to profit or loss over a straight line basis over the lease term.

3.6 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 or sale are capitalised as part of the cost of the assets until such time as the assets are substantially ready for their intended use or sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Borrowing costs (cont'd)

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.7 Financial instruments

Financial assets and liabilities are recognised on the statements of financial position when the Group and/ or the Company have become party to the contractual provisions of the financial instruments.

Except where stated separately, the carrying amounts of the Group's and the Company's financial instruments approximate their fair values. These instruments are measured as set out below:-

(i) Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(a) Financial assets 'at fair value through profit or loss' (FVTPL)

Financial assets are classified as at FVTPL where the financial assets are either held for trading or are designated upon initial recognition at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group and/or the Company manage together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

(i) Financial assets (Cont'd)

(b) Available-for-sale financial assets (AFS)

Listed shares held by the Group and the Company that are traded in an active market are classified as being AFS and are stated at fair value, based on current bid prices. The Group also has investments in unlisted shares that are not traded in an active market but are also classified as AFS financial assets and stated at fair value.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest income calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. For AFS that are not monetary items, the gain or loss that is recognised in other comprehensive income includes any related foreign exchange component.

Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's and/or the Company's right to receive the dividend is established.

(c) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be insignificant.

(d) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

(e) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, it recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, it continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(ii) Financial liabilities and equity instruments issued by the Group and the Company

(a) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(b) 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 recorded at the proceeds received, net of direct issue costs.

(c) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

(ii) Financial liabilities and equity instruments issued by the Group and the Company (Cont'd)

(c) Financial liabilities (Cont'd)

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

(d) Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Other financial liabilities are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

(e) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

When 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 respective carrying amounts is recognised in profit or loss.

(iii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each financial year end. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unquoted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets classified as AFS, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

(iii) Impairment of financial assets (cont'd)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income.

3.8 Interest in subsidiaries

In the Company's separate financial statements, interest in subsidiaries is treated as available-for-sale financial assets and, therefore, are carried at fair value. The valuation of a subsidiary on a discounted cash flow basis or latest transaction price is periodically updated to reflect fair value.

3.9 Investment in associates

Separate financial statements

In the separate financial statements, investments in associated companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method except when classified as held-for-sale (see below). Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of individual investments.

Any excess of the cost of acquisition and the Group's share of the net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's profit or loss.

When the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Investment in associates (cont'd)

Consolidated financial statements (cont'd)

Where necessary, appropriate adjustments are made to the financial statements of associate to bring the accounting policies used in line with those adopted by the Group.

If the ownership in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Dilution gains or losses arising in investments in associates are recognised in profit or loss.

3.10 Intangible assets

Pre-operational costs, marketing launch costs and expenses incurred during renovation and extension works and hotel redevelopments are written off to profit or loss in the period in which they are incurred.

Goodwill arising on the acquisition of subsidiaries is initially measured at its cost, being the excess of cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities and is subsequently reassessed at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

Computer software is depreciated on a straight line basis to write off the depreciable amounts over its estimated useful life of 4 to 5 years.

3.11 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on an average cost basis. Net realisable value is determined based on the estimated selling price in the ordinary course of business less any estimated costs associated with the sale.

3.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's liability for current tax are calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Taxation (cont'd)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.13 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents income derived from hotel operations, golf, trading activities and margins from tour operators. IntraGroup transactions have been excluded and all revenues are net of value added tax. 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 consumption and customer acceptance, if any, or performance of services, net of value added taxes and discounts, and after eliminating sales within the Group. The Group's revenue reflects the invoiced values derived from hotel operations.

(ii) Other income

Other income earned by the Group and the Company are recognised on the following basis:

- Interest income – on a time basis (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.

3.14 Foreign currency

The individual financial statements of the Group's entities are presented in the currency of the primary economic environment in which the entity operates. For the purpose of the financial statements, the results and financial position of each entity are expressed in Mauritian rupee, which is the functional currency of the Company, and the presentation currency for the financial statements.

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Mauritian Rupee using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Foreign currency (cont'd)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss. Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

3.15 Employee benefits

(a) Career Average Revalued Earnings (CARE)

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item "Employee Benefits". Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(b) Other retirement benefits

The present value of other retirement benefits in respect of the Employments Rights Act 2008 is recognised in the statement of financial position as a non-current liability. Actuarial gains or losses are recognised using the same policy as described in note 3.15(a) above. For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Employment Rights Act 2008 is calculated by a (qualified) actuary and provided for. The obligations arising under this item are not funded.

(c) State plan

Contributions to the National Pension Scheme are charged to profit or loss in the period in which they fall due.

(d) Share based payments

Share-based compensation benefits are provided to employees via the Company's Phantom Share Option Scheme. Information relating to this scheme is set out in note 20.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Impairment of tangible and intangible assets excluding goodwill

At each financial year end, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.17 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

3.18 Derivative financial instruments

The Group and the Company enter into a variety of derivative financial instruments to manage their exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in Note 35.

Derivatives are initially recognised at fair value at the date a derivative contract is 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. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges on interest rate swap, hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

3.19 Hedge accounting

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

A hedging relationship exists where:

- at the inception of the hedge there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is highly effective throughout the reporting period; and
- for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

Where there is a hedging relationship between a hedge instrument and a related item being hedged, the hedging instrument is measured at fair value. The treatment of any resultant gains and losses is set out below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Hedge accounting (cont'd)

Cash Flow Hedge

Where a financial instrument hedges the exposure to variability in the cash flows of anticipated transactions or firm commitments, the effective part of any gain or loss on remeasurement of the hedging instrument is recognised directly in other comprehensive income. The ineffective part of any gain or loss is recognised in profit or loss.

The cumulative gain or loss recognised in equity is transferred to profit or loss at the same time that the hedged transaction affects net profit or loss and included in the same line item as the hedged transaction. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance costs.

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss recognised in equity remains in equity and is recognised in accordance with the above policy. If the hedged transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is recognised in profit or loss immediately.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group uses the hypothetical derivative method is to assess effectiveness.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. In hedges of the above foreign currency purchases this may arise if the timing of the transaction changes from what was originally estimated.

3.20 Cash and cash equivalents

Cash and short-term deposits in the statements of financial position comprise of cash at banks and in hand. For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

3.21 Segmental reporting

The Group presents segmental information using business segments as its primary reporting format and geographical segments as its secondary reporting format. This is based on the internal management and financial reporting systems and reflects the risks and earnings structure of the Group. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

3.22 Operating equipment

Operating equipment is shown at cost less amounts written off for usage, breakages and losses. For all operational replacement, except for new renovation project, where the operating equipment is capitalised and amortised over a period of 3 to 5 years depending on the nature of assets.

3.23 Stated capital

(a) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from proceeds.

(b) Treasury shares

Where the Company purchases its equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. When such shares are reissued, any net consideration received, is included in equity attributable to the Company's equity holders.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.24 Non-current assets (or disposal Groups) held for sale

Non-current assets (or disposal Groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use. This condition is regarded as met only, when the sale is highly probable and the asset (or disposal Group) is available for immediate sale in its present condition.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

Determination of functional currency of the Group entities

As described in Note 3.14, the determination of the functional currency of the Group's entities is critical since the way in which every transaction is recorded and whether exchange differences arising are dependent on the functional currency selected. In making this judgement, the Directors have considered the currencies in which revenue is received, the currency of the country whose competitive forces and regulations matter, the currencies in which labour, material and other costs are settled, the currencies in which funds from financing activities are generated and the currency in which receipts from operating activities are usually retained. The Directors have determined that the functional currency of the Company and its local subsidiaries is the Mauritian rupee.

The choice of the functional currency of the foreign subsidiaries has been based on factors such as the primary economic environment in which each party operates, the currency that mainly influences revenues, costs of goods and services and labour costs.

Recognition of sale of Invest Hotel Scheme (''IHS'') rooms

Further to a review of the terms and conditions of the sale and leaseback of the IHS rooms, the leaseback transaction was considered to be a finance lease. Accordingly, the profit on sale of the IHS rooms has been deferred and amortised over the lease period.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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 in the following page.

(i) Employee benefit liability

The cost of defined benefit pension plans and related provisions, as disclosed in Note 19 requires the use of actuarial valuations. The actuarial valuation involves the use of significant estimates in respect of inter alia, discount rate, expected returns on plan assets, future salary increases, mortality rate and future pension increases. Due to long term nature of these plans, such estimates are subject to significant uncertainty. Any changes in the assumptions regarding the estimates will impact the carrying amount of the pension obligation. The net employee liability/(asset) at 2018 is Rs 269.6M for the Group (2017: Rs 306.6M) and Rs (0.78M) for the Company (2017: Rs (3.4M)). Further details are set out in Note 19.

(ii) Allowance for doubtful debts

An allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to collectability. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of the receivables, continuing credit evaluation of the customer's financial conditions. Provisions are recorded when the Group and the Company's becomes aware of the customer's inability to meet its financial obligations such as in the case of deterioration in the customer's operating results or financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

4.2 Key sources of estimation uncertainty (cont'd)

(iii) Impairment of available-for-sale financial assets

The Group follows the guidance of IAS 39 on determining when an investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(iv) Revaluation of property, plant and equipment

The Group accounts for land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine fair value as at 30 June 2018. The key assumptions used to determine the fair value of the land and buildings are further explained in note 5.

(v) Fair value of securities not quoted in an active market

The fair value of securities not quoted in an active market (subsidiaries and other investments) is determined using valuation techniques including earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The Group would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(vi) Impairment of goodwill and assets

Management has assessed the recoverable amounts, as at 30 June 2018 of cash generating units (CGUs) to which goodwill has been allocated and CGUs that have indicators for impairment. Note 7 sets out the CGUs to which goodwill has been allocated for impairment testing purposes.

The recoverable amount of CGUs are determined based on their value-in-use. The future net cash flows for 5 years have been estimated using the budget for the next 12 months as a starting point. The 5 year cash flow projection has then been discounted at an appropriate discount rate and added to the estimated terminal value.

The growth in revenue is based on management's best estimates of the occupancy rates and the average daily room rates the Group for the year, taking into consideration historical entity specific data and future sales strategies. Room departmental profits are based on historical entity specific data and the anticipated improvement in cost optimization strategies.

The rate used to discount the cash flows is the weighted average cost of capital ("WACC") and reflects the risks specific to each GCU, taking into consideration the time value of money, individual risks of the underlying assets that have not been incorporated in the cash flow estimates, the specific circumstances of the CGU and the estimated evolution of the cost of debt and cost of equity. The discount rates used varied between 10.19% and 11.10% (2017: 9.42% - 11.10%).

The terminal value has been computed by discounting the free cash flows prevailing at the end of the 5 year projection, using a perpetual growth rate of 3%.

Hotel property CGU: Property Companies - Maldives

As at 30 June 2018, the recoverable amount of the hotel property CGU in Maldives which was determined based on the key assumptions in the table below, exceeded its net carrying amount by Rs 40 million.

The following change in assumptions may lead to a situation where the recoverable amount of the CGU equates to its net carrying amount:

	SRL Kanuhura Limited	
	Assumptions	Sensitivities
Occupancy rate	56% to 68%	Decrease by 0.32%
Departmental profit	84% to 88%	Decrease by 0.5%
Change in WACC	11.10%	Increase of 0.1%

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

4.2 Key sources of estimation uncertainty (cont'd)

(vi) Impairment of goodwill and assets (Cont'd)

Hotel Property CGU - Long Beach Resort Limited

As at 30 June 2018, the hotel property CGU of Long Beach Resort Limited had non-current assets in the form of property, plant and equipment and intangibles of Rs 2.4 billion. Its recoverable amount of the hotel property CGU of Long Beach Resort Limited was determined based on the key assumptions in the table below and exceeded its net carrying amount by Rs 423 million.

The following change in assumptions may lead to a situation where the recoverable amount of the CGU equates to its net carrying amount:

	Long Beach Resort Limited	
	Assumptions	Sensitivities
Occupancy rate	73% to 78%	Decrease by 5.0%
Departmental profit	80% to 83%	Decrease by 6.0%
Change in WACC	10.19%	Increase of 1.2%

(vii) Depreciation of hotel buildings

In determining the amount of depreciation of hotel buildings, management exercised their judgments on their useful lives and residual values. The Group has engaged valuation specialists to provide an independent view of the useful lives and residual values of hotel buildings. Changes to the length of the useful life and in the residual values could significantly affect the depreciation charged to profit or loss.

(viii) Provisions

As disclosed in Note 21, the Company has recognised a provision in respect of claims for additional duty on the sale of St Géran and the purchase of AHL Four Seasons. The crystallisation of such claims is inherently uncertain and requires management to exercise judgment on the likelihood and timing of any outflow of economic benefits. The amount provided may differ from the final settlement amount.

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FOR THE YEAR ENDED 30 JUNE 2018

5. PROPERTY, PLANT AND EQUIPMENT

(a) THE GROUP	Land and buildings, leasehold land and site improvements Restated	Capital work in progress	Plant and machinery	Hotel furniture and soft furnishings	Motor vehicles and boats	Computers and telecommunication equipment	Total Restated
COST OR VALUATION	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 1 July 2016	14,823,909	500,158	1,161,516	1,690,796	53,438	538,276	18,768,093
Additions	30,326	1,160,930	15,246	38,203	14,116	24,014	1,282,835
Transfers	1,209,522	(1,618,611)	205,293	225,265	8,062	(45,412)	(15,881)
Disposals	-	-	-	(12)	-	-	(12)
Write offs	-	-	(2,748)	(128)	(704)	(374)	(3,954)
Retranslation difference	(85,800)	1,093	(9,457)	(7,877)	(569)	282	(102,328)
At 30 June 2017	15,977,957	43,570	1,369,850	1,946,247	74,343	516,786	19,928,753
Revaluation adjustment	41,408	-	-	-	-	-	41,408
Additions	343,979	26,457	89,388	131,199	33,786	24,269	649,078
Transfers	(30)	(448)	339,726	3,367	(2,276)	(343,879)	(3,540)
Disposals	-	-	(7,694)	(907)	(2,216)	(1,217)	(12,034)
Retranslation difference	9,583	362	1,322	1,056	38	(345)	12,016
At 30 June 2018	**16,372,897**	**69,941**	**1,792,592**	**2,080,962**	**103,675**	**195,614**	**20,615,681**
ACCUMULATED DEPRECIATION							
At 1 July 2016	361,908	-	644,713	1,166,813	22,551	359,423	2,555,408
Charge for the year	186,758	-	90,284	118,210	6,638	46,671	448,561
Transfers	415	-	24,637	(5)	-	(27,504)	(2,457)
Write off adjustment	-	-	-	(128)	(704)	(374)	(1,206)
Retranslation difference	(3,799)	-	(2,175)	(379)	(184)	317	(6,220)
At 30 June 2017	545,282	-	757,459	1,284,511	28,301	378,533	2,994,086
Revaluation adjustment	(664,808)	-	-	-	-	-	(664,808)
Charge for the year	217,379	-	139,253	124,672	9,551	19,699	510,554
Disposal	-	-	(4,360)	(900)	(1,720)	(1,218)	(8,198)
Transfers	(894)	-	247,912	1,248	(236)	(251,443)	(3,413)
Retranslation difference	69	-	1,759	483	93	(246)	2,158
As at 30 June 2018	**97,028**	**-**	**1,142,023**	**1,410,014**	**35,989**	**145,325**	**2,830,379**
NET BOOK VALUE							
At 30 June 2018	**16,275,869**	**69,941**	**650,569**	**670,948**	**67,686**	**50,289**	**17,785,302**
At 30 June 2017	15,432,675	43,570	612,391	661,736	46,042	138,253	16,934,667

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

(b) THE COMPANY

	Land improvement and buildings	Plant and machinery	Hotel furniture and soft furnishings	Motor vehicles and boats	Computers and telecommunica-tion equipment	Total
COST OR VALUATION	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 1 July 2016	2,684,761	250,343	345,257	2,469	29,517	3,312,347
Additions	-	114	326	4,775	264	5,479
Disposal of assets to subsidiary companies	(2,684,761)	(236,839)	(309,998)	(2,221)	(11,501)	(3,245,320)
At 30 June 2017	-	13,618	35,585	5,023	18,280	72,506
Additions	-	30	168	4,019	461	4,678
Disposal	-	-	(880)	-	(1,179)	(2,059)
Disposal of assets to subsidiary companies	-	-	-	-	(258)	(258)
At 30 June 2018	**-**	**13,648**	**34,873**	**9,042**	**17,304**	**74,867**
ACCUMULATED DEPRECIATION						
At 1 July 2016	91,145	97,824	144,950	595	19,876	354,390
Charge for the year	18,648	11,344	20,925	268	1,528	52,713
Disposal of assets to subsidiary companies	(109,793)	(100,863)	(136,670)	(703)	(5,526)	(353,555)
At 30 June 2017	-	8,305	29,205	160	15,878	53,548
Charge for the year	-	1,292	3,355	1,288	1,121	7,056
Disposals	-	-	(880)	-	(1,176)	(2,056)
At 30 June 2018	**-**	**9,597**	**31,680**	**1,448**	**15,823**	**58,548**
NET BOOK VALUE						
At 30 June 2018	**-**	**4,051**	**3,193**	**7,594**	**1,481**	**16,319**
At 30 June 2017	-	5,313	6,380	4,863	2,402	18,958

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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

(c) If land and buildings were stated at historical cost, the carrying amounts would have been as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000 Restated	**Rs'000**	Rs'000
Net book value	**12,201,027**	12,033,598	**-**	-

(d) Additions include Rs. 76M (30 June 2017: Rs. 1.03M) for the Group and Rs. Nil (30 June 2017: Rs Nil) for the Company of assets leased under finance leases.

(e) Depreciation charge has been disclosed as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Continuing operations	**510,554**	448,561	**7,056**	5,728
Discontinued operations	**-**	-	**-**	46,985
	510,554	448,561	**7,056**	52,713

(f) The net book value of assets held under finance leases is as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Buildings	**392,404**	323,497	**-**	-
Plant and machinery	**-**	26,581	**-**	-
Hotel furniture and soft furnishings	**-**	33,014	**-**	-
Motor vehicles and boats	**9,990**	1,367	**-**	-
	402,394	384,459	**-**	-

(g) Freehold land and buildings were revalued on 30 June 2018 by Broll Indian Ocean Limited, Chartered Valuer. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

Freehold land have been valued taking into consideration comparable sales evidences. The basis of valuation in estimating the market value has been undertaken in accordance with the principles set out by the International Valuation Standards Committee as per the International Valuation Application 1 (IVA 1) which deals with Valuation for Financial Reporting and which is to be used in the context of International Accounting Standards (IASs) published by the International Accounting Standards Board (IASB)

The buildings, structures and site improvement have been valued on a depreciated replacement cost basis taking into consideration their replacement cost, with adjustments being made for age and condition.

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

(h) Hierarchy level

Details of the Group's and Company's freehold land and building and information about the fair value hierarchy are as follows:

	THE GROUP			
	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Fair value Rs'000
2018				
Freehold land	-	2,653,151	-	2,653,151
Leasehold land improvement and buildings	-	-	12,710,285	12,710,285
Site improvements	-	-	516,834	516,834
	-	**2,653,151**	**13,227,119**	**15,880,270**
2017				
Freehold land	-	2,628,972	-	2,628,972
Leasehold land improvement and buildings	-	-	11,964,733	11,964,733
Site improvements	-	-	809,577	809,577
	-	2,628,972	12,774,310	15,403,282

There were no transfers between Level 1 and Level 2 during the year.

Bank borrowings are secured by fixed and floating charges on property, plant and equipment for the Group and the Company.

(i) The following summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements:

	Valuation technique and key inputs	Sensitivity used	Effect on fair value	
			2018	2017
			Rs'000	Rs'000
Leasehold land improvement & buildings	Depreciated replacement cost approach	1% increase in current cost of replacing property	**127,103**	119,647
		1% decrease in current cost of replacing property	**(127,103)**	(119,647)
Site improvements	Depreciated replacement cost approach	1% increase in current cost of replacing property	**5,168**	8,096
		1% decrease in current cost of replacing property	**(5,168)**	(8,096)

6. OPERATING EQUIPMENT

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
		Restated		
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 January	**111,855**	100,099	-	-
Additions	**6,452**	49,305	-	-
Usage	**(43,166)**	(37,337)	-	-
Retranslation difference	**(39)**	(212)	-	-
At 30 June	**75,102**	111,855	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

7. INTANGIBLE ASSETS

(a) THE GROUP

	Goodwill	Computer software	Work in progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At 1 July 2016	1,980,730	130,792	3,260	2,114,782
Additions	-	21,003	4,696	25,699
Transfers	-	3,259	(3,259)	-
Transfer from property, plant and equipment	-	15,881	-	15,881
Write offs	-	(1,248)	-	(1,248)
Retranslation difference	(58,483)	1,307	-	(57,176)
At 30 June 2017	1,922,247	170,994	4,697	2,097,938
At 1 July 2017	1,922,247	170,994	4,697	2,097,938
Additions	-	18,830	-	18,830
Transfers	-	4,502	(4,502)	-
Retranslation difference	6,447	(2,685)	(21)	3,741
At 30 June 2018	**1,928,694**	**191,641**	**174**	**2,120,509**
ACCUMULATED AMORTISATION				
At 1 July 2016	-	63,962	-	63,962
Charge for the year	-	17,284	-	17,284
Transfer from property, plant and equipment	-	2,457	-	2,457
Write offs	-	(327)	-	(327)
Retranslation difference	-	(184)	-	(184)
At 30 June 2017	-	83,192	-	83,192
At 1 July 2017	-	83,192	-	83,192
Charge for the year	-	23,098	-	23,098
Retranslation difference	-	(2,592)	-	(2,592)
At 30 June 2018	**-**	**103,698**	**-**	**103,698**
NET BOOK VALUE				
At 30 June 2018	**1,928,694**	**87,943**	**174**	**2,016,811**
At 30 June 2017	1,922,247	87,802	4,697	2,014,746

(b) Goodwill has been allocated for impairment testing purposes to the following cash generating units (''CGU''):

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Tour operator CGU - Solea Vacances SA and others (note (i))	**7,543**	7,428
Hotel property CGU - Property companies - Maldives (note (i))	**1,697,462**	1,691,130
Hotel property CGU - Anahita Hotel Limited (note (ii))	**223,689**	223,689
	1,928,694	1,922,247

7. INTANGIBLE ASSETS (CONT'D)

(c) THE COMPANY

	Computer software	Work in progress	Total
COST	**Rs'000**	**Rs'000**	**Rs'000**
At 1 July 2016	59,325	143	59,468
Additions	333	-	333
Transfer	143	(143)	-
Disposal of assets to subsidiary companies (Note 37)	(5,600)	-	(5,600)
At 30 June 2017 and 30 June 2018	**54,201**	**-**	**54,201**
ACCUMULATED AMORTISATION			
At 1 July 2016	45,701	-	45,701
Charge for the year	5,526	-	5,526
Disposal of assets to subsidiary companies (Note 37)	(4,313)	-	(4,313)
At 30 June 2017	46,914	-	46,914
At 1 July 2017	46,914	-	46,914
Charge for the year	4,983	-	4,983
At 30 June 2018	**51,897**	**-**	**51,897**
NET BOOK VALUE			
At 30 June 2018	**2,304**	**-**	**2,304**
At 30 June 2017	7,287	-	7,287

(d) Amortisation charge has been disclosed as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Continuing operations	**23,098**	17,284	**4,983**	4,643
Discontinued operations	**-**	-	**-**	883
	23,098	17,284	**4,983**	5,526

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FOR THE YEAR ENDED 30 JUNE 2018

8. INTEREST IN SUBSIDIARIES

THE COMPANY	2018	2017
At valuation		Restated
	Rs'000	Rs'000
At 1 July,		
-As restated (Note 38)	**15,203,355**	16,729,673
Fair value adjustments	**3,533,621**	(1,526,318)
At 30 June	**18,736,976**	15,203,355

(a) Unquoted Investments, at valuation

	Country of incorporation and operation	Business Activity	Period end	Stated capital	2018 Proportion of ownership interest and voting rights held			Proportion of ownership interests held by non-controlling interests	
					---------Direct --------		Indirect		
				2018	Ordinary shares	Preference shares	Ordinary shares	Ordinary shares	Preference shares
				Rs'000	%	%	%	%	%
Ambre Resort Ltd	Mauritius	Hotel	30 June	**10**	-	-	100.00	-	-
Anahita Hotel Limited	Mauritius	Hotel	30 June	**1,060,443**	100.00	-	-	-	-
City and Beach Hotels (Mtius) Limited	Mauritius	Hotel	30 June	**15,532**	99.82	99.99	-	0.18	0.01
Loisirs des Iles Ltée	Mauritius	Golf & Restaurant	30 June	**60,800**	99.96	100.00	-	0.04	-
Long Beach IHS Ltd	Mauritius	Property Developer	30 June	**	100.00	-	-	-	-
Long Beach Resort Ltd	Mauritius	Hotel	30 June	**10**	-	-	100.00	-	-
Solea Vacances SA	France	Tour Operator	30 June	**33,576**	-	-	100.00	-	-
SRL Kanuhura Ltd	BVI / Maldives	Hotel	31 December	**1,403**	-	-	100.00	-	-
SRL Maldives Ltd	Seychelles	Investment	30 June	**1,262,250**	-	-	100.00	-	-
SRL Management Ltd	Seychelles	Management	30 June	**589,050**	-	-	100.00	-	-
SRL Marketing Ltd	UK	Marketing Office	30 June	**64**	-	-	100.00	-	-
SRL Property Ltd*	Mauritius	Non-trading	30 June	**	100.00	-	-	-	-
SRL Touessrok Hotel Limited	Mauritius	Hotel	30 June	**3,327,500**	74.00	-	-	26.00	-
Sun Centralised Services Ltd	Mauritius	Centralised services	30 June	**10**	-	-	100.00	-	-
Sun Training Institute Ltd	Mauritius	Training	30 June	**100**	-	-	100.00	-	-
Sun Hotel Holdings Ltd	Mauritius	Investment	30 June	**10**	100.00	-	-	-	-
Sun Hotel Investment Ltd	Mauritius	Investment	30 June	**10**	100.00	-	-	-	-
Sun International Hotel Holdings Ltd	Mauritius	Investment	30 June	**35**	-	-	100.00	-	-
Sun International Investment Ltd	Mauritius	Investment	30 June	**35**	-	-	100.00	-	-
Sun International Management Ltd	Mauritius	Investment	30 June	**36**	-	-	100.00	-	-
Sun International Realty Development Ltd	Mauritius	Property	30 June	**35**	-	-	100.00	-	-
Sun Leisure Hotels Limited	Mauritius	Property	30 June	**25**	100.00	-	-	-	-
Sun Leisure Investments Limited*	Mauritius	Non-trading	30 June	**14,264**	99.89	-	-	0.11	-
Sun Logistics Ltd	Mauritius	Logistics	30 June	**10**	-	-	100.00	-	-
Sun Real Estates Ltd	Mauritius	Property	30 June	**10**	100.00	-	-	-	-
Sun Resorts (Seychelles) Limited*	Seychelles	Non-trading	30 June	**44**	-	-	100.00	-	-
Sun Resorts CSR Fund Ltd	Mauritius	Charitable Fund	30 June	**1**	-	-	100.00	-	-
Sun Resorts France Sarl	France	Marketing Office	30 June	**4,219**	-	-	100.00	-	-
Sun Resorts Hotel Management Ltd	Mauritius	Management	30 June	**10**	100.00	-	-	-	-
Sun Resorts International Limited	Mauritius	Investment	30 June	**1,522,624**	100.00	-	-	-	-
Sun Styled Boutiques Ltd	Mauritius	Shops	30 June	**600**	100.00	-	-	-	-
Sun Support Ltd	Mauritius	Investment	30 June	**10**	100.00	-	-	-	-
Supply Chain Experts Ltd	Mauritius	Procurement	30 June	**10**	-	-	100.00	-	-
Washright Services Ltd	Mauritius	Laundry	30 June	**10,000**	100.00	-	-	-	-
Wolmar Sun Hotels Limited	Mauritius	Hotel	30 June	**25**	100.00	-	-	-	-
World Leisure Holidays (Pty) Ltd	South Africa	Tour Operator	30 June	**1,363**	-	-	100.00	-	-
Sun Hotels & Resorts GMBH	Germany	Marketing Office	30 June	**993**	-	-	100.00	-	-
GreenSun Management Ltd	Mauritius	Management	30 June	**10**	100.00	-	-	-	-

8. INTEREST IN SUBSIDIARIES (CONTD)

(a) Unquoted Investments, at valuation

	Country of incorpora-tion and operation	Business Activity	Period end	Stated capital 2017	Proportion of ownership interest and voting rights held: Direct Ordinary shares	Direct Preference shares	Indirect Ordinary shares	Proportion of ownership interests held by non-controlling interests: Ordinary shares	Preference shares
				Rs'000	%	%	%	%	%
Ambre Resort Ltd	Mauritius	Hotel	30 June	10	-	-	100.00	-	-
Anahita Hotel Limited	Mauritius	Hotel	30 June	1,060,443	100.00	-	-	-	-
City and Beach Hotels (Mtius) Limited	Mauritius	Hotel	30 June	15,532	99.82	99.99	-	0.18	0.01
Loisirs des Iles Ltée	Mauritius	Golf & Restaurant	30 June	60,800	99.96	100.00	-	0.04	-
Long Beach IHS Ltd	Mauritius	Property Developer	30 June	**	100.00	-	-	-	-
Long Beach Resort Ltd	Mauritius	Hotel	30 June	10	-	-	100.00	-	-
Solea Vacances SA	France	Tour Operator	30 June	33,576	-	-	100.00	-	-
SRL Kanuhura Ltd	BVI / Maldives	Hotel	31 December	1,403	-	-	100.00	-	-
SRL Maldives Ltd	Seychelles	Investment	30 June	1,262,250	-	-	100.00	-	-
SRL Management Ltd	Seychelles	Management	30 June	589,050	-	-	100.00	-	-
SRL Marketing Ltd	UK	Marketing Office	30 June	64	-	-	100.00	-	-
SRL Property Ltd*	Mauritius	Non-trading	30 June	**	100.00	-	-	-	-
SRL Touessrok Hotel Limited	Mauritius	Hotel	30 June	3,327,500	74.00	-	-	26.00	-
Sun Centralised Services Ltd	Mauritius	Centralised services	30 June	10	-	-	100.00	-	-
Sun Training Institute Ltd	Mauritius	Training	30 June	100	-	-	100.00	-	-
Sun Hotel Holdings Ltd	Mauritius	Investment	30 June	10	100.00	-	-	-	-
Sun Hotel Investment Ltd	Mauritius	Investment	30 June	10	100.00	-	-	-	-
Sun International Hotel Holdings Ltd	Mauritius	Investment	30 June	35	-	-	100.00	-	-
Sun International Investment Ltd	Mauritius	Investment	30 June	35	-	-	100.00	-	-
Sun International Management Ltd	Mauritius	Investment	30 June	36	-	-	100.00	-	-
Sun International Realty Development Ltd	Mauritius	Property	30 June	35	-	-	100.00	-	-
Sun Leisure Hotels Limited	Mauritius	Property	30 June	25	100.00	-	-	-	-
Sun Leisure Investments Limited*	Mauritius	Non-trading	30 June	14,264	99.89	-	-	0.11	-
Sun Logistics Ltd	Mauritius	Logistics	30 June	10	-	-	100.00	-	-
Sun Real Estates Ltd	Mauritius	Property	30 June	10	100.00	-	-	-	-
Sun Resorts (Seychelles) Limited*	Seychelles	Non-trading	30 June	44	-	-	100.00	-	-
Sun Resorts CSR Fund Ltd	Mauritius	Charitable Fund	30 June	1	-	-	100.00	-	-
Sun Resorts France Sarl	France	Marketing Office	30 June	4,219	-	-	100.00	-	-
Sun Resorts Hotel Management Ltd	Mauritius	Management	30 June	10	100.00	-	-	-	-
Sun Resorts International Limited	Mauritius	Investment	30 June	1,522,624	100.00	-	-	-	-
Sun Styled Boutiques Ltd	Mauritius	Shops	30 June	600	100.00	-	-	-	-
Sun Support Ltd	Mauritius	Investment	30 June	10	100.00	-	-	-	-
Supply Chain Experts Ltd	Mauritius	Procurement	30 June	10	-	-	100.00	-	-
Washright Services Ltd	Mauritius	Laundry	30 June	10,000	100.00	-	-	-	-
Wolmar Sun Hotels Limited	Mauritius	Hotel	30 June	25	100.00	-	-	-	-
World Leisure Holidays (Pty) Ltd	South Africa	Tour Operator	30 June	1,363	-	-	100.00	-	-
Sun Hotels & Resorts GMBH	Germany	Marketing Office	30 June	993	-	-	100.00	-	-
GreenSun Management Ltd	Mauritius	Management	30 June	10	100.00	-	-	-	-

*: These companies were non-trading as at 30 June 2016, 30 June 2017 and 30 June 2018.

**: Represents investment amounting to Rs.100 which is not shown due to rounding off to the nearest thousand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

8. INTEREST IN SUBSIDIARIES (CONT'D)

(b) Subsidiaries with material non-controlling interests

Details for subsidiary that have non-controlling interests that are material to the entity:

Name	Principal place of business	Proportion of interest held by NCI	Profit/(loss) allocated to non-controlling interest during the year		Accumulated non-controlling interest at 30 June	
			2018	2017	2018	2017
			Rs'000	Rs'000	Rs'000	Rs'000
SRL Touessrok Hotel Limited	Mauritius	26%	14,550	(4,003)	817,112	790,907

(c) Summarised financial information on subsidiary with material non-controlling interests

(i) Summarised statement of financial position and statement of profit or loss and other comprehensive income

Name	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit/(loss) from continuing operations	Other comprehensive income for the year	Total comprehensive income for the year	Dividend paid to non-controlling interest
SRL Touessrok Hotel Limited	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
30 June 2018	539,023	4,400,830	746,209	1,050,907	1,179,404	56,793	58,700	115,493	-
30 June 2017	241,429	4,398,034	442,209	1,170,010	1,070,450	(15,398)	2,999	(12,400)	-

(ii) Summarised cash flow information:

Name	Operating activities	Investing activities	Financing activities	Net decrease in cash and cash equivalents
SRL Touessrok Hotel Limited	Rs'000	Rs'000	Rs'000	Rs'000
30 June 2018	139,333	(63,974)	(73,047)	2,313
30 June 2017	287,029	(17,030)	(118,735)	151,264

The summarised financial information above is prior to intra-group eliminations.

(d) The interest in subsidiaries are measured at fair value and are classified under level 3 of the Fair Value Hierarchy and there has been no transfers between level 1 and 2 during the year. Fair value is estimated using discounted cash flows approach, which include some assumptions that are not supportable by observable market prices or rates. See Note 4.2(v) for sensitivity analysis.

9. INTEREST IN ASSOCIATES

(a)

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**702,445**	808,293	**702,445**	702,445
Share of (loss)/profit after tax and non-controlling interests	**-**	(1,399)	**-**	-
Transfer	**-**	(141,750)	**-**	-
Capitalisation of shareholder's loan	**-**	37,301	**-**	-
At 30 June	**702,445**	702,445	**702,445**	702,445

(b) Details of associate at the end of the reporting period are as follows:

Name	Period end	Nature of business	Principal place of business	Proportion of ownership interest and voting rights held	
2018 & 2017				**Direct**	**Indirect**
EastCoast Hotel Investment Ltd	30 June	Investment holding	Mauritius	30%	-

(i) The above associate is accounted for using the equity method.

(ii) EastCoast Hotel Investment Ltd is a private company and there are no quoted market price available for its shares.

(c) Summarised financial information

	EastCoast Hotel **Investment Ltd**	
	2018	2017
	Rs'000	Rs'000
Statement of financial position		
Current assets	**2,341,483**	2,341,483
Statement of profit or loss and other comprehensive income		
Revenue	**-**	83,914
Dividends received during the year	**21,882**	83,914

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

9. INTEREST IN ASSOCIATES (CONT'D)

(d) Reconciliation of summarised financial information

Reconciliation of the above summarised financial information to the carrying amount recognised in the financial statements:

	EastCoast Hotel Investment Ltd	
	2018	2017
	Rs'000	Rs'000
Net assets at 1 July, and 30 June,	**2,341,483**	2,341,483
Ownership interest	**30%**	30%
Interest in associate	**702,445**	702,445

10. OTHER INVESTMENTS

	THE GROUP		THE COMPANY	
AT VALUATION	**2018**	2017	**2018**	2017
Available-for-sale	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Listed equity investments				
At 1 July and 30 June	**3**	3	**3**	3
Unlisted equity investments				
At 1 July	**75,179**	5,547	**5,547**	5,547
Additions	**-**	141,511	**-**	-
Fair value adjustments	**103,741**	(71,879)	**-**	-
At 30 June	**178,920**	75,179	**5,547**	5,547
Total	**178,923**	75,182	**5,550**	5,550

The fair value of listed ordinary shares, classified under Level 1 of the fair value hierarchy,is determined by reference to the published price on the Stock Exchange of Mauritius at the end of the reporting period.

Included in unlisted equity, is an amount of Rs. 5.5M representing unquoted investments which the Directors have estimated to be worth their cost as the fair values cannot be reliably measured. All unquoted investments are classified under level 3 of the fair value hierarchy.

The available-for-sale investments are denominated in Mauritian Rupees.

There have been no changes in level 3 instruments during the period. The carrying amount of available-for-sale financial assets would be an estimated Rs.17.9M (2017: Rs.7.5M) lower/higher where the fair value differ by 10% from management estimates.

10. OTHER INVESTMENTS (CONT'D)

Below is the fair value measurement hierarchy for assets as at 30 June,

	THE GROUP			
	Level 1	Level 2	Level 3	Total
2018	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Listed equity investments	3	-	-	3
Unlisted equity investments	-	-	178,920	178,920
	3	**-**	**178,920**	**178,923**
2017				
Listed equity investments	3	-	-	3
Unlisted equity investments	-	-	75,179	75,179
	3	-	75,179	75,182

	THE COMPANY			
	Level 1	Level 2	Level 3	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
2018				
Listed equity investments	3	-	-	3
Unlisted equity investments	-	-	5,547	5,547
	3	**-**	**5,547**	**5,550**
2017				
Listed equity investments	3	-	-	3
Unlisted equity investments	-	-	5,547	5,547
	3	-	5,547	5,550

Level 3 reconciliation

The reconciliation is shown below:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**75,179**	5,547	**5,547**	5,547
Addition during the year	**-**	141,511	**-**	-
Fair value movement	**103,741**	(71,879)	**-**	-
At 30 June	**178,920**	75,179	**5,547**	5,547

11. LEASEHOLD RIGHTS AND LAND AND BUILDINGS PREPAYMENTS

	THE GROUP	
	2018	2017
COST	**Rs'000**	Rs'000
At 1 July	**444,982**	446,782
Additions	**253,069**	-
Retranslation difference	**194**	(1,800)
At 30 June	**698,245**	444,982
ACCUMULATED AMORTISATION		
At 1 July	**62,509**	50,311
Charge for the year	**12,427**	12,496
Prepayments released to operating expenses	**40,000**	-
Retranslation difference	**75**	(298)
At 30 June	**115,011**	62,509
NET BOOK VALUE		
At 30 June	**583,234**	382,473
Included in the financial statements as:		
Non-current assets	**503,234**	382,473
Current assets (Note 14)	**80,000**	-
	583,234	382,473

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

11. LEASEHOLD RIGHTS AND LAND AND BUILDINGS PREPAYMENTS (CONT'D)

	THE COMPANY	
	2018	2017
COST	**Rs'000**	Rs'000
At 1 July	**125,863**	125,863
Additions	**253,069**	-
At 30 June	**378,932**	125,863
ACCUMULATED AMORTISATION		
At 1 July	**31,365**	25,092
Charge for the year	**6,273**	6,273
Prepayments released to operating expenses	**40,000**	-
At 30 June	**77,638**	31,365
NET BOOK VALUE		
At 30 June	**301,294**	94,498
Included in the financial statements as:		
Non-current assets	**221,294**	94,498
Current assets (Note 14)	**80,000**	-
	301,294	94,498

(a) Leasehold land have been valued taking into consideration comparable sales evidences and lease terms and conditions. The valuation, carried out by Broll Indian Ocean Limited, valued leasehold land held by the subsidiaries in Mauritius at Rs 6,132M and the subsidiary in Maldives at USD 16M as at 30 June 2018.

(b) The amortisation charge for the Group and the Company pertained to continuing operations.

(c) An amendment to lease contract with Apavou for Ambre rental was made whereby the amount remaining on contract was prepaid , based on a discounted amount of EUR 9.5M. An amount of EUR 6.9M was paid up to 30 June 2018.

(d) Sun Limited is under a lease agreement under which the Company is leasing the Ambre Resort & Spa, a 297-room hotel, and sub-lease the land on which the Hotel stands for an initial period of five (5) years, effective from 1 October 2012. On 7 July 2015, the term of the lease agreement was renewed for another five years as from 1 October 2017 to 30 September 2022, at the option of the Company.

Sun Limited entered into a new agreement on 23 January 2018 where the second lease amount has been agreed to be prepaid in full until 30 September 2022. The amount above shows the amount prepaid until 30 June 2018.

(e) Rs 40M included in charge for the year relates to release of prepayment on land and buildings.

12. OTHER FINANCIAL ASSETS

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Loans under Executive Share Scheme	**16,920**	16,920	**16,920**	16,920
Loans to related parties	**398**	-	**2,329,982**	2,069,982
	17,318	16,920	**2,346,902**	2,086,902

(a) Loans under Executive Share Scheme relates to the old scheme granted to key executives where cash was advanced to certain individuals to acquire shares in the Company at market value at grant date. The terms of the scheme was such that when the shares are disposed, the proceed is to be used to settle the loan advanced.

The loan carries interest of 3% which is payable half yearly in December and June. The interest for the year has been waived by the Board.

The scheme has now been discontinued and replaced by the Phantom Share Option Scheme (see Note 20).

(b) Loans to related parties

Other loans to related parties are unsecured with no fixed term of repayment and are interest bearing at 9.25% per annum. In 2017, an impairment charge of Rs 227.5M was made in relation to quasi equity loan. The carrying amount of those loans were reclassified to investments during the year (see Note 38 for further details). The Directors believe that there is no further impairment required for the year ended 30 June 2018.

13. INVENTORIES

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Food and beverages	**74,431**	60,632	**-**	-
Operating supplies	**25,491**	26,798	**-**	-
Spare parts	**9,023**	7,025	**-**	-
Fabric and linen	**39,879**	38,715	**-**	-
Retail products	**41,781**	43,012	**-**	-
IHS rooms	**-**	55,258	**-**	-
	190,605	231,440	**-**	-
Goods in transit	**5,000**	5,865	**-**	-
	195,605	237,305	**-**	-

(a) Except for the IHS rooms, all other inventories have been pledged as security for the debts of the Company and its subsidiaries. Write downs of inventories for the current year amounts to Rs. Nil (2017: Rs. 1.3M)

(b) Cost of inventories expensed in food and beverages amounts to Rs. 755.0M for the Group (2017: Rs. 677.6M). Cost of inventories expensed in food and beverages for the Company amounts to Rs. Nil (2017: Rs. Nil in continuing operations and Rs. Nil in discontinued operations).

14. TRADE AND OTHER RECEIVABLES

	THE GROUP			THE COMPANY	
	2018	2017	2016	**2018**	2017
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade receivables	**446,921**	395,254	681,940	**-**	-
Less: provision for impairment	**(11,716)**	(11,445)	(31,863)	**-**	-
Trade receivables - net	**435,205**	383,809	650,077	**-**	-
Other receivables and prepayments	**322,587**	341,726	352,043	**2,264**	44,785
Lease prepayments (Note 11)	**80,000**	-	-	**80,000**	-
Advance payments	**-**	26,953	38,875	**-**	26,953
Current tax assets (Note 23)	**5,671**	21,421	1,699	**4,038**	18,128
Derivative financial asset	**2,860**	870	8,721	**2,860**	870
Amounts due by related parties (Note 33(i))	**5,961**	6,470	11,036	**3,636,496**	223,154
	852,284	781,249	1,062,451	**3,725,658**	313,890

(a) The carrying amounts of trade and other receivables approximate their fair value.

(b) (i) The average credit period on sales of services is 30 days. The Group has fully provided for all receivables where recovery is expected to be remote.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

14. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) (ii) Included in trade receivables balances are debtors with a carrying amount of Rs 203.9M (2017: Rs 163.3M) for the Group and Rs. Nil (2017: Rs. Nil) for the Company which were past due at the end of the reporting period for which the Group and the Company have not individually provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group and the Company do not hold any collateral over these balances but have an insurance cover against irrecoverable debts. Before giving credit to any tour operators, the Group allows for a period of trading which is exclusively on a cash basis. Thereafter, a credit limit may be created in favour of the customer based on his past dealings and payment pattern. Furthermore, the Group uses, as far as possible, the database available to the public to check the creditworthiness of the customer.

(b) (iii) Ageing of past due trade debtors but not impaired

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Within 31 - 60 days	**116,196**	95,389	**-**	-
Within 61 - 90 days	**54,147**	35,477	**-**	-
Over 90 days	**33,524**	32,464	**-**	-
Total	**203,867**	163,330	**-**	-

In determining the recoverability of trade receivables, the Group and the Company consider any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

(b) (iv) Movement in the allowance for doubtful debts

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**11,445**	31,863	**-**	10,358
Movement in impairment loss recognised on trade receivables:				
- Provision for receivable impairment	**7,397**	15,265	**-**	-
- Impairment loss reversed	**(1,605)**	(18,828)	**-**	(2,377)
Receivable written off during the year as uncollectible	**(5,521)**	(16,855)	**-**	(7,981)
At 30 June	**11,716**	11,445	**-**	-

The Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the end of the reporting period is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

(c) Advance payments

Advance payments were made in Euro as part of the transaction agreement signed in respect of the lease of the Ambre Resort & Spa and are refundable as follows:-

	THE GROUP AND THE COMPANY	
	2018	2017
Receivable:	**Rs'000**	Rs'000
Within one year (Note 14)	**-**	26,953

15. STATED CAPITAL

	THE GROUP AND THE COMPANY				
	Number of shares	Ordinary shares	Share premium	Treasury shares	Total
Issued and fully paid ordinary shares		Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2017	146,730,768	1,467,308	1,781,979	(1,451,389)	1,797,898
Shares issued	47,814,304	478,143	1,356,854	-	1,834,997
At 30 June 2018	**194,545,072**	**1,945,451**	**3,138,833**	**(1,451,389)**	**3,632,895**

	THE GROUP AND THE COMPANY				
	Number of shares	Ordinary shares	Share premium	Treasury shares	Total
Issued and fully paid ordinary shares		Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2016	146,730,768	1,467,308	1,781,979	(1,432,030)	1,817,257
Treasury shares purchased	-	-	-	(19,359)	(19,359)
At 30 June 2017	146,730,768	1,467,308	1,781,979	(1,451,389)	1,797,898

In the issued and fully paid ordinary shares above, the Company held 20,118,546 treasury shares (2017: 20,118,546), for which the Company has the right to reissue these shares at a later date. Fully paid up ordinary shares have a par value of Rs.10 each, carry one voting right and a right to dividend.

During the year ended 30 June 2017, the Company acquired 362,500 of its own shares which were previously held by an executive of the Company under the Executive Share Scheme.

16. RESERVES

	THE GROUP		THE COMPANY	
	2018	2017 Restated	**2018**	2017 Restated
	Rs'000	Rs'000	**Rs'000**	Rs'000
Property revaluation (Note (i))	**3,094,993**	2,480,316	**-**	-
Investment revaluation (Note (ii))	**31,858**	(71,883)	**8,182,147**	4,648,526
Cash flow hedging reserve (Note (iii))	**(83,727)**	(1,486)	**-**	-
Foreign currency translation (Note (iv))	**404,036**	395,048	**-**	-
	3,447,160	2,801,995	**8,182,147**	4,648,526

(i) Property revaluation reserve

Property revaluation reserve arose on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the property revaluation reserve that relates to that asset, is considered as effectively realised, and is transferred to retained earnings.

(ii) Investment revaluation reserve

The investment revaluation reserve represents accumulated gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

(iii) Cash flow hedging reserve

Cash flow hedging reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments relating to hedged transactions that have not yet occurred.

(iv) Foreign currency translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operations.

17. BORROWINGS

Non-current liabilities	THE GROUP		THE COMPANY	
	2018	2017 Restated	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Loans (Note (i))	**3,136,258**	4,225,656	**869,735**	1,257,800
Bonds (Note (ii))	**4,971,616**	4,911,394	**4,971,617**	4,911,394
Finance lease liabilities (Note (iii))	**408,174**	365,709	**-**	34,937
	8,516,048	9,502,759	**5,841,352**	6,204,131

Maturity of the loans and borrowings ranges between years 2018 - 2070.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

17. BORROWINGS (CONT'D)

Current liabilities	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
		Restated		
	Rs'000	Rs'000	Rs'000	Rs'000
Loans (Note (i))	512,566	1,179,303	244,687	675,823
Finance lease liabilities (Note (iii))	3,465	19,875	171	16,393
Bank overdrafts (Note (iv))	162,153	319,991	14,161	171,348
	678,184	1,519,169	259,019	863,564

(i) Loans	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
		Restated		
	Rs'000	Rs'000	Rs'000	Rs'000
Repayable:				
Within one year	512,566	1,179,303	244,687	675,823
After one year but before two years	649,953	674,859	317,251	287,713
After two years but before three years	475,064	1,006,357	133,849	358,620
After three years but before five years	1,049,990	1,048,636	239,220	311,127
After five years	961,252	1,495,804	179,415	300,340
Non-current liabilities	3,136,259	4,225,656	869,735	1,257,800
Total	3,648,825	5,404,959	1,114,422	1,933,623

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
Included in the above loans are:	Rs'000	Rs'000	Rs'000	Rs'000
US Dollar loans	702,455	1,465,225	-	-
Euro loans	2,801,005	3,638,213	956,937	1,810,099
Great Britain Pound loans	145,364	165,871	-	-

(a) The loans are secured by fixed and floating charges over all the assets of the Group.

(b) The loans are arranged at floating interest rates and the average interest rate as at the end of the reporting period was as follows:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	%	%	%	%
Average interest rate	3.94	4.33	2.85	4.28

(ii) Bonds

The bonds are secured by floating charges over all the assets of the Group and are repayable in the year 2020 to 2023. The bonds are arranged at floating and fixed interest rates and the average interest as at the end of the reporting period was 5.3%.

17. BORROWINGS (CONT'D)

(ii) Bonds (cont'd)

	THE GROUP AND THE COMPANY	
	2018	2017
Repayable:		
Within one year	**-**	-
After one year but before two years	**-**	-
After two years but before three years	**2,117,656**	-
After three years but before five years	**1,559,660**	3,649,903
After five years	**1,294,300**	1,261,491
Non-current liabilities	**4,971,616**	4,911,394
Total	**4,971,616**	4,911,394

(iii) Finance lease liabilities

(a) Leasing arrangements

THE GROUP AND THE COMPANY

Finance leases relate to the acquisition of property, plant and equipment with an average duration varying between 4 and 5 years and to leases of rooms under the Invest Hotel Scheme which run for a period between 52 and 59 years. The Group and the Company have options to purchase the equipment for a nominal amount at the expiry of the lease arrangements. The Group and the Company's obligations under finance leases are secured by the lessors' title to the leased assets. The average interest rate was as follows:

	THE GROUP AND THE COMPANY	
	2018	2017
	%	%
Average interest rate	**5.0**	5.6

(b) Obligations under finance leases

THE GROUP

	Minimum lease payments		Present value of minimum lease payments	
	2018	2017	**2018**	2017
		Restated		
	Rs'000	Rs'000	**Rs'000**	Rs'000
Repayable:				
Within one year	**23,711**	40,050	**3,465**	19,875
After one year but before two years	**23,536**	38,370	**3,426**	19,736
After two years but before three years	**23,536**	37,730	**3,676**	20,677
After three years but before five years	**47,073**	36,194	**7,990**	4,426
After five years	**1,006,732**	834,805	**393,082**	320,870
	1,100,877	947,099	**408,174**	365,709
	1,124,588	987,149	**411,639**	385,584
Less: Future finance charges	**(712,949)**	(601,565)	**-**	-
	411,639	385,584	**411,639**	385,584
Included in the financial statements as:				
Current liabilities			**3,465**	19,875
Non-current liabilities			**408,174**	365,709
			411,639	385,584

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

17. BORROWINGS (CONT'D)

(iii) Finance lease liabilities (Cont'd)

(b) Obligations under finance leases (Cont'd)

THE COMPANY	Minimum lease payments		Present value of minimum lease payments	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Repayable:				
Within one year	**174**	19,747	**171**	16,393
After one year but before two years	**-**	19,199	**-**	17,113
After two years but before three years	**-**	18,559	**-**	17,824
After three years but before five years	**-**	-	**-**	-
	-	37,758	**-**	34,937
	174	57,505	**171**	51,330
Less: Future finance charges	**(3)**	(6,175)	**-**	-
	171	51,330	**171**	51,330
Included in the financial statements as:				
Current liabilities			**171**	16,393
Non-current liabilities			**-**	34,937
			171	51,330

(iv) Bank overdrafts

The bank overdrafts are secured by floating charges on the assets of the Group. The bank overdrafts bear interest at fixed and floating rates and the average interest rate was as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	%	%	**%**	%
Average interest rate	**5.76**	4.90	**5.75**	6.30

(v) The carrying amounts of borrowings are not materially different from the fair value.

(vi) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates, as well as the currency profile, have been detailed in note 35.

18. DEFERRED TAX LIABILITY

(a) The following amounts are shown in the statements of financial position:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
		Restated		Restated
	Rs'000	Rs'000	**Rs'000**	Rs'000
Deferred tax assets	**-**	-	**5,642**	8,017
Deferred tax liabilities	**(831,535)**	(713,526)	**-**	-
	(831,535)	(713,526)	**5,642**	8,017

18. DEFERRED TAX LIABILITY (CONT'D)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred income tax assets not recognised were Rs 33.8M (2017: Rs 48.6M) for the Group due to unpredictability of future profit streams. The tax losses expire on a rolling basis over 5 years.

(b) The movement on the deferred income tax account is as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
		Restated		Restated
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July				
- as restated	**713,526**	738,173	**(8,017)**	675
Recognised in profit or loss	**32,647**	(22,717)	**2,911**	(41,021)
Recognised in other comprehensive income	**85,869**	(1,467)	**(537)**	513
Translation difference	**(507)**	(463)	**-**	-
Transfer to subsidiary company	**-**	-	**1**	31,816
At 30 June	**831,535**	713,526	**(5,642)**	(8,017)

(c) The movement in deferred tax assets and liabilities during the year is as follows:

THE GROUP

	At 1 July 2017 Restated	Recognised in profit or loss	Recognised in other comprehensive income	Exchange difference	**At 30 June 2018**
2018	Rs'000	Rs'000	Rs'000	Rs'000	**Rs'000**
Temporary differences					
Accelerated capital allowances	540,217	167,391	-	55	**707,663**
Employee benefit liability	(52,120)	(2,966)	9,247	2	**(45,837)**
Revaluation of property, plant and equipment	461,530	11,354	76,622	353	**549,859**
Other provisions	4,433	4,849	-	(1,230)	**8,052**
Deferred Revenue	-	(11,187)	-	-	**(11,187)**
Unused tax losses and credits	(240,534)	(136,794)	-	313	**(377,015)**
	713,526	**32,647**	**85,869**	**(507)**	**831,535**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

18. DEFERRED TAX LIABILITY (CONT'D)

THE GROUP

2017	At 1 July 2016 Restated Rs'000	Recognised in profit or loss Rs'000	Recognised in other comprehensive income Rs'000	Exchange difference Rs'000	At 30 June 2017 Rs'000
Temporary differences					
Accelerated capital allowances	420,598	120,482	-	(863)	540,217
Employee benefit liability	(44,982)	(5,671)	(1,467)	-	(52,120)
Revaluation of property, plant					-
and equipment	465,859	(2,181)	-	(2,148)	461,530
Other provisions	10,972	(8,421)	-	1,882	4,433
Unused tax losses and credits	(114,274)	(126,926)	-	666	(240,534)
	738,173	(22,717)	(1,467)	(463)	713,526

THE COMPANY

2018	At 1 July 2017 Rs'000	Recognised in profit or loss Rs'000	Recognised in other comprehensive income Rs'000	Transfer Rs'000	**At 30 June 2018 Rs'000**
Temporary differences					
Accelerated capital allowances	(8,598)	2,823	-	-	**(5,775)**
Employee benefit liability	581	88	(537)	1	**133**
	(8,017)	**2,911**	**(537)**	**1**	**(5,642)**

THE COMPANY

2017	At 1 July 2016 Restated Rs'000	Recognised in profit or loss Rs'000	Recognised in other comprehensive income Rs'000	Transfer Rs'000	At 30 June 2017 Rs'000
Temporary differences					
Accelerated capital allowances	(17,232)	8,634	-	-	(8,598)
Employee benefit liability	(31,945)	197	513	31,816	581
Revaluation of property, plant and equipment	11,476	(11,476)	-	-	-
Other provisions	40,081	(40,081)	-	-	-
Unused tax losses and credits	(1,705)	1,705	-	-	-
	675	(41,021)	513	31,816	(8,017)

19. EMPLOYEE BENEFIT LIABILITY

Amounts recognised in the statements of financial position:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Pension plan (Note (a))	**10,621**	(8,972)	**(2,204)**	(4,578)
Other retirement benefits (Note (b))	**259,000**	315,540	**1,427**	1,157
	269,621	306,568	**(777)**	(3,421)

(a) Pension plan

(i) The Group pension scheme consists of a Career Average Revalued Earnings section ("CARE") and a No Worse Off Guarantee ("NWOG") section. The CARE section provides all members of the fund with pensions secured by contributions to a Personal Accrued Pension accounts while the NWOG section covers only those members who were transferred from a former Defined Benefit ("DB") plan, guaranteeing them that at retirement their benefits are at least equivalent to those under the previous DB plans. Hence, the scheme is an hybrid plan with characteristics of both Defined Benefit and Defined Contribution.

The assets of the plan are independently administered by Swan Pensions Ltd.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at 30 June 2018 by Hewitt LY Ltd. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(ii) Reconciliation of net defined benefit liability/(asset):

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**(8,972)**	(8,762)	**(4,578)**	(1,512)
Amount recognised in profit or loss	**21,841**	18,412	**2,676**	856
Amount recognised in other comprehensive income	**23,860**	279	**3,417**	(1,423)
Contributions from employer	**(26,108)**	(18,901)	**(3,719)**	(2,499)
At 30 June	**10,621**	(8,972)	**(2,204)**	(4,578)

Amounts recognised in the statements of financial position:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of funded obligations	**583,972**	523,956	**157,937**	152,648
Fair value of plan assets	**(573,351)**	(532,928)	**(160,141)**	(157,226)
At 30 June	**10,621**	(8,972)	**(2,204)**	(4,578)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

19. EMPLOYEE BENEFIT LIABILITY (CONT'D)

(a) Pension plan (Cont'd)

(iii) Reconciliation of present value of the defined benefit obligations:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**523,956**	493,067	**152,648**	437,587
Current service cost	**23,396**	19,657	**3,103**	1,568
Contributions from employees	**4,290**	4,007	**336**	430
Interest cost	**33,225**	33,704	**9,573**	10,306
Past service cost	**-**	115	**-**	(472)
Liability experience gains	**29,208**	(9,259)	**265**	(2,805)
Liability losses due to change in financial assumptions	**(4,085)**	9,048	**3,514**	1,185
Benefits paid	**(26,018)**	(26,383)	**(12,057)**	(10,360)
Transfer from/(to) subsidiary companies	**-**	-	**555**	(284,791)
At 30 June	**583,972**	523,956	**157,937**	152,648

(iv) Reconciliation of fair value of the plan assets:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**532,928**	501,829	**157,226**	439,099
Interest income	**34,780**	35,064	**10,000**	10,546
(Gains)/losses on plan assets excluding interest	**1,263**	(490)	**362**	(197)
Contributions from employer	**26,108**	18,901	**3,719**	2,499
Contributions from employees	**4,290**	4,007	**336**	430
Benefits paid	**(26,018)**	(26,383)	**(12,057)**	(10,360)
Transfer from/(to) subsidiary companies	**-**	-	**555**	(284,791)
At 30 June	**573,351**	532,928	**160,141**	157,226

(v) Components of amount recognised in profit or loss:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Service cost	**23,396**	19,657	**3,103**	1,568
Past service cost	**-**	115	**-**	(472)
Net interest on net defined benefit asset	**(1,555)**	(1,360)	**(427)**	(240)
Total included in employee benefits	**21,841**	18,412	**2,676**	856

(vi) Components of amount recognised in other comprehensive income:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Return on plan assets above interest income	**(1,263)**	490	**(362)**	197
Liability experience gains	**29,208**	(9,259)	**265**	(2,805)
Liability losses due to change in financial assumptions	**(4,085)**	9,048	**3,514**	1,185
Total	**23,860**	279	**3,417**	(1,423)

19. EMPLOYEE BENEFIT LIABILITY (CONT'D)

(a) Pension plan (Cont'd)

(vii) The major categories of plan assets at fair value are as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Local quoted equity instruments	**74,536**	63,951	**19,217**	18,867
Overseas quoted equity instruments	**298,143**	239,818	**72,063**	70,752
Overseas quoted debt instruments	**91,735**	79,939	**24,021**	23,583
Local quoted debt instruments	**97,470**	74,610	**22,420**	22,012
Cash and others	**11,467**	74,610	**22,420**	22,012
Total	**573,351**	532,928	**160,141**	157,226

At 2018, approximately 4% (2017: 2%) of the fund was invested in the shares of Sun Limited.

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair values of properties and derivatives are not based on quoted market prices in active markets.

(viii) The history of experience adjustments is as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of funded obligations	**583,972**	523,956	**157,937**	152,648
Fair value of plan assets	**(573,351)**	(532,928)	**(160,141)**	(157,226)
Deficit/(Surplus)	**10,621**	(8,972)	**(2,204)**	(4,578)
Experience gains on plan liabilities	**(29,208)**	9,259	**(265)**	2,805
Experience (losses)/gains on plan assets	**1,263**	(490)	**362**	(197)

(ix) Sensitivity analysis on defined benefit obligation

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Decrease in defined benefit obligation due to 1% increase in discount rate	**71,445**	65,276	**20,053**	16,087
Increase in defined benefit obligation due to 1% decrease in discount rate	**88,178**	80,747	**16,549**	19,481

The above sensitivity analysis has been carried out by recalculating the present value of obligation at the end of the financial year after increasing and decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

19. EMPLOYEE BENEFIT LIABILITY (CONT'D)

(a) Pension plan (Cont'd)

(x) The defined benefit pension plan exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

(xi) Future Cashflows

- The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. The funding policy is to pay contributions to an external legal entity as and when due.

- The Group expects to make a contribution of Rs. 22.9M (2017: Rs. 18.3M) and the Company of Rs. 3.9M (2017: Rs. 1.29M) to the defined benefit plans during the next financial year.

- The weighted average duration of the defined benefit obligation is 15 years (2017: 16 years) for the Group and 12 years (2017: 12 years) for the Company.

(b) Other retirement benefits

The Group has recognised a net defined benefit liability in respect of any additional residual retirement gratuities or full retirement gratuities that are expected to be paid out of the Company's cash flow to its employees under the Employment Rights Act (ERA) 2008.

(i) Reconciliation of other retirement benefits:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**315,540**	273,354	**1,157**	189,420
Amount recognised in profit or loss	**38,908**	39,658	**526**	480
Amount recognised in other comprehensive income	**(78,254)**	8,343	**(256)**	(1,594)
Contributions from employer	**(17,194)**	(5,815)	**-**	-
Transfer to subsidiary companies		-	**-**	(187,149)
Net liability	**259,000**	315,540	**1,427**	1,157

(ii) Reconciliation of present value of the other retirement benefits:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**315,540**	273,354	**1,157**	189,420
Current service cost	**17,951**	21,135	**259**	321
Interest cost	**20,283**	18,523	**75**	159
Past service cost	**674**	-	**192**	-
Liability experience loss/(gain)	**(76,424)**	28,765	**(302)**	(1,542)
Liability experience gain due to change in demographic assumptions	**(2,286)**	(19,956)	**-**	(50)
Liability (gains)/losses due to change in financial assumptions	**456**	(466)	**46**	(2)
Benefits paid	**(17,194)**	(5,815)	**-**	-
Transfer to subsidiary companies		-	**-**	(187,149)
At 30 June	**259,000**	315,540	**1,427**	1,157

19. EMPLOYEE BENEFIT LIABILITY (CONT'D)

(b) Other retirement benefits (Cont'd)

(iii) Components of amount recognised in profit or loss:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Service cost	**17,951**	21,135	**259**	321
Past service cost	**674**	-	**192**	-
Net interest on net defined benefit liability	**20,283**	18,523	**75**	159
Total	**38,908**	39,658	**526**	480

(iv) Components of amount recognised in other comprehensive income:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Liability experience loss/(gain)	**(78,254)**	8,343	**(256)**	(1,594)

(v) Sensitivity analysis on defined benefit obligation:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Decrease in defined benefit obligation due to 1% increase in discount rate	**28,412**	34,867	**268**	210
Increase in defined benefit obligation due to 1% decrease in discount rate	**33,836**	41,506	**220**	262

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The Group expects to make a contribution of Rs 8.3M and Rs.Nil for the Company during the next financial year.

The weighted average duration of the defined benefit obligation is 13 years (2017: 14 years) for the Group and 17 years (2017: 14 years) for the Company.

(c) Actuarial assumptions

The principal actuarial assumptions used for accounting purposes were:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
Discount rate - %	**6.3**	6.5	**6.3**	6.5
Future salary increases - %	**4.0**	4.0	**4.0**	4.0
Future pension increases - %	**0.5**	0.5	**0.5**	0.5
Average retirement age (ARA) - Years	**65.0**	65.0	**65.0**	60.0
Average life expectancy for under the pension plan:				
Male at ARA - Years	**19.5**	19.5	**19.5**	19.5
Female at ARA - Years	**24.2**	24.2	**24.2**	24.2

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FOR THE YEAR ENDED 30 JUNE 2018

19. EMPLOYEE BENEFIT LIABILITY (CONT'D)

(d) State pension plan

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
National Pension Scheme contributions expensed	**100,869**	85,698	**811**	715

20. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade payables	**384,535**	430,830	**2,158**	4,860
Capital creditors	**88,686**	129,700	**-**	7,567
Client advances	**281,735**	138,147	**-**	-
Derivative financial liabilities (c)	**-**	2,932	**-**	-
Other creditors and accruals (b)	**723,612**	727,207	**128,661**	145,706
Deferred revenue (note 22)	**1,272**	-	**-**	-
Amounts due to related parties (Note 33(i))	**1,798**	2,463	**3,145,279**	889,897
	1,481,638	1,431,279	**3,276,098**	1,048,030

(a) The average credit period on purchases of certain goods ranges from 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

(b) Share based payments

Details of long term incentive plan

Included in other creditors and accruals are share based payments liabilities of Rs 2.5M (2017 Rs 0.5M) for the Group and Company relating to the Phantom Share Option Scheme for senior executives and senior employees of the Company and its subsidiaries. In accordance with the terms of the plan, senior executives and senior employees are granted an option over a number of phantom shares at a base or option price which is equal to the market value of the share at the date of the grant of the option. On exercise date, the holder of the options is entitled to a cash or share bonus, which subject to the rules of the plan, is equivalent to the difference between the market value of the phantom shares at exercise date and the option price.

Under the plan, participants are granted options which only vest if certain performance standards are met. The option is exercisable not before three years for a maximum of 70% of the Phantom Share option issued and four years for the remaining share options that have not been exercised.

The number of phantom shares granted is calculated in accordance with the performance-based formula approved by Board and the remuneration committee. The formula rewards senior executives to the extent of the Company's and the individual's achievement judged against both qualitative and quantitative criteria from the following financial measures:

- improvement in share price
- improvement in net profit

20.TRADE AND OTHER PAYABLES (CONT'D)

(b) Share based payments (Cont'd)

The following cash settled share based payment arrangements were in existence during the current year:

2018	THE GROUP		THE COMPANY	
	Number of shares	Grant date fair value	Number of shares	Grant date fair value
Granted	373,547	34.25	199,939	34.25
Granted on		01 July 2016		01 July 2016
Vested and exercisable at 30 June 2018		Nil		Nil

(c) Derivatives financial liabilities

The Company utilises foreign currency forward and swap contracts in the management of its exchange rate exposures. The following table details the forward currency swap contracts outstanding fair values as at the reporting date.

	THE GROUP AND THE COMPANY			
	Notional principal amount		Fair Values assets/(liabilities)	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Outstanding forward contracts:				
Sell USD	**34,630**	-	**1,213**	-
Sell EUR	**48,640**	495,550	**1,618**	(5,358)
Sell GBP	**138,778**	136,260	**219**	2,066

Outstanding swap contracts:

	THE GROUP				
	Maturity dates	Notional principal amount		Assets/(liabilities)	
		2018	2017	**2018**	2017
		Rs'000	Rs'000	**Rs'000**	Rs'000
USD	July 2018	**40**	(316,783)	**42**	192
EUR	July 2018	**4,051**	(177,533)	**63**	3,382
GBP	September 2018	**(15,432)**	17,427	**(295)**	(314)
TOTAL		**(11,341)**	(476,889)	**(190)**	3,260

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

20.TRADE AND OTHER PAYABLES (CONT'D)

Outstanding swap contracts:

		THE COMPANY			
	Maturity dates	Notional principal amount		Assets/(liabilities)	
		2018	2017	**2018**	2017
		Rs'000	Rs'000	**Rs'000**	Rs'000
USD	July 2018	**40**	(148,173)	**42**	90
EUR	July 2018	**4,051**	(297,671)	**63**	4,073
GBP	September 2018	**(15,432)**	-	**(295)**	-
TOTAL		**(11,341)**	(445,844)	**(190)**	4,163

All the forward and swap contracts fall under the Level 3 of the Fair Value Hierarchy and there has been no transfers between Level 1 and 2 during the year.

The carrying amounts of trade and other payables approximate their fair value.

21. PROVISION

(a) Current tax liability

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
		Restated		Restated
	Rs'000	Rs'000	**Rs'000**	Rs'000
St Geran Hotel	**46,718**	46,718	**16,000**	16,000
Anahita Hotel Ltd	**33,500**	-	**33,500**	-
	80,218	46,718	**49,500**	16,000

It represents claim for duty in respect of Sale of St Geran and Purchase of AHL – Four Seasons.

22.DEFERRED REVENUE

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Consideration	**134,789**	-
Direct cost and related operating expenses	**(68,030)**	-
Net consideration	**66,759**	-
Release to profit or loss	**(953)**	-
Deferred revenue at 30 June	**65,806**	-
Included in the financial statements as:		
Non-current liabilities	**64,534**	-
Current liabilities (note 20)	**1,272**	-
	65,806	

During the year, 14 rooms under the Invest Hotel Scheme (IHS) were sold generating a revenue of Rs 134.8M. A net profit before tax of Rs 46.6M was realised on the transaction. The rooms were sold by Long Beach IHS to investors who immediately leased the rooms to Long Beach Resort Ltd, for a period until the end of the Government Lease (i.e) 2070.

The transactions take the form of a sale and lease back and were accounted as a finance lease in the Consolidated Financial Statements. As such, excess sales proceeds over the carrying amount has been deferred in Consolidated Financial Statements over the period of the lease term.

23. TAXATION

Income Tax

Income tax is calculated at the rate of 0% to 33% (2017: 0% to 33%) for the Group and 17% (2017: 17%) for the Company on the profit for the period as adjusted for income tax purposes.

(a) Current tax liability

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
		Restated		Restated
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**(12,989)**	3,411	**(18,128)**	-
Translation difference	**68**	112	**-**	-
Payment during the year	**(13,664)**	(26,895)	**-**	-
Underprovision in previous year	**230**	20,959	**-**	-
Tax deducted at source	**(5,321)**	(25,822)	**(4,670)**	(23,224)
Provision for the year	**53,870**	15,246	**18,760**	5,096
At 30 June	**22,194**	(12,989)	**(4,038)**	(18,128)
Analysed as follows:				
Current liabilities	**27,865**	8,432	**-**	-
Current tax assets (Note 14)	**(5,671)**	(21,421)	**(4,038)**	(18,128)
At 30 June	**22,194**	(12,989)	**(4,038)**	(18,128)

(b) Tax credit

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
		Restated		Restated
	Rs'000	Rs'000	**Rs'000**	Rs'000
Income tax:				
Provision for the year	**53,870**	15,246	**18,760**	5,096
Underprovision in previous period	**230**	20,959	**-**	-
Current income tax expense	**54,100**	36,205	**18,760**	5,096
Deferred tax movement (Note 18)	**32,647**	(22,717)	**2,911**	(41,021)
Income tax charge/(credit)	**86,747**	13,488	**21,671**	(35,925)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

23.TAXATION (CONT'D)

(c) Reconciliation of accounting profit to tax expense

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	%	%	**%**	%
Normal rate of tax applicable to Mauritian companies	**17.00**	17.00	**17.00**	17.00
Tax effect of:				
- Expenses that are not deductible in determining taxable profit	**4.88**	(74.82)	**8.88**	4.60
- (Under)/over provision in previous period	**(0.02)**	(26.86)	**(0.42)**	(2.24)
- Tax losses for which no deferred income tax asset was recognised	**-**	(9.96)	**-**	-
- Income not subject to tax	**0.94**	45.88	**(22.37)**	(19.27)
- Release of deferred tax on disposal of assets to subsidiary company	**-**	-	**-**	(0.61)
- Other adjustments	**8.09**	35.08	**0.08**	(1.59)
Effective rate of tax	**30.89**	(13.68)	**3.17**	(2.11)

24.REVENUE

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Rooms	**3,849,545**	3,273,908	**-**	-
Food and beverages	**2,137,235**	2,041,240	**-**	-
Investment income	**21,898**	83,914	**899,382**	1,139,750
Rental income	**-**	-	**92,209**	112,487
Others	**715,201**	608,222	**93,148**	130,275
	6,723,879	6,007,284	**1,084,739**	1,382,512
Disclosed as follows:				
- Continuing operations	**6,723,879**	6,007,284	**1,084,739**	1,382,512

25.OPERATING EXPENSES

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
		Restated		Restated
	Rs'000	Rs'000	**Rs'000**	Rs'000
EXPENSES BY NATURE				
Direct costs	**1,402,479**	1,307,161	**-**	-
Employee benefits	**2,077,052**	1,834,921	**76,024**	61,577
Other expenses	**2,004,222**	1,928,960	**250,166**	204,647
	5,483,753	5,071,042	**326,190**	266,224

25. OPERATING EXPENSES (CONT'D)

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
Employee benefits	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Continuing operations:				
Wages and salaries	**1,845,426**	1,691,153	**72,012**	59,526
Social security costs	**118,413**	85,698	**810**	715
Pension costs	**21,841**	18,412	**2,676**	856
Other post-retirement benefits	**91,373**	39,658	**526**	480
	2,077,053	1,834,921	**76,024**	61,577
Disclosed as follows:				
- Continuing operations	**2,077,053**	1,834,921	**76,024**	61,577

26. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
Continuing operations:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Interest payable on:				
Loans	**166,267**	290,530	**41,549**	159,722
Debentures	**-**	2,044	**-**	2,044
Bank overdrafts	**15,555**	20,153	**8,905**	12,677
Swaps	**-**	-	**2,331**	-
Bonds	**275,806**	169,170	**275,805**	169,170
Obligations under finance leases	**22,194**	22,171	**-**	4,983
	479,822	504,068	**328,590**	348,596
Disclosed as follows:				
- Continuing operations	**479,822**	504,068	**328,590**	348,596

27. FINANCE INCOME

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest received on:				
- Bank deposits	**16,312**	12,152	**-**	20
- Current account with related party	**-**	-	**200,272**	139,828
	16,312	12,152	**200,272**	139,848
Disclosed as follows:				
- Continuing operations	**16,312**	12,152	**200,272**	139,848

28. OTHER INCOME

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Foreign exchange gains	**50,277**	40,596	**71,673**	18,499

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

29.CLOSURE, MARKETING LAUNCH, RESTRUCTURING, BRANDING AND TRANSACTION COSTS

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Continuing operations:				
Closure costs	**-**	86,190	**-**	-
Marketing launch	**-**	17,562	**-**	-
Depreciation and amortisation	**-**	20,386	**-**	-
	-	124,138	**-**	-
Disclosed as follows:				
- Continuing operations	**-**	124,138	**-**	-

30.EARNINGS PER SHARE

	THE GROUP	
	2018	2017
		Restated
	Rs'000	Rs'000
(a) Basic earnings per share		
Profit/(loss) attributable to equityholders of the Company		
From continuing operations	**179,517**	(108,056)
Weighted average number of ordinary shares	**167,211**	129,257
Basic earnings/(loss) per share	**1.07**	(0.84)
(b) Diluted Earnings per share		
Profit/(loss) attributable to equityholders of the Company :		
Used in calculating basic earnings per share	**179,517**	(108,056)
Profit/(loss) attributable to equityholders of the Company used in calculating diluted earnings per share	**179,517**	(108,056)
Average number of ordinary shares in issue	**167,211**	129,257
Diluted earnings/(loss) per share	**1.07**	(0.84)

Basic and diluted earnings per share is calculated by dividing profit/(loss) for the year attributable to ordinary equity owners of the Company by the number of shares in issue excluding treasury shares. After the reporting period, no ordinary share (2017: 19,129,924 ordinary shares) has been issued for cash; however, the earnings per share amount was not adjusted for such transaction occurring after the reporting period because such transactions do not affect the amount of capital used to produce profit or loss for the period.

31. CASH FLOW INFORMATION

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
(i) Movement in working capital	Rs'000	Rs'000	Rs'000	Rs'000
Inventories	41,958	(40,012)	-	-
Trade and other receivables	(59,224)	263,181	(3,177,308)	(1,775,255)
Trade and other payables	167,756	(213,353)	2,228,068	456,010
Movement in working capital	150,490	9,816	(949,240)	(1,319,245)

(ii) Cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statements of cash flows can be reconciled to the related items in the statements of financial position as follows:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Cash and short term deposits	573,153	491,429	51,900	49,285
Bank overdrafts (Note 17)	(162,153)	(319,991)	(14,161)	(171,348)
	411,000	171,438	37,739	(122,063)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

31. CASH FLOW INFORMATION (CONT'D)

(iii) Net debt reconciliation

This sections sets out an analysis of net debt and the movements in net debt for each of the periods presented :

	THE GROUP		THE COMPANY	
	Year ended 2018	Year ended 2017	**Year ended 2018**	Year ended 2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash and cash equivalents	**573,153**	491,429	**51,900**	49,285
Borrowings	**(9,194,232)**	(11,021,928)	**(6,100,371)**	(7,067,695)
Net debt	**(8,621,079)**	(10,530,499)	**(6,048,471)**	(7,018,410)
Cash and liquid investments	**573,153**	491,429	**51,900**	49,285
Gross debt- fixed interest rates	**(411,639)**	(385,584)	**(3,876,985)**	(3,740,981)
Gross debt- variable interest rates	**(8,782,593)**	(10,636,344)	**(2,223,386)**	(3,326,714)
Net debt	**(8,621,079)**	(10,530,499)	**(6,048,471)**	(7,018,410)

THE GROUP	**Other assets**	**Liabilities from financing activities**				
	Cash and cash Equivalent	**Finance leases due within 1 year**	**Finance leases due after 1 year**	**Borrowings due within 1 year**	**Borrowings due after 1 year**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Net debt as at 30 June 2017	171,438	(19,875)	(365,709)	(1,179,303)	(9,137,050)	(10,530,499)
Cashflows	239,562	19,875	38,807	1,179,303	645,331	2,122,878
Acquisitions - finance leases and leases incentives	-	(3,295)	(81,442)	-	-	(84,737)
Other non-cash movements		(170)	170	(516,347)	504,947	(11,400)
Foreign exchange adjustments				3,781	(121,102)	(117,321)
Net debt as at 30 June 2018	**411,000**	**(3,465)**	**(408,174)**	**(512,566)**	**(8,107,874)**	**(8,621,079)**

THE COMPANY	**Other assets**	**Liabilities from financing activities**				
	Cash and cash Equivalent	**Finance leases due within 1 year**	**Finance leases due after 1 year**	**Borrow due within 1 year**	**Borrow due after 1 year**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Net debt as at 30 June 2017	(122,063)	(16,393)	(34,937)	(675,823)	(6,169,194)	(7,018,410)
Cashflows	159,802	16,393	34,767	675,823	171,073	1,057,858
Other non-cash movements	-	-	-	(244,687)	233,287	(11,400)
Foreign exchange adjustments	-	-	-	-	(76,519)	(76,519)
Net debt as at 30 June 2018	**37,739**	**-**	**(170)**	**(244,687)**	**(5,841,353)**	**(6,048,471)**

32.COMMITMENTS

(a) Capital commitments

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Authorised	**498,200**	-	**-**	-
Authorised and contracted for	**1,800**	185,408	**-**	-

The capital commitments relate to on-going maintenance capital expenditure and part of upgrade of Long Beach's lobby and phase 1 of Sugar Beach renovation planned in financial year 2019.

(b) Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Within one year	**178,935**	371,267	**5,207**	205,651
After one year but before five years	**544,954**	1,517,041	**2,403**	883,736
After five years	**19,511,285**	19,651,082	**-**	58,802
	20,235,174	21,539,390	**7,610**	1,148,189

(i) The above operating lease arrangements include state leasehold land rentals for the periods up to which the rental amounts have been agreed.

(ii) The state leasehold land rentals terms go up to a maximum of 60 years and do not contain any option to buy at the end of the lease term for the periods up to which the rental amounts have been agreed.

(iii) Sun Limited through its subsidiaries had entered into 60 years state lease agreement offered by the Government of Mauritius in respect of six properties.

33.RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subject to common control. The transactions of the Group and the Company with related parties during the period are as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
(a) Sales of goods and services	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Corporate group having significant influence	**49,604**	36,647	**-**	-
Subsidiaries	**-**	-	**90,721**	130,274
	49,604	36,647	**90,721**	130,274
(b) Interest income				
Subsidiaries	**-**	-	**200,272**	139,828
(c) Rental income				
Subsidiaries	**-**	-	**92,209**	112,487
(d) Dividend income				
Associate	**21,898**	83,914	**21,882**	83,914
Subsidiary	**-**	-	**877,501**	1,055,836

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33. RELATED PARTY TRANSACTIONS (CONT'D)

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
(e) Purchases of goods and services				
Corporate group having significant influence	**80,401**	85,974	**22,531**	22,531
Significant shareholder of associate	**-**	146,841	**-**	146,841
	80,401	232,815	**22,531**	169,372
(f) Administrative and secretarial service fees				
Corporate group having significant influence	**11,054**	11,748	**16,054**	11,748

(g) The Company has an agreement for the provision of advisory, legal, administrative and secretarial services by CIEL Corporate Services Ltd.

(h) Compensation

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
Key management personnel (including directors)	**Rs'000**	Rs'000	**Rs'000**	Rs'000
- Short term benefits	**101,447**	101,838	**36,482**	35,698
- Share based payments expense	**1,961**	542	**1,050**	290
- Post-employment benefits	**7,607**	9,355	**3,209**	-
	111,015	111,735	**40,741**	35,988

(i) Outstanding balances

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Receivables from related parties: Non current Loan to subsidiaries	**-**	-	**2,329,982**	2,069,982
- Loans to related parties are unsecured, with no fixed terms of repayment and carries interest at 9.25% (2017: 9.25%) per annum.				
Receivables from related parties - Current				
Corporate group having significant influence	**5,961**	6,470	**-**	-
Subsidiaries	**-**	-	**3,636,495**	223,154
	5,961	6,470	**3,636,495**	223,154

33. RELATED PARTY TRANSACTIONS (CONT'D)

(i) Outstanding balances (cont'd)

- The current amounts receivable from related parties are unsecured, interest free and will be settled in cash. No guarantees have been given or received. No expense has been recognised as bad or doubtful debts in respect of amounts owed by related parties (current).

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Payables to related parties - current				
Corporate group having significant influence	**1,798**	2,463	**-**	-
Subsidiaries	**-**	-	**3,145,279**	889,897
	1,798	2,463	**3,145,279**	889,897

The above transactions have been made in the normal course of business.

The amounts payable to related parties are unsecured, interest free and will be settled in cash.

(j) Borrowings - Bank loans

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs'000	Rs'000
Corporate group having significant influence	**59,008**	79,284

Bank loans with a related party carries interest at 3% per annum (2017: 3%). Bank loans are repayable on instalments until 2019.

(k) Loans and interest receivable from key management personnel under the Phantom Share Option Scheme.

Refer to Note 12(a).

(l) Pension contributions to pension plan

Please refer to Note 19.

(m) During the year 2017, the Company disposed of assets to its subsidiaries for a consideration of Rs. 3,908.7M. Moreover, in 2017, the Company transferred an amount of Rs. 187.1M relating to employee benefit liabilities to its respective subsidiaries.

34. CONTINGENT LIABILITIES

At 2018, the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities would arise.

The Company has provided corporate financial guarantee for an amount of Rs 59M (2017: Rs 62M) in respect of bank loans to one of its subsidiaries. The Directors consider that no liabilities will arise as the probability for default in respect of the guarantee is remote.

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FOR THE YEAR ENDED 30 JUNE 2018

35. FINANCIAL INSTRUMENTS

35.1 Capital management

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

The capital structure of the Group consists of interest-bearing loans and borrowings net of cash and cash equivalents and equity attributable to equity owners of the parent, comprising retained earnings, stated capital and reserves as disclosed in notes 15 and 16 respectively.

Gearing ratio

The Group has a target gearing ratio up to a maximum of 55% determined as the proportion of net debt to capital employed.

The gearing ratio at the year end was as follows:	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
		Restated		Restated
Debt (Note (i))	**9,194,232**	11,021,928	**6,100,371**	7,067,695
Cash and cash equivalents	**(573,153)**	(491,429)	**(51,900)**	(49,285)
Net debt	**8,621,079**	10,530,499	**6,048,471**	7,018,410
Capital employed ((Note (ii))	**19,484,400**	18,750,319	**22,351,056**	17,380,293
Net debt to capital employed ratio	**44.2%**	56.2%	**27.1%**	40.4%

(i) Debt is defined as loans, finance leases, debentures and overdrafts.
(ii) Capital employed includes all capital, reserves and the net debt of the Group.

There were no changes in the Group's approach to capital risk management during the year.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

35.2 Categories of financial instruments

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Financial assets				
Loan and receivables				
Cash and short term deposits	**573,153**	491,429	**51,900**	49,285
Trade and other receivables	**455,345**	521,635	**3,642,707**	6,395,743
Other financial assets	**16,920**	16,920	**16,920**	16,920
	1,045,418	1,029,984	**3,711,527**	6,461,948
Available-for-sale financial assets	**178,923**	75,182	**5,550**	5,550
Financial liabilities				
Borrowings	**9,194,232**	11,021,928	**6,100,371**	7,067,695
Trade and other payables	**1,163,940**	467,973	**3,240,303**	944,893
	10,358,172	11,489,901	**9,340,674**	8,012,588

35. FINANCIAL INSTRUMENTS (CONT'D)

35.3 Financial risk management

The Group's Corporate Treasury function provides services to the business units, 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 financial market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

35.4 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Financial market risk is defined as the risk that business performance is affected by movements in financial market prices or rates. Financial market risk may therefore result in a profit or loss and is the risk that derivatives are usually designed to manage.

The Group enters into a variety of forwards contracts, swaps and cap to manage its exposure to interest rate and foreign currency risk. Details of contracts outstanding at the end of the reporting period are given in Note 20.

35.5 Foreign currency risk management

The Group has financial assets and financial liabilities denominated in various foreign currencies. Consequently, the Group is exposed to the risk that the carrying amounts of these foreign currency denominated assets and liabilities may change due to fluctuations in foreign exchange rates.

The currency profile of the financial assets and financial liabilities, excluding equity investments in subsidiaries and associates and employee benefit liability at 30 June 2018 and 30 June 2017, are as follows:

	THE GROUP		THE COMPANY	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs'000	Rs'000	Rs'000	Rs'000
2018				
US Dollar	92,666	748,547	3,244	-
Euro	468,940	4,940,562	34,316	3,079,323
South African Rand	175,327	54,748	1,630	-
UK Pound	127,383	154,877	1,586	-
Others	6,914	5,403	301	-
Total foreign currencies	871,230	5,904,137	41,077	3,079,323
Mauritian Rupee	353,111	4,454,035	3,676,000	6,261,348
Total	**1,224,341**	**10,358,172**	**3,717,077**	**9,340,671**

	THE GROUP		THE COMPANY	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs'000	Rs'000	Rs'000	Rs'000
2017				
US Dollar	115,169	1,567,394	951,657	209,779
Euro	301,632	6,105,827	62,344	3,886,157
South African Rand	97,209	33,715	85	29,929
UK Pound	146,705	182,815	5,658	-
Maldivian Rufiyaa	-	154,469	-	-
Others	1,884	1,041	439	-
Total foreign currencies	662,599	8,045,261	1,020,183	4,125,865
Mauritian Rupee	442,567	3,650,653	5,447,315	3,886,723
Total	1,105,166	11,695,914	6,467,498	8,012,588

The Group is mainly exposed to fluctuations in US Dollar, Euro, South African Rand, Maldivian Rufiyaa and UK Pound exchange rates.

At the Group level, we have a debt matching where the cash flow proceeds in foreign currency are matched with the corresponding currency debt repayment. The above mismatch arises because our hedging policy in respect of foreign currency loan and our fixed assets consisting mainly of PPE which are non-financial assets.

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FOR THE YEAR ENDED 30 JUNE 2018

35. FINANCIAL INSTRUMENTS (CONT'D)

35.5 Foreign currency risk management (Cont'd)

The following table details the Group's sensitivity to a 1% increase and/or decrease in the Mauritian Rupee against the relevant foreign currencies.

THE GROUP

	Profit or loss	Other equity	Profit or loss	Other equity
	2018		2017	
	Rs'000	Rs'000	Rs'000	Rs'000
US Dollar	(6,528)	24	(15,438)	(525)
Euro	(5,755)	(38,953)	(16,657)	(41,386)
South African Rand	1,206	(7)	635	2
UK Pound	1,179	(1,453)	1,298	(1,667)
Others	-	-	(1,545)	-

THE COMPANY

	Profit or loss	Other equity	Profit or loss	Other equity
	2018		2017	
	Rs'000	Rs'000	Rs'000	Rs'000
US Dollar	32	-	(1,261)	-
Euro	91	(30,541)	(6,556)	(31,928)
South African Rand	16	-	(298)	-
UK Pound	16	-	57	-

The above is mainly attributable to:

(i) the exposure outstanding on receivables and deposits in above currencies; and

(ii) differences on translation of receivables and payables in foreign subsidiaries.

35.6 Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrows funds at both fixed and floating interest rates. The Group's policy is to minimise exposure to interest rate movements without exposing the Group to speculation or undue risk. Sun Limited shall manage its exposure to fluctuations in interest rates with a view to containing its net interest costs or securing its interest revenues through the purchase of certain hedging instruments such as interest rate caps, floors, swaps or forward rate agreements.

The current policy is to have a good mixed of fixed versus variable interest rate and fix at least 50% of the interest rate. In July 2018, the exposure to fluctuations in interest rates for 50% of the variable Euro and US$ loan portion was hedged through the purchase of an interest rate cap, resulting in 68% of our existing loans being at a fixed interest rate

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section.

The interest rate profile of the Group at reporting date were as follows:

Financial assets

	Balances with banks	
	Interest rate	
	2018	2017
	%	%
South African Rand	3.00% - 7.30%	3.00% - 8.00%
Mauritian Rupee	2.30%	2.30%

35. FINANCIAL INSTRUMENTS (CONT'D)

35.6 Interest rate risk management (Cont'd)

Financial liabilities

	Loans		Finance leases		Bank overdrafts		Bonds	
	Fixed interest rate %	Floating interest rate %	Fixed interest rate %	Floating interest rate %	Fixed interest rate %	Floating interest rate %	Fixed interest rate %	Floating interest rate %
2018								
Mauritian Rupee	N/A	N/A	6.25	N/A	N/A	5.75 - 6.75	6.0 - 6.5	4.80 - 5.20
US Dollar	N/A	3.98 - 7.50	2	N/A	N/A	6.5	N/A	N/A
Euro	3.25	1.77 - 3.93	5	N/A	N/A	N/A	4.50	4.00
GBP	N/A	5.04	N/A	N/A	N/A	N/A	N/A	N/A
2017								
Mauritian Rupee	N/A	6.4 - 6.5	7.9 - 8.7	N/A	N/A	3.5 -6.3	6.0 - 6.5	5.3 - 6.0
US Dollar	N/A	3.5 - 6.4	8.7 - 16.5	N/A	N/A	5.6	N/A	N/A
Euro	4.0	2.2 - 4.2	N/A	N/A	N/A	N/A	4.5	4.0
GBP	N/A	4.8	N/A	N/A	N/A	N/A	N/A	N/A

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for both financial assets and liabilities at reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at reporting date was for the whole year. A 1% increase or decrease is used and represents management's assessment of the likely change in interest rate.

If interest rates had been 1% higher/lower and all other variables were held constant:

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	**2018 Rs'000**	2017 Rs'000
Profit or loss	**(35,018)**	69,234	**(35,045)**	33,034
Other equity	**(212)**	(212)	**(213)**	(213)

35.7 Other price risks

The Group and the Company are exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group and the Company do not actively trade into these investments.

Equity price sensitivity analysis

If equity prices had been 1% higher/lower:

· Profit for the year ended 2018 and 2017 would have been unaffected as the equity investments are classified as available-for-sale.

· Other equity reserves would increase/decrease by Rs 0.37M (2017: Rs 0.71M) for the Group and Rs. 15.3M (2017: Rs. 11.1M) for the Company respectively as a result of the changes in fair value of available-for-sale shares.

The Group's sensitivity to equity prices has not changed significantly from the prior year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

35. FINANCIAL INSTRUMENTS (CONT'D)

35.8 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's funding and liquidity management requirements.

Sun Limited shall ensure that it has adequate though not excessive cash resources, borrowing arrangements, overdraft facilities to enable it at all times to have the level of funds available which are necessary for the achievement of its business objectives. Cash and debt management is centralized through corporate finance and receipts from the centralized debtors' collection department are monitored on a monthly basis to match the payments of creditors and other commitments. Any temporary gap in cash is covered by the overdraft and short-term borrowing facilities in place.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

Non derivative financial instruments

THE GROUP

	Weighted average effective interest rate	At call	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2018							
Non-interest bearing		-	581,970	581,970	-	-	1,163,940
Finance lease liabilities	6.2%	-	5,884	17,826	94,145	1,006,731	1,124,586
Variable interest rate instruments	5.7%	16	222,369	533,575	2,780,919	809,703	4,346,582
Fixed interest rate instruments	5.4%	-	11,601	229,174	3,478,436	989,676	4,708,887
		16	**821,824**	**1,362,545**	**6,353,500**	**2,806,110**	**11,343,995**
2017							
Non-interest bearing		-	398,147	398,147	-	-	796,294
Finance lease liabilities	9.4%	-	3,667	35,641	113,036	834,805	987,149
Variable interest rate instruments	4.5%	56,599	205,540	1,574,695	4,896,956	1,743,821	8,477,611
Fixed interest rate instruments	5.4%	-	-	193,365	3,194,979	1,051,964	4,440,308
		56,599	607,354	2,201,848	8,204,971	3,630,590	14,701,362

THE COMPANY

	Weighted average effective interest rate	At call	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2018							
Non-interest bearing		-	1,578	1,578	-	-	3,156
Finance lease liabilities	2.9%	-	-	174	-	-	174
Variable interest rate instruments	3.8%	14	26,445	261,404	1,682,571	450,020	2,420,454
Fixed interest rate instruments	4.1%	-	11,601	229,174	3,478,436	989,676	4,708,887
		14	**39,624**	**492,330**	**5,161,007**	**1,439,696**	**7,132,671**

35. FINANCIAL INSTRUMENTS (CONT'D)

35.9 Liquidity risk management (Cont'd)

Liquidity and interest risk tables (cont'd)

THE COMPANY

	Weighted average effective interest rate	At call	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2017							
Non-interest bearing		-	472,445	472,445	-	-	944,890
Finance lease liabilities	8.7%	-	-	19,747	37,758	-	57,505
Variable interest rate instruments	4.2%	-	171,353	815,612	2,404,211	683,222	4,074,398
Fixed interest rate instruments	5.4%	-	-	193,365	3,194,979	1,051,964	4,440,308
		-	643,798	1,501,169	5,636,948	1,735,186	9,517,101

35.10 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group and the Company only transact with entities of good credit rating. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar charateristics.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

35.11 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 fair values of financial assets and financial liabilities are determined as follows:
- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

35. FINANCIAL INSTRUMENTS (CONT'D)

35.12 Fair value of financial instruments (Cont'd)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that includes inputs for the assets or liability that are not based on observation market data (unobservable inputs).

	THE GROUP AND THE COMPANY			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets:	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Listed equities				
2018	**3**	**-**	**-**	**3**
2017	3	-	-	3

The table above only includes financial assets.

36. DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS

Interest rate swaps contracts

The Group are exposed to variability in future interest cash flows as follows:

(i) One of the subsidiaries of the Group, Anahita Hotel Limited, entered into an Euro denominated debt. In 2011, Anahita Hotel Limited entered into interest rate swap contracts as cash flow hedges of these interest rate risks. The interest rate swaps are settled on a half yearly basis. The floating rate on the loan is the 6 months EURIBOR.

(ii) Under these interest rate swap contracts, the Group agrees to exchange from a floating rate of interest to a fixed rate of interest on amounts calculated on agreed notional principal amounts. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously. The Group will settle the difference between the floating and the fixed interest rate on a net basis.

Cash flow hedges

The notional principal value of the loan amounts for the Anahita Hotel Limited amounts to NIL at 2018 (2017: EUR 10.25M).

The carrying amount of these interest rate swaps at year end for the Group and the Company are as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
Carrying amount at year end (Rs'000)	-	2,026	-	-
Carrying amount at year end (EUR'000)	-	51	-	-

36. DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS (CONT'D)

During the period, the Group and the Company recognised an amount of Rs 1.7M (2017: Rs 8.7M) and Rs. 71M (2017: Rs. Nil) respectively in the profit or loss in respect of the cash flow hedge.

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Amount recognised in profit or loss	**(1,753)**	8,672	**(71,731)**	-

Below is a schedule indicating as at 30 June 2018 the periods when the hedge cash flows are expected to occur and when they are expected to affect profit or loss.

THE GROUP

2018	**Within 1 year**	**1 to 3 years**	**3 to 5 years**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Cash inflows (undiscounted)	-	-	-	-
Cash outflows (undiscounted)	-	-	-	-
Net cash outflows	**-**	**-**	**-**	**-**

2017	**Within 1 year**	**1 to 3 years**	**3 to 5 years**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Cash inflows (undiscounted)	319	-	-	319
Cash outflows (undiscounted)	(4,220)	-	-	(4,220)
Net cash outflows	(3,901)	-	-	(3,901)

The following table details the Group's and Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

	THE GROUP			
	Within 1 year	**1-5 years**	**5+ years**	**Total**
Net settled-Interest rate swap	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
2018	**-**	-	**-**	**-**
2017	(2,189)	(1,712)	-	(3,901)

These financial assets are classified under Level 3 of the Fair Value Hierarchy.

(a) The hedge of the variability of cash flows due to exchange rate fluctuations

The hedge of the variability of cash flows due to exchange rate fluctuations is considered to be a cash flow hedge. The Group bills and receives some of its revenues in Euros and GBP. This exposes the Company to variability in cash flow and profits due to fluctuations in the Euro/MUR and GBP/MUR exchange rate. The risk management objective is to hedge the changes in cash flows arising from foreign exchange rate risk associated with future revenues and cash flows of the Group's hotels. The hedging strategy is to enter into loan agreements, including Euro bonds, in Euros and GBP with future principal payments that will be matched by the future remittances from customers in Euros and GBP.

The Company has 30% stake in one of its associated companies, whereby as per the share subscription agreement, the latter is to distribute guaranteed dividends in Euros to Sun Limited up to October 2031. In order to hedge the future Euro revenues with respect to exchange risk, the Company took a loan in order to hedge a portion of the currency risk arising from receipt of dividends in Euro. The Company expects the repayment of the Euro denominated loan to match the receipts of the preference dividends thereby mitigating the risks of fluctuations in Euro/MUR exchange rate on the dividend revenues of the Company.

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FOR THE YEAR ENDED 30 JUNE 2018

36. DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS (CONT'D)

(a) The hedge of the variability of cash flows due to exchange rate fluctuations (cont'd)

The final repayment of the bank borrowings and bonds identified as the hedge instrument range from 31 December 2025 to 31 March 2026 for the Group and range from 31 December 2021 to 31 March 2026 for the Company.

The foreign exchange loss on translation of the borrowings was recognised in other comprehensive income during the year:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Foreign exchange loss	**6,017**	4,243	**-**	10,061

The fair value of the denominated bank loans and bonds is as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
As at 30 June	**8,620,440**	4,304,203	**6,086,038**	3,192,791

These financial assets are classified under Level 3 of the Fair Value Hierarchy.

(b) Amount recognised in profit or loss and other comprehensive income

During the year, the following exchange related amounts were recognised in profit or loss and other comprehensive income :

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	Rs'000	**Rs'000**	Rs'000
Net foreign exchange gain/loss included in other income/other expenses	**50,277**	40,596	**71,673**	18,499
Exchange losses on foreign currency borrowing included in finance cost	**(19,734)**	(27,386)	**(1,915)**	(9,848)
Total net foreign exchange(losses) recognised in profit before income tax for the period	**30,543**	13,210	**69,758**	8,651
Net gain/loss on foreign currency derivatives not qualifying as hedges included in other income/expense	**-**	-	**-**	-
Net loss for ineffective portion of derivatives designated as cash flow hedges and in relation to the forward element of foreign currency forward contracts	**-**	-	**-**	-
Net gain/losses recognised in other comprehensive income cash flow hedges	**(85,319)**	(21,170)	**-**	-

37. DISCONTINUED OPERATIONS

(a) On 3 August 2015, the Board of Directors of Sun Limited approved the new corporate structure into four clusters namely Hotel Management, Centralised Services, Asset Management and Real Estate. As such, the operations of the business units, that is, La Pirogue, Sugar Beach, Ambre, Long Beach and Island and Golf have been transfered to the subsidiaries of Sun Limited. On 1 October 2016 and 1 April 2017, the assets of the business units of Long Beach and Ambre respectively have been transferred to the respective companies. The operations of these business units have been disclosed as discontinued operations in the Statements of Profit or Loss for the Company for the year ended 30 June 2018 and 2017 as follows:

	THE COMPANY	
	2018	2017
	Rs'000	Rs'000
Total revenue including other operating income	-	-
Direct costs	-	-
Employee benefits	-	-
Other operating costs	-	-
Depreciation and amortisation	-	47,868
Total expenses	-	47,868
Operating loss	-	(47,868)
Finance costs	-	-
Loss before tax	-	(47,868)
Income tax credit	-	-
Loss after tax	-	(47,868)

(b) Profit on disposal of assets and liabilities relating to the operations of Long beach and Ambre amounts to Rs. Nil for the year ended 30 June 2018 (2017: Rs. 1,015.6M).

38. PRIOR YEAR ADJUSTMENTS

(a) Effect of deferred tax change in prior years

Following a review of the effective tax rate in line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with "Taxation" shown within the Statement of Profit or Loss and the income tax liability on the statement of financial position.

The effective tax rate has changed from 15% to 17% with the deferred tax liability previously reported on 30 June 2017 and 2016 increasing by Rs 85.4M and Rs 82.6M respectively. At Group level the impact on prior year's income tax charge is of Rs 3M. At Company level, it resulted in a credit of Rs 4.8M in profit or loss.

(b) Effect of restatement on property, plant and equipment

During the current year, Kanuhura's renovation project was finalised. Some project items accrued for at 30 June 17 were not implemented and resulted in an over-capitalisation of Rs 81.0M in property, plant and equipment and Rs 10.7M in operating equipment at 30 June 2017. A prior year adjustment was made by restating the opening balances of property, plant and equipment and capital creditors as at 30 June 2017.

(c) Effect of release of cash flow hedge movement from other comprehensive income to statement of profit or loss

At the Company level, the hedge accounting was incorrectly applied as the Company receives its revenues in Mauritian rupees instead of foreign currencies.

As such, while hedge accounting can be applied at Group level, it does not qualify at Company level. Loan on hedging of Rs 12.7M was reversed. An amount of Rs 21.3M was reclassified from other comprehensive income to profit or loss.

(d) Effect of reclassification of interest free loan from other financial assets to interest in subsidiaries

Included in other financial assets were quasi equity loans of Rs 4,049.5M which are unsecured and for which there is no intention to settle in the foreseeable future. Accordingly, we have reclassified these loans from non-current assets to investments to reflect the substance of the loans in both current and prior year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

38. PRIOR YEAR ADJUSTMENTS (CONT'D)

(e) Under the Invest hotel scheme at Long Beach, 76 rooms were sold to various investors who immediately leased them back to the resort for a period until the end of the underlying Government lease. The terms of the leases were modified prior to 1 July 2016 and should have resulted in the leases being considered as finance leases. A prior year adjustment was made to correctly recognise property, plant and equipment of Rs 323.5M and finance lease liabilities of Rs 328.3M as at 1 July 2016 with an impact of Rs 4.8M in retained earnings which consists of increased depreciation and finance cost of Rs 6.2M and Rs 16.2M respectively and a reduction in operating expenses of Rs 17.4M. It was not practicable to determine the effects of the lease modification prior to that date.

(f) Provisions of Rs 46.7M have been reclassified from current payables to Non current section and presented separately on the statement of financial position (Note 21).

The amount has been restated for the prior year as follows:

	Note	THE GROUP 30 June 2017 Rs'000	(Decrease)/ increase Rs'000	30 June 2017 (Restated) Rs'000
Statement of financial position (extract)				
Property, plant and equipment	(b) (e)	16,692,148	242,519	16,934,667
Operating equipment	(b)	122,575	(10,720)	111,855
		16,814,723	231,799	17,046,522
Reserves	(a)	2,849,183	(47,188)	2,801,995
Retained earnings	(a) (e)	2,870,027	(43,092)	2,826,935
Deferred tax liability	(a)	628,075	85,451	713,526
Provision	(f)	-	46,718	46,718
Borrowings	(e)	10,693,602	328,326	11,021,928
Trade and other payables	(b) (f)	1,569,693	(138,414)	1,431,279
		18,610,580	231,801	18,842,381

		THE COMPANY 30 June 2017 Rs'000	(Decrease)/ increase Rs'000	30 June 2017 (Restated) Rs'000
Statement of financial position (extract)				
Deferred tax asset	(a)	7,073	944	8,017
Interest in subsidiary	(d)	11,153,855	4,049,500	15,203,355
Other financial assets	(d)	6,136,402	(4,049,500)	2,086,902
Trade and other receivables	(a)	310,147	3,743	313,890
		17,607,477	4,687	17,612,164
Reserves	(c)	4,635,801	12,725	4,648,526
Retained earnings	(a) (c)	3,923,497	(8,038)	3,915,459
		8,559,298	4,687	8,563,985

		THE GROUP 30 June 2017 Rs'000	(Decrease)/ increase Rs'000	30 June 2017 (Restated) Rs'000
Statement of profit or loss (extract)				
Depreciation and amortisation	(e)	(451,833)	(6,123)	(457,956)
Operating expenses	(e)	(5,088,492)	17,450	(5,071,042)
Finance cost	(e)	(487,910)	(16,158)	(504,068)
Income tax charge	(a)	(10,468)	(3,020)	(13,488)
Loss for the year		**(104,208)**	**(7,851)**	**(112,059)**
Statement of comprehensive income (extract)				
Items that will not be reclassified to profit or loss:				
Deferred tax on retirement benefit obligations	(a)	1,293	174	1,467
Items that may be reclassified subsequently to profit or loss:				
Differences arising on retranslation of foreign operations		(53,290)	-	(53,290)
Total comprehensive income for the year		**(316,359)**	**(7,677)**	**(324,036)**

38. PRIOR YEAR ADJUSTMENTS(CONT'D)

	Note	THE COMPANY		
		30 June 2017	(Decrease)/ increase	30 June 2017 (Restated)
Statement of profit or loss (extract)		Rs'000	Rs'000	Rs'000
Operating expenses	(c)	(304,873)	(21,317)	(326,190)
Income tax (charge)/credit	(a)	31,099	4,826	35,925
Profit for the year		**1,702,216**	**(16,491)**	**1,685,725**

		THE COMPANY		
		30 June 2017	(Decrease)/ increase	30 June 2017 (Restated)
Statement of comprehensive income (extract)		Rs'000	Rs'000	Rs'000
Items that will not be reclassified to profit or loss:				
Deferred tax on retirement benefit obligations	(a)	(453)	(60)	(513)
Items that may be reclassified subsequently to profit or loss:				
Cash flow hedges	(c)	(21,317)	21,317	-
Total comprehensive income for the year		**157,145**	**4,766**	**161,911**

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for both basic and diluted earnings per share was a decrease of CU0.06 cents per share.

39. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its services and has two reportable segments, as follows:

- Hotel operations which relates to operating and/or managing six resorts in Mauritius and Maldives
- Others which relates to hospitality management services

	THE GROUP	
	2018	2017 Restated
GEOGRAPHICAL	**Rs'000**	Rs'000
Geographical revenue:		
Mauritius	**5,859,358**	5,403,743
Maldives	**414,003**	210,925
Others	**500,795**	433,212
Total revenue including other operating income	**6,774,156**	6,047,880

	THE GROUP	
	2018	2017 Restated
GEOGRAPHICAL	**Rs'000**	Rs'000
Geographical results:		
Mauritius	**370,959**	154,406
Maldives	**(182,585)**	(269,825)
Others	**5,693**	3,360
Profit/(loss) after tax from continuing operations	**194,067**	(112,059)
Profit/(loss) for the year	**194,067**	(112,059)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

39.SEGMENT INFORMATION (CONT'D)

	THE GROUP	
	2018	2017
		Restated
	Rs'000	Rs'000
Segment revenue:		
Hotel operations - External sales	**6,273,362**	5,614,668
Hotel operations - Inter-segment sales	**354,638**	309,061
	6,628,000	5,923,729
Others - External sales	**500,794**	433,212
Elimination of inter-segment sales	**(354,638)**	(309,061)
Total revenue including other operating income	**6,774,156**	6,047,880
Segment results:		
Hotel operations	**188,373**	(115,419)
Others	**5,694**	3,360
Profit/(loss) after tax	**194,067**	(112,059)
Profit/(loss) for the year	**194,067**	(112,059)
Assets		
Non-current		
Mauritius	**15,990,664**	15,097,998
Maldives	**4,568,281**	4,416,265
Hotel operations	**20,558,945**	19,514,263
Others	**17,745**	21,580
	20,576,690	19,535,843
Current		
Mauritius	**1,186,929**	1,216,526
Maldives	**99,075**	130,361
Hotel operations	**1,286,004**	1,346,887
Others	**309,862**	163,096
	1,595,866	1,509,983
Liabilities		
Non-current		
Mauritius	**9,331,446**	9,476,440
Maldives	**430,510**	1,093,131
Hotel operations	**9,761,956**	10,569,571
Current		
Mauritius	**1,684,823**	2,387,862
Maldives	**303,215**	373,112
Hotel operations	**1,988,038**	2,760,974
Others	**261,686**	197,906
	2,249,724	2,958,880

39. SEGMENT INFORMATION (CONT'D)

	THE GROUP	
	2018	2017
		Restated
	Rs'000	Rs'000
Additions to non-current assets		
Mauritius	**489,757**	263,196
Maldives	**99,836**	1,041,722
Hotel operations	**589,593**	1,304,918
Others	**2,322**	3,615
	591,915	1,308,533
Depreciation and amortisation		
Mauritius	**463,804**	419,987
Maldives	**76,104**	31,831
Hotel operations	**539,908**	445,695
Others	**6,171**	6,137
	546,079	451,833
Investment in associates		
Mauritius	**702,445**	702,445
Finance costs		
Mauritius	**432,292**	447,509
Maldives	**47,530**	40,376
Hotels operations	**479,822**	487,885
Others	**-**	25
	479,822	487,910
Finance income		
Mauritius	**10,248**	3,684
Others	**6,064**	8,468
	16,312	12,152
Income tax expense/(credit)		
Mauritius	**115,154**	39,146
Maldives	**(30,525)**	(27,461)
Hotels operations	**84,629**	11,685
Others	**2,118**	1,803
	86,747	13,488

40. EVENTS AFTER THE REPORTING PERIOD

On 1 August 2018, the Company announced that Sun Styled Boutiques Limited ("SSL"), a wholly-owned subsidiary and retail arm of the Company, has entered into an agreement with Floreal Knitwear Ltd ("FKL"), a wholly-owned subsidiary of CIEL Textile Limited ("CTL"), with respect to the acquisition of the entire shares held by FKL in CTL Retail Limited ("CTLR"), effective as from 1 August 2018. The Company and CTL are both subsidiaries of CIEL Limited. CTLR holds a trade licence as dealer in ready-made goods and operates several retail outlets across strategic locations in Mauritius. The rationale behind such acquisition is to consolidate all retail operations under one single cluster of the CIEL Group.

41. PARENT AND ULTIMATE PARENT COMPANY

The company considers CIEL Limited, a company incorporated in Mauritius, as its parent and ultimate parent company.

NOTICE OF ANNUAL MEETING TO THE SHAREHOLDERS OF SUN LIMITED

Notice is hereby given that the Annual Meeting ("the Meeting") of the shareholders of Sun Limited ("the Company") will be held on **14 December 2018 at 10.00 hours at Labourdonnais Waterfront Hotel, Le Sirius Conference Room, Caudan Waterfront, Port-Louis,** to transact the following business:

1. To receive, consider and approve the Group's and the Company's Financial Statements for the financial year ended 30 June 2018, including the Annual Report and the Auditor's Report, in accordance with section 115(4) of the Companies Act 2001.
2. To appoint, as Director of the Company to hold office until the next Annual Meeting, Mr. Alexis Caude, who has been nominated by the Board of Directors on 14 February 2018.
3. To appoint, as Director of the Company to hold office until the next Annual Meeting, Mr. Pierre Vaquier, who has been nominated by the Board of Directors on 14 February 2018.
4. To re-elect, as Directors of the Company and by way of separate resolutions, to hold office until the next Annual Meeting, the following persons who offer themselves for re-election:
   - 4.1. Mr. Jean-Pierre Dalais
   - 4.2. Mr. David J. Anderson
   - 4.3. Mr. P. Arnaud Dalais
   - 4.4. Mr. R. Thierry Dalais
   - 4.5. Mr. L. J. Jérôme De Chasteauneuf
   - 4.6. Mrs. Hélène Echevin
   - 4.7. Mr. M. G. Didier Harel
   - 4.8. Mr. J. Harold Mayer
   - 4.9. Mr. Olivier Riché
   - 4.10. Mr. Jean-Louis Savoye
   - 4.11. Mr. Naderasen Pillay Veerasamy
   - 4.12. Mr. Tommy Wong Yun Shing
5. To take note of the automatic re-appointment of PricewaterhouseCoopers Ltd as auditor of the Company for the financial year ending 30 June 2019, in accordance with section 200 of the Companies Act 2001 and to authorise the Board of Directors of the Company to fix their remuneration.
6. To ratify the remuneration paid to the auditor for the financial year ended 30 June 2018.

By Order of the Board

Clothilde de Comarmond, ACIS
For and on behalf of
CIEL Corporate Services Ltd
Group Company Secretary

13 November 2018

Notes:

A. *A shareholder of the Company entitled to attend and vote at the Meeting may appoint a proxy, whether a member or not, to attend and vote in his/her stead. A proxy need not be a member of the Company.*

B. *Proxy forms should be deposited at the Share Registry and Transfer Office of the Company, MCB Registry & Securities Limited, 2nd Floor, MCB Centre, Sir William Newton Street, Port Louis, not less than twenty-four hours before the start of the Meeting, and in default, the instrument of proxy shall not be treated as valid.*

C. *A proxy form is included in this Annual Report and is also available at the Registered Office of the Company, 5th Floor, Ebène Skies, rue de l'Institut, Ebène.*

D. *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 and vote at the Meeting, shall be those shareholders whose names are registered in the share register of the Company as at 15 November 2018.*

E. *The minutes of proceedings of the Annual Meeting of the shareholders held on 13 December 2017 are available for inspection at the Registered Office of the Company during normal trading office hours.*

F. *The profiles and categories of the Directors appointed/re-elected are available in the Corporate Governance section of this report.*

PROXY FORM

I/We ____

of ____

being shareholder(s) of Sun Limited ("the Company") do hereby appoint ___________________________

of ____

or, failing him/her ____

of ____

or, failing him/her, the Chairman of the Meeting as my/our proxy to represent me/us and vote for me/us and on my/our behalf at the Annual Meeting of the shareholders of the Company ("the Meeting") to be held on **14 December 2018 at 10.00 hours at Labourdonnais Waterfront Hotel, Le Sirius Conference Room, Caudan Waterfront, Port-Louis**, to transact, and at any adjournment thereof, the following business.

I/We direct my/our proxy to vote in the following manner (Please vote with a tick).

RESOLUTIONS		FOR	AGAINST
1.	To receive, consider and approve the Group's and the Company's Financial Statements for the financial year ended 30 June 2018, including the Annual Report and the Auditor's Report, in accordance with section 115(4) of the Companies Act 2001.		
2.	To appoint, as Director of the Company to hold office until the next Annual Meeting, Mr. Alexis Caude, who has been nominated by the Board of Directors on 14 February 2018.		
3.	To appoint, as Director of the Company to hold office until the next Annual Meeting, Mr. Pierre Vaquier, who has been nominated by the Board of Directors on 14 February 2018.		
4.	To re-elect, as Directors of the Company and by way of separate resolutions, to hold office until the next Annual Meeting, the following persons who offer themselves for re-election:		
	4.1. Mr. Jean-Pierre Dalais		
	4.2. Mr. David J. Anderson		
	4.3. Mr. P. Arnaud Dalais		
	4.4 Mr. R. Thierry Dalais		
	4.5. Mr. L. J. Jérôme De Chasteauneuf		
	4.6. Mrs. Hélène Echevin		
	4.7. Mr. M. G. Didier Harel		
	4.8. Mr. J. Harold Mayer		
	4.9. Mr. Olivier Riché		
	4.10. Mr. Jean-Louis Savoye		
	4.11. Mr. Naderasen Pillay Veerasamy		
	4.12. Mr. Tommy Wong Yun Shing		
5.	To take note of the automatic re-appointment of PricewaterhouseCoopers Ltd as auditor of the Company for the financial year ending 30 June 2019, in accordance with section 200 of the Companies Act 2001 and to authorise the Board of Directors of the Company to fix their remuneration.		
6.	To ratify the remuneration paid to the auditor for the financial year ended 30 June 2018.		

Signed this ____________________ day of ____________________ 2018. ____________________

Signature/s

Notes:

A. *Any member of the Company entitled to attend and vote at the Meeting, may appoint a proxy, whether a member or not, to attend and vote in his/her stead. A proxy need not be a member of the Company.*

B. *If the instrument appointing the proxy is returned without an indication as to how the proxy shall vote on any particular resolution, the proxy will exercise his discretion as to whether, and, if so, how he/she votes. Proxy forms should be deposited at the Share Registry and Transfer Office of the Company, MCB Registry & Securities Limited, 2nd Floor, MCB Centre, Sir William Newton Street, Port Louis, not less than twenty-four hours before the start of the Meeting, and in default, the instrument of proxy shall not be treated as valid.*

APPLICATION FORM

Should you wish to receive by e-mail, future notice of shareholders' meetings, annual reports, accounts, credit advices and other shareholder documents made available to you in your capacity as shareholder of Sun Limited, kindly fill in that section and return to:

Sun Limited
C/o MCB Registry & Securities Ltd
2nd Floor, MCB Centre
Sir William Newton Street, Port Louis, Mauritius

Dear Sir/Madam,

Re: Authorisation to receive electronic communications

I/We ______________________________
Name of shareholder *(primary shareholder in case of joint holding)*

National Identity Card Number/Passport Number
(for individuals)

Business Registration Number
(for corporate bodies)

agree to receive by e-mail, notice of shareholders' meetings, annual reports, accounts, credit advices and other shareholder documents made available to me/us in my/our capacity as shareholder of Sun Limited ("SUN") and also agree to receive notification that documents such as annual reports and circulars have been posted on SUN's website for consultation. I/we also agree to abide to the Terms and Conditions defined below.

Email address

____

Name of signatory

Contact number: ______________________________

____

Signature/s

Date: ______________________________

Terms and Conditions:

- *Upon approval of my/our request, issuance of paper notice of meetings, annual reports, accounts, credit advices and other shareholder documents shall be discontinued. However, in particular circumstances, I/we understand that SUN reserves the right to send documents or other information to the shareholders in hard copy rather than by e-mail.*
- *SUN cannot be held responsible for any failure in transmission beyond its control any more than it can for postal failures.*
- *My/our instruction will also apply to any shares that I/we may hold jointly.*
- *In case of joint holders, the person named first in the share register will be eligible to fill in and sign this document.*
- *In case of companies, the person/s authorised will be eligible to fill in and sign this document, and, as a corporate shareholder, we shall ensure that the e-mail address provided shall easily be read by/accessible to employees responsible for our shareholding in SUN and that any de-activation of the said e-mail address will be notified promptly to SUN, C/o MCB Registry & Securities Ltd, 2nd floor, MCB Centre, Sir William Newton Street, Port Louis, Mauritius.*
- *I/We shall be responsible for updating the designated e-mail address details, as and when necessary, to SUN, C/o MCB Registry & Securities Ltd, 2nd floor, MCB Centre, Sir William Newton Street, Port Louis, Mauritius.*
- *I/We further undertake to hold SUN and/or its agents harmless in the execution of my/our present instructions and not to enter any action against the aforesaid parties and hereby irrevocably renounce to any rights I/We might have accordingly.*
- *The present authorisation shall remain valid until written revocation by me/us is sent to SUN, C/o MCB Registry & Securities Ltd, 2nd floor, MCB Centre, Sir William Newton Street, Port Louis, Mauritius.*
- *This instruction supersedes any previous instruction given to SUN regarding the despatch of the documents mentioned above.*