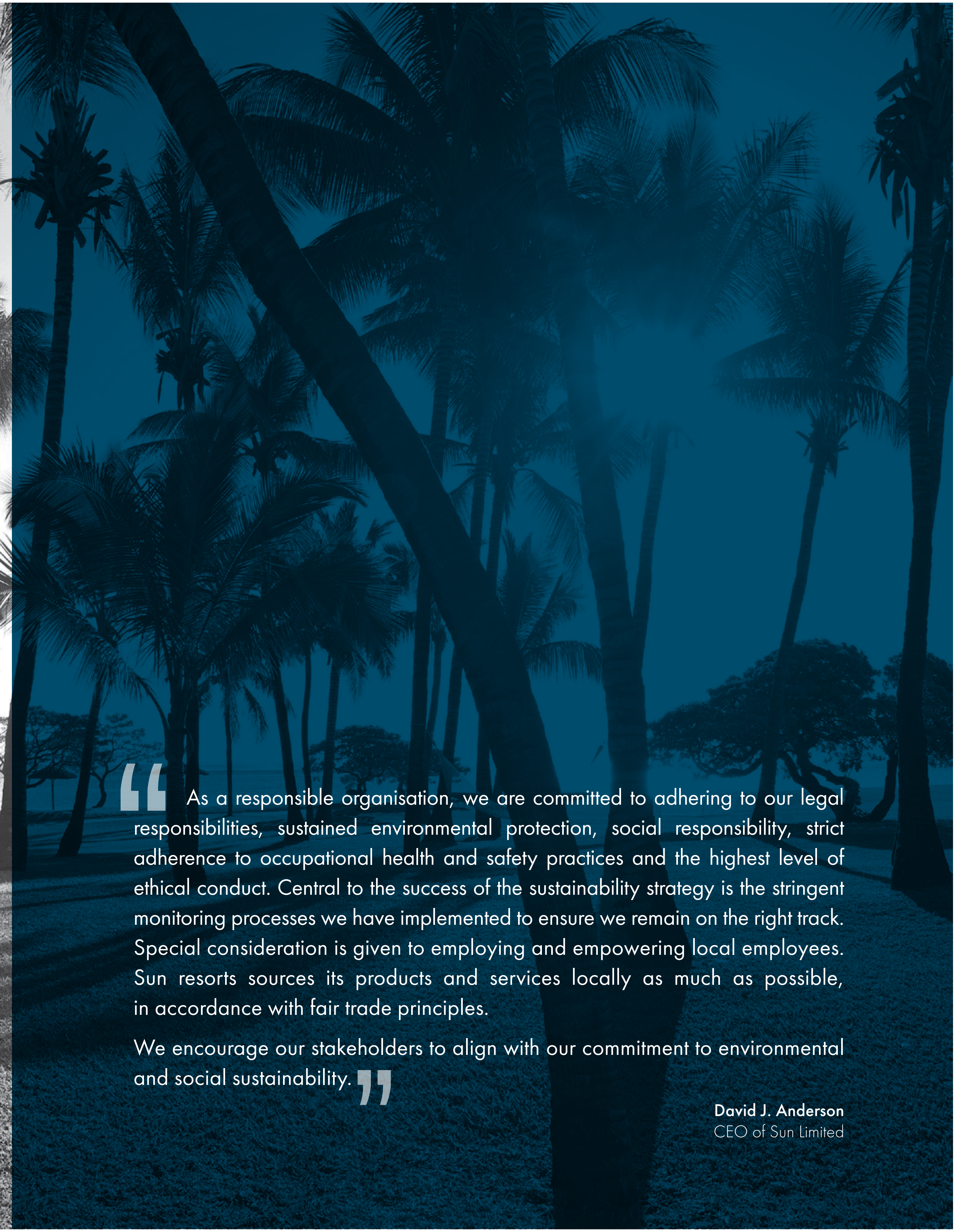


As a responsible organisation, we are committed to adhering to our legal responsibilities, sustained environmental protection, social responsibility, strict adherence to occupational health and safety practices and the highest level of ethical conduct. Central to the success of the sustainability strategy is the stringent monitoring processes we have implemented to ensure we remain on the right track. Special consideration is given to employing and empowering local employees. Sun resorts sources its products and services locally as much as possible, in accordance with fair trade principles.

We encourage our stakeholders to align with our commitment to environmental and social sustainability.

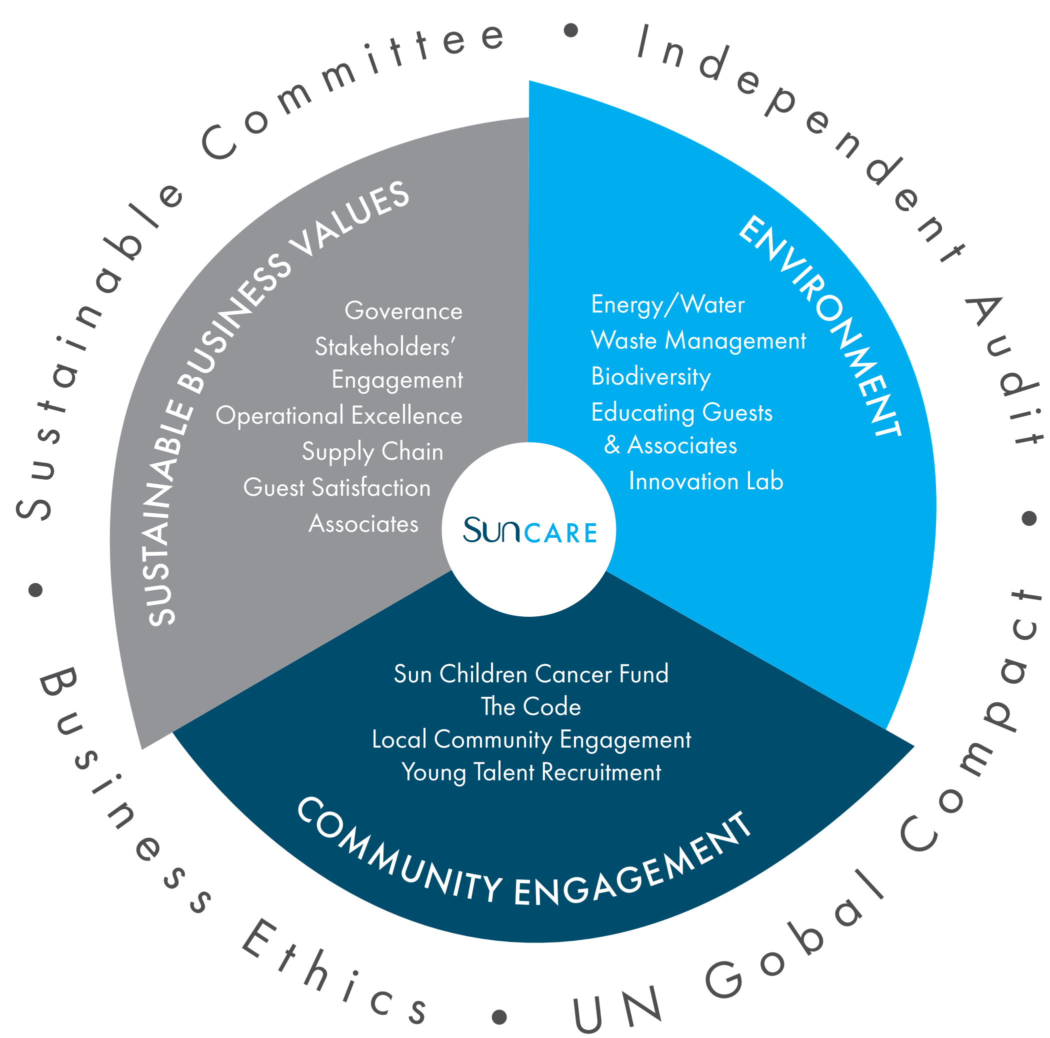
David J. Anderson
CEO of Sun Limited

Our Sustainability Commitment

Sun Limited strongly believes that caring for the people and the planet is not only a company responsibility but also a crucial condition for long term business success. The Group is committed to pursuing a triple-bottom line approach to environmental, social and economic responsibilities by finding innovative ways to do more with less. This approach has spearheaded our sustainability programme called SUNCARE that we launched in 2017 to embed sustainability in the Group's business operations.

The financial year 2016/2017 has been a year where SUN has sharpened its commitment to sustainable tourism development. A sustainability specialist was recruited to drive the changes and processes that SUN wished to implement at all levels and a Sustainability Committee was established. The SUNCARE sustainability programme was launched in 2017 with the aim of making sustainability part of the group's business operations.

Guided by the Global Reporting Initiative's G4 materiality principles and approach, Sun Limited continues to engage with industry experts and stakeholders to evaluate our economic, environmental and social equity strategies. We consider an aspect to be material if it substantively affects the company's ability to create value over short, medium and long term.



Business Values

Governance

SUN's sustainability committee led by the CEO of Sun Limited as Chairman, meets regularly to assess SUNCARE Programme's key performance indicators in line with set objectives.

Each hotel has set up its own sustainability committees, enthusiastically championed by its General Manager who assesses how sustainable practices are to be integrated in their day-to-day operations and monitor progress towards objectives set.

Supply Chain

Sun Resorts wholly-owned subsidiary, Supply Chain Experts Ltd, is responsible for the Group's procurement.

As part of its SUNCARE Program, SUN has committed to ensure that Environmental and Social Risks associated with the manufacture, delivery and end-of-life of purchased goods are being managed responsibly.

A Sustainable Procurement Committee will be set up in 2017-2018 to implement and further develop Suppliers' on-boarding and management framework.

Guest Satisfaction

We strive to offer unique experiences, timeless memories and, exquisite surroundings and facilities, all designed to enrich, enhance and create everlasting memories for our guests while respecting the environment.

Operational Excellence

Earthcheck silver certification for the Mauritian properties

EarthCheck is the world's leading scientific benchmarking certification and advisory group for the travel and tourism industry, recognised by the Global Sustainable Tourism Council (GSTC). EarthCheck assesses how well companies are managing the environmental impacts of their operations and certifies companies for having systems and procedures in place for driving continuous sustainable improvement.

Sun Limited is the first hotel group in Mauritius to be Earthcheck Silver certified. **The performance of Sun Limited was outstanding because none of the hotels had any major non-conformance.**

Achieving the EarthCheck certification is more than a mark of excellence – the process of being certified enabled Sun Limited to review systematically what it was doing well in its sustainability initiatives through the SUNCARE programme, and identify improvement areas.

Travelife Sustainability Award for Ambre

Ambre has achieved the prestigious Travelife Gold Certification for Hotels & Accommodations. Travelife – the international sustainability certification scheme – assesses a property's performance in managing their social, environmental and economic impacts. Among some of the key actions taken by Ambre Resort are: recuperating cooking oil and plastic bottles for recycling and conducting educational campaigns for guests.

TUI environmental champion award for La Pirogue

La Pirogue is the only property to have been awarded the TUI Environmental Champion award in Mauritius during 2017. TUI rewards hotels that work for the protection of the environment while implementing their social responsibilities. Among some of the key actions undertaken by La Pirogue: considerable reduction of plastic bottles, informative brochures in guests' rooms with tips on environment preservation and the planting of endemic plants in the heart of the hotel

Stakeholders Engagement

Sun Limited ensures the right level of engagement and communication on its sustainability initiatives with all its stakeholders including its guests, investors, associates, local communities, suppliers and government through various collaterals.

Associates

SUN Limited was the first Mauritian group to collaborate with Great place to work® institute in 2016. The aim was to recruit and retain the best candidates at Sun Limited through offering a dynamic and rewarding career within the group.

Our Sustainability Commitment

Environment

Energy

Sun limited has invested significantly in energy-saving measures. One of the key measures implemented in all the properties was the replacement of all the traditional incandescent lighting with LED, thus optimizing natural energy.

Our achievements for 2017:

- Successful creation of a baseline for each business unit through Earthcheck management
- Walkthrough audit to identify operational inefficiencies and implement quick fix changes to improve efficiency.

In the pipeline:

- Detail process level audit to identify major energy consumption equipment, calculate efficiency and implement measures to improve efficiency.

Water

In a context of climate change and instability, SUN has maintained its focus on reducing water consumption and using water wisely. It has implemented the 3R approach (Reduce, Recycle, Reuse) across all its units to reduce water wastage and associated costs.

Waste

In line with our objectives of reducing waste, SUN has setup a series of measures. Several workshops have been conducted for our associates; the aim being to educate them on thinking sustainably about all aspects of hotel operations and corporate facilities.

In 2017, SUN has implemented a Waste Management System (WMS) with the aim of reducing waste-to-landfill at all its properties. Through this system, we are already seeing enhanced reporting and transparency – which will ultimately result in an accurate baseline from which we can measure our diversion progress (% sent to landfill v/s % sent for recycling purposes).

We have also setup a water bottling system, within the norms of HACCP, enabling us to significantly reduce our use of plastic bottles on property.

SUN is also involved in Switch Africa Green's pilot waste management program – the underlying objective of which is to put in place a structure where waste of a hotel can become the raw material for another company in the Mauritian industry.

Biodiversity

Marine Conservation Project

SUN is working closely with the University of Mauritius and UNEP (United Nations Environment Program) on tackling challenges for SID (small Island Developing States) countries. Long Beach & Ambre Resorts have two marine biologists working to monitor and protect the ocean, specifically through awareness campaigns with hotel guests.

SUN also partners with the Mauritius Wildlife Foundation for the protection of endangered animals.

In line with its sustainability strategy, SUN is also participating on the MauriGAP (Mauritius Good Agricultural Practices) pilot project, the standards of which cover efficient use of resources, adoption of environmentally sound practices for natural resources, biodiversity preservation, harvesting best practices, health and safety measures, as well as agricultural waste recycling.

Educating Associates

Over the years, the Group has developed a learning culture where employees never stop learning and innovating. The Sun Training Institute (part of Sun Centralised Services) offers training capabilities, fostering best in-class practices and standards, promoting service behaviours amongst associates at all levels.

Other Partners and associations

Sun Limited is a member of The Code.org since March 2017, which is an association which protects children from sexual exploitation in travel and tourism. Several Awareness campaigns and workshops were done to educate our associates and to setup the right framework to enable them to act and report on suspicious behaviours.

Innovation – From nothing to something

SUN Ltd pioneered the Sew Chic Project which took up the challenge of making something new and useful out of material that would otherwise have gone to waste. A partnership with the School of Fashion and Design was established with the aim of promoting young talents, innovation and entrepreneurship. The students had the challenging task of converting old staff uniforms into decorative items.

Community

Sun Children Cancer Trust Fund

Founded in 2008, the Sun Cancer Trust Fund has the objective of providing some relief and joy to children suffering from cancer and other related ailments. To this end, Sun Limited has adopted the Children's Cancer Ward at the Victoria Hospital. In addition to undertaking continuous actions to improve the ward's physical infrastructure and the comfort of the children, Sun Limited also organized last December a Christmas party with gifts for the children.

Local community engagement

Ambre supports the Mare La Chaux Government school in non-financial activities such as providing food, sound systems and entertainment for Independence Day and Music Day. Ambre also contributes to the End of year party for students and teachers.

Long Beach supports the Flacq Disabled Persons center - several programmes have been ongoing since more than 3 years.

Sugar Beach supports a number of local associations – one of them being SOS village.

La Pirogue also supports a number of organisations like the senior Citizens of Flic-en-Flacq, the Women Association of Bamboo and the Flic-en-Flacq Govt school, among others.

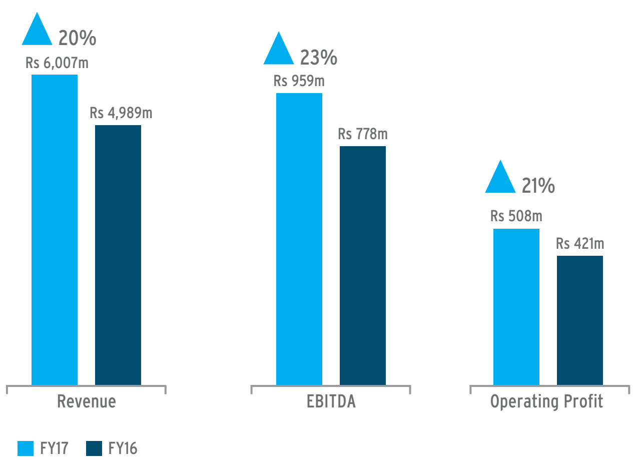
Mauritius Sustainability Stock Exchange Index

To further demonstrate its commitment to sustainability, good governance and transparent business practices, SUN has made an application to be listed under the Stock Exchange of Mauritius Sustainability Index (SEMSI). The onsite audit is currently being conducted. During the financial year 2016/2017, we have successfully completed the initial screening test and expect to be listed on the SEMSI in the next financial year.

Executive Report

Executive Report

The financial year ended 30 June 2017 represents another step forward in our 2014/2019 strategic plan. We welcomed the re-opening of Kanuhura, Maldives in December 2016 after major upgrading and renovation works lasting almost 17 months and closed La Pirogue in June 2017 for its second and final phase refurbishment. Commercially, we continued to focus on repositioning our resorts in their respective aspirational competitive set whilst working on our brand activation strategy to launch our Timeless Memories. The redefinition of our vision and mission statements and corporate values has been validated and will be deployed with all our associates by the end of this year.



Financial year 2017 posted encouraging revenue and EBITDA progression with 20% and 23% growth to Rs 6 billion and Rs 959 million respectively over the prior year. As a result, Group operating profit improved by 21% to Rs 508 million and profit before tax and non-recurring items was Rs 30 million, reversing the corresponding loss of Rs 33 million in the prior financial year. However, the first six and half months operation of Kanuhura has been challenging in a difficult trading environment and with the closure and pre-opening costs, the total negative impact has been material on the Group's results.

Thus, after accounting for the closure, marketing launch and pre-opening costs of Rs 124 million associated with Kanuhura, the Group's posted a loss after tax of Rs 104 million, which nevertheless represented a huge improvement against the loss of Rs 369 million in financial year 2016.

Strategic

- The Group has redefined and validated its new Vision and Mission Statements together with its Corporate Values, in line with the strategic plan. We aim to roll out these statements and values to all associates with a proper education and facilitation program before November 2017.

- Kanuhura re-opened on 19 December 2016 with a new gypset concept after almost 17 months of major renovation works. Our objective is to reposition this 80-villa resort in the small luxury segment of the market with ADR averaging USD 1,000.

- La Pirogue completed the refurbishment of 120 rooms during the months of July 2016 to Sep 2016 without hotel closure. The final phase of this refurbishment was carried out from 10 June 2017 until 17 August 2017 during which the resort was closed. The property has since re-opened with good reviews and is being re-positioned as a four star deluxe resort.

- The Group finalised the strategic partnership with Dentressangle Initiatives, which materialised in a 17.52% shareholding in Sun Limited at the end of August 2017.

Sales and Marketing

- As from January 2017, the worldwide sales team has been re-organised with three key poles:
  - Europe: comprising of Regional Sales Offices from France, UK, Germany and Southern Europe
  - Indian Ocean and the Rest of the world: comprising of Indian Ocean, South Africa, India, Far East and Eastern Europe
  - Others: Direct and Online Travel Agent

- The brand activation strategy has been defined after 12 months of intense work involving over 90 staff and 12 workshops. This will culminate with the launch on 1 November 2017 of our "Timeless Memories" initiative which aims at promoting unique guests' experiences through our Sun Resorts passion points across all our managed resorts.

- The rebranding and repositioning of Long Beach as a five star deluxe resort has been defined during the year and was officially launched at the Top Resa, Paris trade fair in September 2017. The resort will revolve around four brand pillars: Art, Music, Well-being and Culinary. All food and beverage services and facilities will be upgraded during the course of this financial year.

Systems

- The Customer Relationship Management system implementation was completed during the financial year and should enable the Group to increase its customer satisfaction and ultimately retention as the correct actions are executed

- The ERP has reached process maturity with the implementation of Financial and Operational Business Intelligence dashboards. The latter will enable all Business units to have live KPIs to monitor the business more efficiently on a daily basis.

- Our revamped website with its integrated booking engine will be live as from November and is be expected to drive our direct booking business.

Renovation update

- Kanuhura, Maldives re-opened on 19 December 2016 after an extensive upgrading and renovation aimed at re-positioning the resort in the luxury segment of the market. The resort has 80 villas, out of which 42 are equipped with a private plunge pool. The construction period lasted around 17 months with a total estimated cost of US$40 million.

- La Pirogue soft refurbishment was planned in two phases. Phase 1 was completed during the low season months without closure resulting in the refurbishment of 120 rooms.

The remaining 128 rooms and the public areas were completed in phase 2 when the resort was closed for around 10 weeks from 10 June 2017. Total refurbishment costs are estimated at Rs 275 million. The refurbishment was planned in two phases to reduce the period of closure and also enable up to 100 rooms of the resort to be sold during the closure period through our neighbouring sister resort, Sugar Beach. This plan has helped to mitigate closure costs.

Strategic Plan Update

TRANSFORMATION (2014-2016)	TRANSITION (2017-2018)	CONSOLIDATION & GROWTH (2019) and beyond
• Partnership with Shangri-La • Acquisition of 100% of Four Seasons Anahita • Strengthening of balance sheet through USD 40m equity issue and terming out of debt • Renovation of Touessrok • Renovation of Kanuhura • Refurbishment of Four Seasons Anahita • Investment in Ambre • Re-Branding, superior offering and repositioning of hotels • New CEO, strengthened management team • New ERP system, revised revenue management system • Terming out and refinancing of Group Debt	• Migration towards revenue and return maximization strategy • Repositioning of hotels and incorporating high value proposition • Investment in brand identity and values • Strengthening of HR, revenue management and sales team • Capital Restructuring through strategic partnership • Soft and phased refurbishment of La Pirogue • Refurbishment of Sugar Beach → • Leveraging golf and conference infrastructure to cement leadership position in golf tourism and MICE segment	• All resorts fully operational • Acquisition of new management contracts with • luxury hotels and resorts in strategic locations across the Indian Ocean • Real Estate development at La Pirogue • Real Estate development at Le Touessrok • Real Estate development at Long Beach
Significant investment in hotel portfolio, business infrastructure	*Delivering improved returns from hotel portfolio while strengthning balance sheet ffor the future growth*	*Maximissing growth and returns from hotel portfolio*

In respect of the financial year, we achieved all targets as per the plan with the exception of the refurbishment of Sugar Beach, which was postponed to year 2019/2020 as the focus was on the re-launch of Kanuhura and the execution of La Pirogue refurbishment.

Executive Report

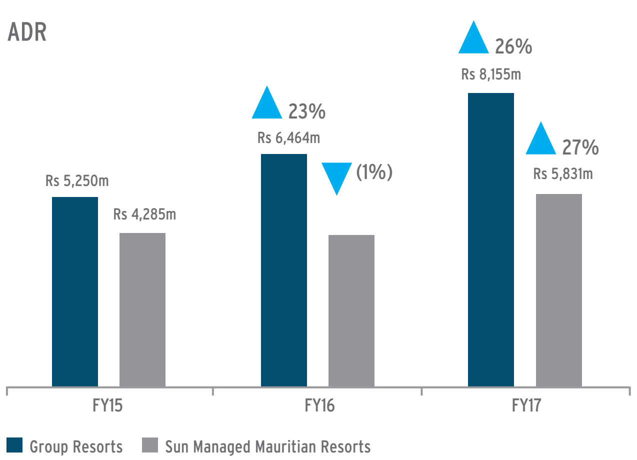
Financial Review

The financial performance for the financial year 2017 is not fully comparable to financial year 16 as they are distorted with three main factors namely:

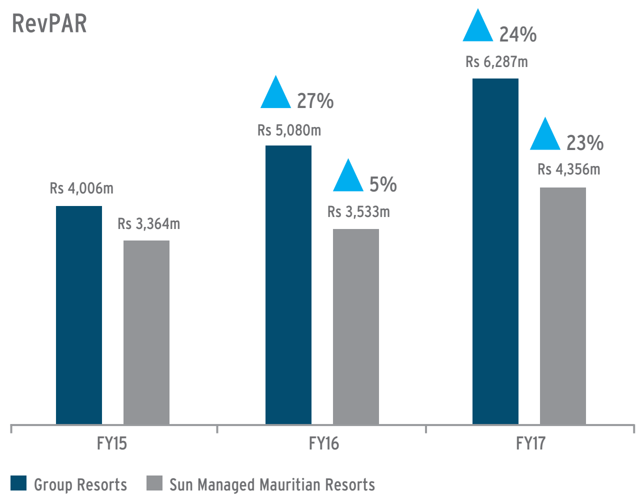
- Full year operation of Four Seasons (financial year 2016: 11 months) and Shangri-La's Le Touessrok (financial year 2016: 8 months)
- Kanuhura, re-opened on 19 December 2016 after having closed since August 2015
- La Pirogue closed on 10 June 2017 and 120 rooms were renovated during the months of June-September 2016

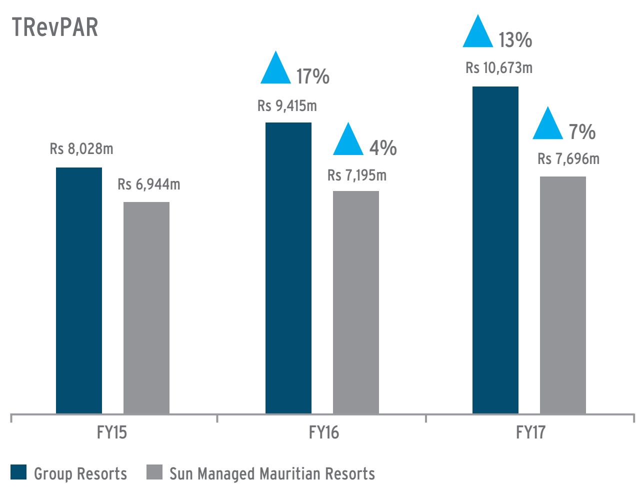
Overall, the financial results were materially impacted by the operating loss suffered by Kanuhura, Maldives on its re-opening and its associated closure, pre-opening and re-launch costs. Excluding the Kanuhura exceptional losses, the Group would have posted a net profit for the year. Total revenue for the Group amounted to Rs 6.05 billion for the year, up by almost Rs 1 billion compared to the prior year.

In this financial year, we continue to improve our base operational KPIs. Thus, we were encouraged to see a 27% growth in ADR to Rs 5,381 for our SUN Managed Mauritian resorts following the repositioning strategy initiated since 2016. The Group's ADR subsequently increased by 26% to Rs 8,155 with the impact of a full year operation of our luxury brands, namely Shangri-La's Le Touessrok Resort & Spa and Four Seasons Resort and the re-launch of Kanuhura Maldives. This rate growth was achieved with minimal loss in occupancy as the Group achieved an occupancy rate of 77.1% (financial year 2016: 78.6%) and 81.0% (financial year 2016: 83.5%) for the SUN Managed Mauritian Resorts.



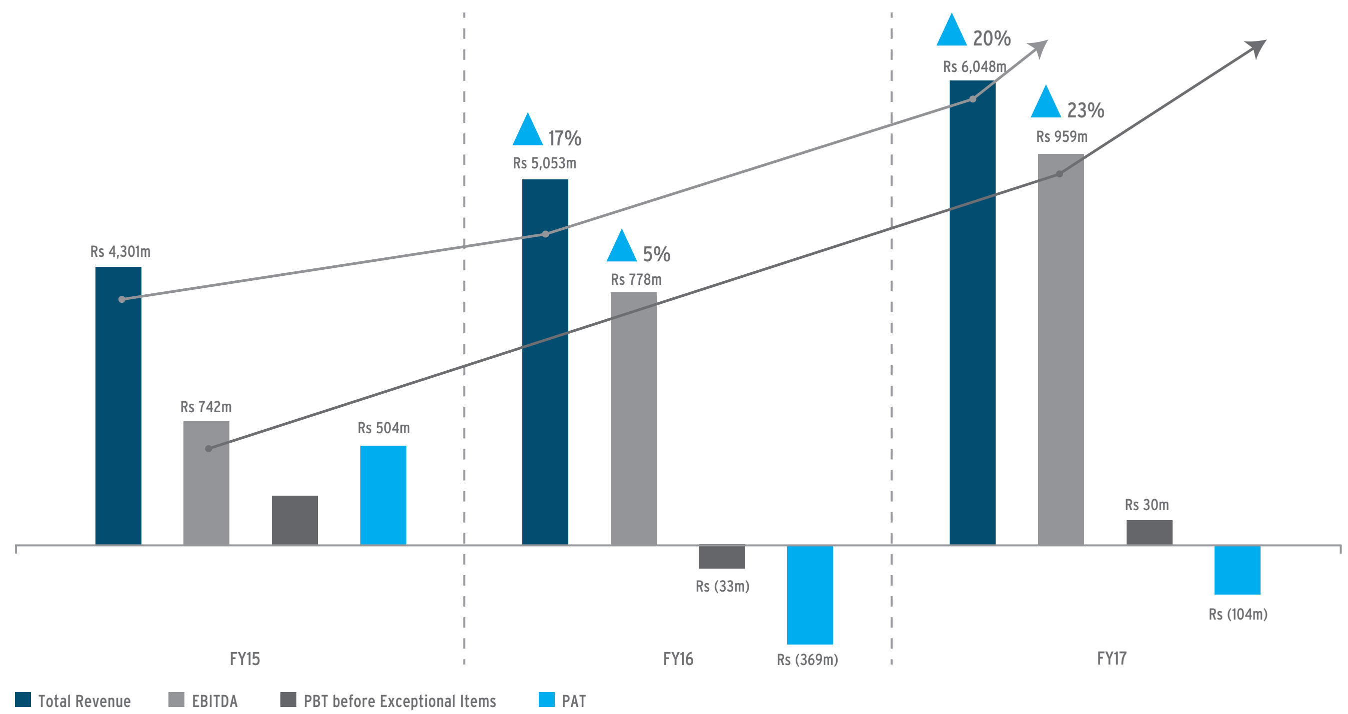
Hence, Group Revenue per Available Room ("RevPAR") rose by 24% (23% for the SUN Managed Mauritian Resorts) to Rs 6,287, and Total Revenue per Available Room ("TRevPAR"), by 13% (7% for SUN managed Mauritian Resorts) to Rs 10,673.





The 19% year-on-year increase in operating expenses to Rs 5.09 billion is mainly explained by the full year operations of our luxury international resort brands and operations of kanuhura Maldives, as outlined above.

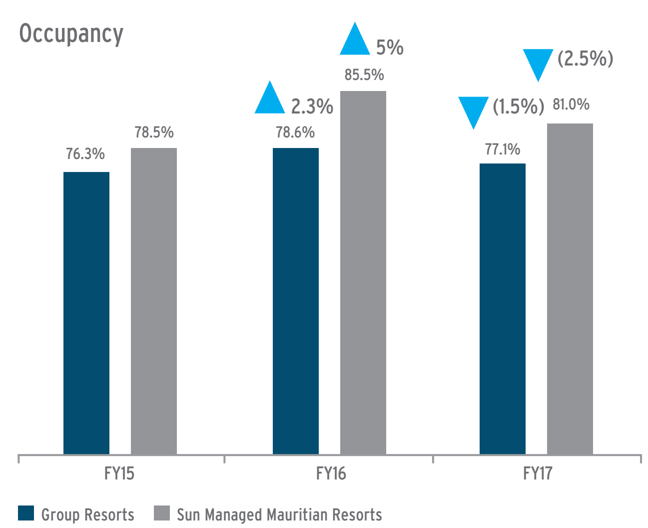
The flow-through from revenues resulted in the Group EBITDA growing by 23% to Rs 959 million, representing only slight improvement in the margin to 15.9% (financial year 2016: 15.3%) as Kanuhura opening losses affected the flow through. Group operating profit followed the same trend and grew by 21% to Rs 508 million, representing an operating margin of 8.4% against 8.3% in prior year. Finance costs amounted to Rs 488 million, a 7% increase due to the higher net debt resulting from the major renovation projects of Kanuhura Maldives and La Pirogue but this was mitigated by reduction in the cost of debt achieved with the refinancing plan.



The Group, therefore, posted a profit before tax and non-recurring items of Rs 30 million, compared to a loss of Rs 33 million last year. With all major renovation works now complete, closure and marketing re-launch costs decreased significantly by 77% versus the prior year and reached Rs 124 million. Consequently, SUN posted a net loss of Rs 104 million for the financial year ended 30 June 2017, versus a loss after tax of Rs 369 million in the previous year.

Resorts' performance

Despite the Group's strategy of yield maximisation for all resorts, Group occupancy fell by 1.5% percentage points to 77.1%.



Total resorts revenues totalled Rs 5.6 billion, up by 22% on prior year with the biggest share attributable to Shangri-La's Le Touessrok full operation. However, all resorts with the exception of Ambre, experienced good progression with our rate repositioning. Unfortunately, Ambre was affected by the UK pound rate deflation of 19% versus the Rupee as its big market came from TUI UK.

Gross operating profit grew at a slightly lower pace (+13%), reaching Rs 1.79 billion, with an achieved gross operating margin of 32.2%, down by 2.5% compared to prior year. The challenging opening of Kanuhura was the major cause of this deterioration as the Gross operating margin for all Mauritius resorts was in line with prior year at 35%.

An overview of the individual resort performance with key highlights is outlined below:

- Our two West Coast resorts, namely La Pirogue and Sugar Beach, achieved high occupancy rates, at 81% and 85%, respectively. Sugar Beach delivered a gross operating margin of 38.8%, up from the 37.7% achieved in the prior year. La Pirogue occupancy rate was down 4% points due to its phase 1 refurbishment and closure in June 2017 but managed to improve slightly its gross operating profit margin from 35.3% to 35.6% this year.

- On the East Coast, the repositioning and rebranding of Long Beach is crucial to achieve the required yield on this resort. Progress has been achieved with total revenues growing by 13% (Rs 83m) although existing discounted offers on old rates and low yield business (Airline Crews and Groups) have affected its first semester. Nevertheless ADR grew by 26% year on year but much remained to be done to reach the target we have set. The resort improved gross operating from 19% to 22% of Rs 35 million against Rs 56 million loss in the prior year. On the other hand, Ambre generated 6% less revenues than the prior year, mainly due to the depreciation of the pound against the Rupee. The impact of the GBP deflation is estimated at Rs 34m, accounting for most of the shortfall against the prior year. Subsequently, GOP margin receded by 9% from prior year to finish at 30%

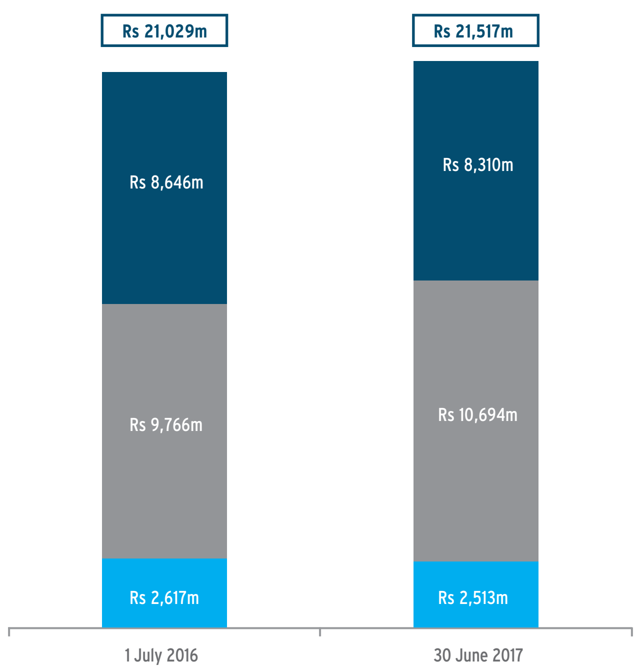
- Shangri-La's Le Touessrok Resort & Spa operated for its first full year and achieved an average occupancy rate of 69% compared to 56% in the prior period. Although the resort posted an operating profit of Rs 40 million, against a loss of Rs 9 million in the prior financial year, there is still a big margin for it to reach a stabilised situation.

- Kanuhura re-opened on 19 December 2016 as a luxury 5 star resort but its performance was impacted by some delay in construction works and challenging trading environment. Due to the delayed opening, some key markets have not been properly activated and marketed, thus resulting in a low occupancy of 37.4%. However, we encouraged by the ADR achieved of USD 883 for the period and positive guests' feedbacks received so far on the various social network. The low occupancy contributed to an operating loss of Rs 138 million and with the closure, pre-opening and relaunch costs of Rs 124 million, total negative impact for the Group amounted to Rs 262 million at the operating profit level.

- Four Seasons Resorts Mauritius at Anahita delivered a healthy occupancy of 69%, a 4% points improvement on financial year16 with the same ADR. With revenues growing by 15% to Rs 1.3 billion, the resort posted an operating profit of Rs 334 million, up 26% on the prior year.

Financial Position

This year marked the end of the transition phase in SUN road map. As planned, the Group now has a full inventory of its available room, after 2 years of significant investment in its assets portfolio with a direct correlation on its liabilities, as most of the investments were financed by debts.



Property, Plant and Equipment ("PPE")

The Group's net PPE book value as at 30 June 2017 was Rs 16.7 billion against Rs 15.9 billion at 30 June 2016. This Rs 800 million increase in the PPE value is mainly attributed to the renovation of Kanuhura.

Borrowings

Our consolidated net debt at 30 June 2017 amounted to Rs 10.7 billion, up by Rs 929 million from prior year. At 30 June 2017, the gearing ratio was 55.1% compared to 51.7% in the previous year. Shareholders' equity stood at Rs 8.3 billion, down from Rs 8.6 billion in the prior year, due to loss experienced for the financial year. The gearing level has peaked at 30 June 2017 with the completion of the major renovations. With the capital injection completed post year-end, gearing level will be substantially reduced in the coming financial year.

Cash Resources

The Group's cash position improved drastically from a negative Rs 677 million to a positive Rs 171 million thanks to improved cash generated from operations in the current year to Rs 924 million compared to a cash used in operations of Rs 267 million in the prior year and the refinancing of bank debts into longer tenor multicurrency notes.

Financial Re-engineering Plan

During the year, the Group proceeded with two major financial transactions as per its financial re-engineering plan to reduce its borrowing costs as well as its gearing ratio. In November 2016, the Group successfully issued an Rs 5 billion multi-currency bond to refinance its existing bank debts, which have been contracted to sustain the group's recent acquisitions and renovations. Furthermore, in August 2017, the Group successfully completed a right issue of 19,129,924 new ordinary shares and a private placement of 28,684,380 new ordinary shares with Dentressangle Initiatives SAS, both at an issue price of Rs 39.00 per share, thus raising Rs 1.87 billion. Thus, the Group is satisfied that it has now been able to achieve the following:

- Reduce its gearing level
- Structure its debt repayment to give the Group more cash flow in the short term
- Reduce its average borrowing cost
- Have a higher proportion of its debt in Euro to act as a natural hedge against its main proceed

Human Resource

An HR action plan was implemented to address the areas of improvement following the staff engagement survey that was carried out in September 2016. 81% of our associates participated in the survey and our aim is to contribute to the well-being of our associates by continually taking initiatives in view of improving the conditions and working environment, to make SUN a great place to work!

SUN has always fostered a learning culture and in financial year 2017, we have relaunched our Lobster Ink, an e-learning platform that enables the development of technical competencies. A framework has also been established to improve the efficiency of the e-learning programme by integrating Internal Master Trainers to accompany the associates on this e-learning journey.

Further to the Sun Skills Up programme launched in August 2016, 1,262 associates completed the assessment and an individual development programme has been put in place.

Aligning our Vision & Mission Statements and Core Values to our strategy and brand promise was vital for the achievement of our strategic ambitions and operational goals in our next financial year. SUN Senior Management team was accompanied by a consultancy firm to define the new vision and mission statements and focus groups were organised with employees at different levels of the organisation to work on the Core values. It was a two months' process, with 120 employees involved.

The launch was done with the management team during the SUN Management Annual Convention 2017 and a communication plan has been established to ensure a proper transmission of our vision & mission statements and core values to our associates.

Outlook

SUN has now completed its transformation and transition phases of its road map and is now embarking on its growth phase with a full room's inventory available for operation. Management remains of the view that the Group is now well positioned to fully benefit from its revamped asset base and as a result, should progressively improve its profitability as from financial year 18. In order to help us achieve our long-term goals, our objectives can be summarised in five bullet points:

- Achieve Best-in-Class in our competitive set across each of the categories in which we operate
- Capitalise on our commitment to Operational Excellence
- Maximise revenue opportunities through effective yield management and growth of other segments
- Grow through Management Contract Opportunities
- Develop our Real Estate opportunities

David J. Anderson
CEO
of Sun Limited

Tommy Wong Yun Shing
Executive Director
of Sun Limited

FINANCIAL HIGHLIGHTS

Financial Highlights (The Group)

		30 June 2017	30 June 2016
Total revenue (Rs.'M)	▲	6,048	5,053
Operating profit (Rs.'M)	▲	508	421
Profit/(loss) for the period/year (Rs.'M)	▲	(104)	(369)
Net debt (Rs.'M)	▲	10,175	9,271
Net debt (Rs.'M)	▼	8,310	8,646

Performance Measures (The Group)

		30 June 2017	30 June 2016
Basic earnings/(loss) per share from (Rs.)	▲	(0.79)	(2.37)
Net worth per ordinary share (Rs.)	▲	59.37	61.82
Operating margin	▲	8.39	8.33
Gearing	▲	55.04	51.74
Stock price - at year end (Rs.)	▲	41.50	34.25

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 2017, all such returns as are required for a company in terms of the Companies Act 2001, and that such returns are true, correct and up to date.

Clothilde de Comarmond, ACIS
Per CIEL Corporate Services Ltd
Company Secretary

21 September 2017

STATEMENT OF COMPLIANCE

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

Name: Sun Limited ("the Public Interest Entity - PIE")

Reporting Period: 1 July 2016 to 30 June 2017

On behalf of the Board of Directors of Sun Limited, we confirm, to the best of our knowledge, that the Company, as PIE, has complied with all its obligations and requirements under the prevailing Code of Corporate Governance for Mauritius ("the Code") except with respect to section 2.8. The reason for non-compliance is as follows:

1. Section 2.8 – Remuneration of Directors

The Board of Directors has resolved not to disclose the remuneration paid to each Director on an individual basis due to the market sensitivity of such information.

Jean-Pierre Dalais
Chairman

M. G. Didier Harel
Director

21 September 2017

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2017

Acronyms used:

Sun Limited:	**SUN/the Company**
Stock Exchange of Mauritius Ltd:	**SEM**
Financial Services Commission:	**FSC**
The Board of Directors of Sun Limited:	**the Board**
Code of Corporate Governance for Mauritius:	**the Code**
The Companies Act 2001:	**the Act**
SUN and subsidiaries:	**the Group**

Compliance

SUN is a public interest entity as defined by law. Disclosures included in this report are in line with the prevailing Code of Corporate Governance for Mauritius but the Company has started its journey towards the implementation of the new code (National Code for Corporate Governance – 2016) which will be reported in next year's annual report.

Board Role and Function

The Board is responsible for the stewardship of the Company, overseeing its conduct and affairs to create sustainable value for the benefit of its stakeholders. It acknowledges its responsibility for leading and controlling the Company, ensuring that strategic directions and management structures are in place to meet legal and regulatory requirements.

Board Charter

A charter was approved by the Board on 21 September 2017; it defines, amongst other items, the composition, role and duties of the Directors and the Chairman, as well as the responsibilities assigned to sub-committees of the Board.

Board of Directors

Jean-Pierre Dalais
(53 years)

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

Chairman of the Operational Excellence Committee

With an MBA from The International University of America, Jean-Pierre Dalais acquired working experience from Arthur Andersen (Mauritius and France) before joining the CIEL Group. He played an active role in the management and development of the different group's clusters in Mauritius and internationally before being nominated Group Chief Executive of CIEL Limited on 1 January 2017.

Directorships in other companies listed on the SEM:

- Alteo Limited
- CIEL Limited
- CIEL Textile Limited
- Phoenix Beverages Limited (Alternate Director)

Resident of Mauritius

David J. Anderson
(49 years)

Executive Director
Joined the Board on 06 May 2016

Chief Executive Officer

Member of the Operational Excellence 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, 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, 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. Aged 49 and a British citizen, he holds a BA Honours in Business Studies with French from London Metropolitan University.

Directorships in other companies listed on the SEM: none

Resident of Mauritius

P. Arnaud Dalais
(62 years)

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 went 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 companies listed on the SEM:

- Alteo Limited (Chairman)
- CIEL Limited (Chairman)
- CIEL Textile Limited (Chairman)

Resident of Mauritius

R. Thierry Dalais
(58 years)

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.

Directorships in other companies listed on the SEM:

- CIEL Limited

Resident of Mauritius

L. J. Jérôme De Chasteauneuf
(51 years)

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 together with the financial reengineering which accompanied its development over those years in office. He was nominated CIEL Group Finance Director on 1 January 2017.

Directorships in other companies listed on the SEM:

- Alteo Limited
- CIEL Limited
- CIEL Textile Limited
- Harel Mallac & Co. Ltd
- The Medical & Surgical Centre Limited

Resident of Mauritius

Hélène Echevin
(40 years)

Non-Executive Director
Joined the Board on 22 June 2017

Member of the Operational Excellence Committee

Hélène Echevin holds a degree in Food Sciences and Technology from Polytech Engineering School, Montpellier, France and followed Management Executive Program at INSEAD. She has been president of the MCCI, Mauritius Chamber of Commerce in Industry in 2015/2016. Hélène Echevin joined CIEL Group in March 2017 as Chief Officer – Operational Excellence after 17 years of working experience in similar position. Her main mission consists in supporting the consolidation and growth of the CIEL Group's global operations through the deployment of new principles and tools of operational excellence. She is also heading the Healthcare cluster of the CIEL Group.

Directorships in other companies listed on the SEM:

- The Medical & Surgical Centre Limited (Chair)

Resident of Mauritius

M. G. Didier Harel
(65 years)

Independent Non-Executive Director
Joined the Board on 18 August 2015

Chairman of the Audit & Risk Committee

Member of the Corporate Governance, Ethics, Nomination and 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 companies listed on the SEM:

- MCB Group Limited
- Terra Mauricia Ltd

Resident of Mauritius

J. Harold Mayer
(52 years)

Non-Executive Director
Joined the Board on 24 July 2014

Member 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 companies listed on the SEM:

- CIEL Limited
- CIEL Textile Limited

Resident of Mauritius

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2017

Board of Directors (cont'd)

Olivier Riché
(62 years)

Non-Executive Director
Joined the Board on 22 June 2017

Member of the Corporate Governance, Ethics, Nomination and Remuneration Committee

Olivier Riché is the President of DI-HLT Foncière de Cuzieu, investment company of Dentressangle Initiatives (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 currently 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 other companies listed on the SEM: none

Non-Resident of Mauritius

Jean-Louis Savoye
(44 years)

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 Initiatives company, the investment holding company of the Dentressangle family. He has been instrumental in helping the Dentressangle Initiatives company realise its investment strategy during the last 14 years. Prior to joining Dentressangle Initiatives 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 other companies listed on the SEM: none

Non-Resident of Mauritius

Naderasen Pillay Veerasamy
(60 years)

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 other companies listed on the SEM:

- Ascencia Limited

Resident of Mauritius

Tommy Wong Yun Shing
(50 years)

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 other companies listed on the SEM: none

Resident of Mauritius

Appointments/Resignations on the Board during the Year

- G. Christian Dalais resigned on 13 February 2017 and was replaced by R. Thierry Dalais that same day. The nomination of Mr. Thierry Dalais was approved by the shareholders at the Special Meeting held on 22 June 2017.
- Thierry Hugnin and M. A. Louis Guimbeau resigned on 22 June 2017.
- Hélène Echevin, Olivier Riché and Jean-Louis Savoye were appointed on 22 June 2017. These new nominations, which have been approved by the Board on recommendation of the Corporate Governance, Ethics, Nomination & Remuneration Committee, will be submitted to the approval of the shareholders at the annual meeting to be held in December 2017.

Induction of the Directors

With the collaboration of the Company Secretary, newly appointed Directors go through a induction process to familiarise themselves with the Company's operations, business environment and senior management. All Directors have unrestricted access to the Company's records.

Training of Directors

In collaboration with the Mauritius Institute of Directors, a training session was organised for the Directors of the CIEL Group on 21 March 2017, at which the eight principles of the National Code of Corporate Governance for Mauritius (2016) were explained to the participants.

Chairman/Chief Executive Officer

SUN believes that there should be a clear division of duties and responsibilities between the Chairman and the Chief Executive Officer to ensure a proper balance of power. The Chairman is responsible for the leadership of the Board. With the support of the Company Secretary, he ensures that his fellow directors and committee members are given access to the relevant information to help them in participating fully and constructively in the functioning of the Company and in the decision-making process.

The Chief Executive Officer, assisted by his managerial team, is responsible for managing and monitoring the day-to-day affairs of the Company. He oversees the implementation of the Company's strategies and policies approved by the Board, the preparation of the annual business plans and budgets for onward recommendation to the Board and with his team, the Chief Executive Officer aims at achieving the Company's financial and operating goals and objectives.

The post of Chairman is held by Jean-Pierre Dalais and that of the Chief Executive Officer by David J. Anderson who joined SUN beginning of February 2016.

Board Meetings

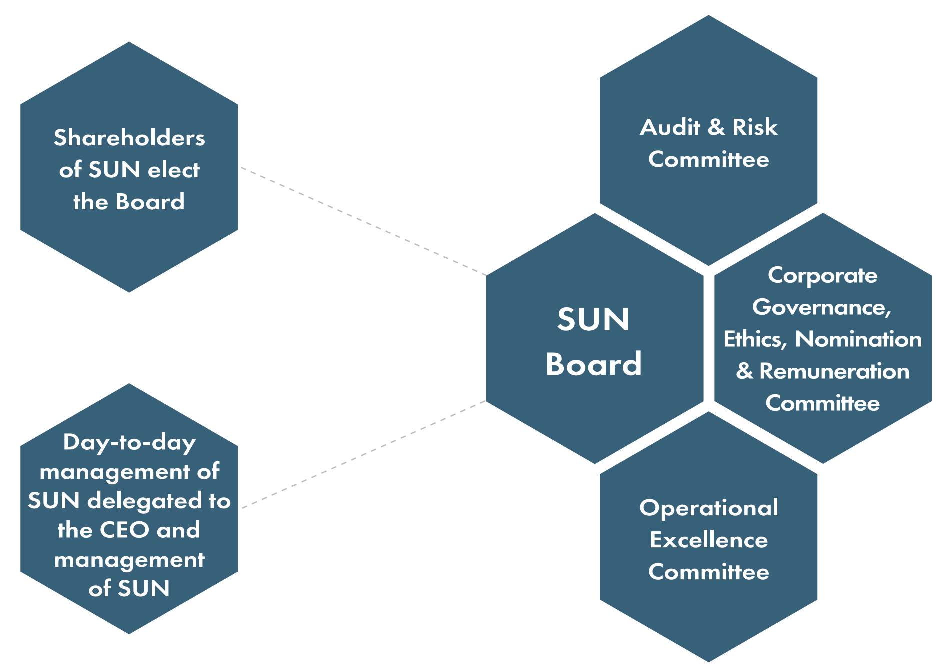
The Board normally meets on a quarterly basis and at any additional times as the Group's business requires. This year, the Board met 6 times. The quorum required for a Board Meeting of SUN is the majority of the Directors and in case of equality of vote, the Chairman shall have a casting vote. A Director who has declared his interest shall not vote on any matter relating to the transaction or proposed transaction in which he is interest, and shall not be counted in the quorum present for that decision. The Board ensures the appropriate balance of skills, experience, independence and knowledge of the Company thus enabling them to discharge their respective duties and responsibilities effectively.

As part of their role as members of the Board, the Non-Executive Directors and Independent Directors constructively challenge and help in developing proposals on strategy through their range of knowledge, experience and insight from other sectors, whilst complementing the skills and experience of the Executive Directors. They also play a key role in protecting the interests of the shareholders.

What has been on the Board's agenda this year
The reports from the Chairmen of Board Committees with respect to matters debated at these committee meetings
The annual audited financial statements for the financial year ended at 30 June 2016 and their relevant abridged financial statements
The 2016 Annual Report
The unaudited quarterly results as at 30 September 2016, 31 December 2016 and 31 March 2017 and their abridged versions for publication
Operational and financial highlights
The change in Chairmanship of the Board
The appointment of new Directors on the Board upon recommendation of the Corporate Governance, Ethics, Nomination & Remuneration Committee
The revised forecasts for the 2017 financial year
The operating budgets for 2018
The amendment of the multi-currency note programme from MUR 3 to 5 billion ("the Note Programme") to refinance existing debts which have been contracted to sustain the Group's acquisitions and renovations
The listing of the Note Programme on the official market of the SEM
The strengthening of the Company's capital base, through: • 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 Initiatives SAS ("Dentressangle Initiatives"), of 28,684,380 new ordinary shares, at an issue price of Rs. 39.00 per share

The minutes of proceedings of each Board Meeting are recorded by the Company Secretary and submitted for confirmation at its next meeting. In addition to Board meetings, decisions are also taken by way of resolutions in writing, agreed and signed by all the Directors then entitled to receive the notice of the meeting.

SUN's Governance Structure



The Role of Board Committees

The Board delegates certain roles and responsibilities to its principal Board committees. Whilst the Board retains overall responsibility, a sub-committee structure allows these committees to probe the subject matter more deeply and gain a greater understanding of the detail, and then report back to the Board on the matters discussed, decisions taken, and where appropriate make recommendations to the Board on matters requiring its approval. Minutes of the Board and principal committee meetings (except for the Corporate Governance, Ethics, Nomination & Remuneration Committee) are circulated to the Board and the chairs of each of the committees report verbally to the Board on their activities. The committees are made up of mostly of independent and non-executive Directors and play a key role in supporting the Board. The Company Secretary acts as secretary to these Board Committees.

The Board is satisfied that the committees are appropriately structured 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.

Audit & Risk Committee

M. G. Didier Harel, Chairman Naderasen Pillay Veerasamy	2	Independent Non-Executive Directors
Jean-Pierre Dalais (up to 05 September 2017) L. J. Jérôme De Chasteauneuf Thierry Hugnin (up to 22 June 2017) Jean-Louis Savoye (as from 05 September 2017)	2	Non-Executive Directors
Regular attendees by invitation Chief Operating Officer Chief Finance Officer Head of other departments (when deemed necessary) External auditor Internal auditor		

Main Responsibilities of the Audit & Risk Committee
Assisting the Board in discharging its responsibilities to safeguard the integrity of the Company's and the Group's financial reporting and the system of internal control. A key component of the Committee's role is to provide appropriate advice and recommendations to the Board to assist the Board in fulfilling its corporate governance responsibilities as to financial reporting, the internal control environment and the audit and risk management across the Group
In line with its terms of reference, during the year under review, the Audit & Risk Committee confirms that it has discharged its responsibilities which were on:
Reviewing the Company's interim and audited financial statements and any formal announcements relating to the Company's financial performance, before submission to the Board for approval
Reviewing the effectiveness of the Company's internal control and risk management systems
Monitoring and reviewing the effectiveness of the Company's internal audit function; approving the appointment or termination of the internal auditor
Approving the remuneration and terms of engagement of the external auditors
Ensuring compliance by the Company with legal and regulatory requirements and business ethics
Considering other matters as defined by the Board

What has been on the Audit & Risk Committee's agenda for the year
The audited accounts of the Company and its subsidiaries for the year ended 30 June 2016 and the abridged version of these accounts together with the relevant publication notes
Debrief on the risk assessment exercise conducted by EY
The refinancing plan of the Company and its subsidiaries – Phase 1) Restructuring the debts of SUN to its subsidiaries and Phase 2) Bonds Issue of the Note Programme
Management report issued by the external auditors in respect of the audited accounts for the financial year ended 30 June 2016
Review of the financial results for the quarters ended 30 September 2016; 31 December 2016 and 31 March 2017 and the respective abridged versions
The recruitment of a Chief Information Officer
Follow-up on the relevant action plans taken so far by management to close the outstanding issues disclosed in the management report of the external auditors for the financial year ended 30 June 2016
Update on the implementation phase of the ERP from its starting point until Year-end 2016
Dilution of Anahita Hotel Limited's stake in Anahita Golf Ltd
Internal audit reports: 1) Follow-up review on the high-risk findings arising from previous internal audits conducted during the financial year ended 30 June 2016; 2) Review of the Front Office processes at Long Beach; 3) Status on the outstanding internal audit findings from the Follow-up report; 4) Review and Benchmarking of the use of the IT systems; 5) Review of the OTP processes at Sun Limited; 6) Review of the F&B processes at Sugar Beach Resort

Corporate Governance, Ethics, Nomination & Remuneration Committee

Naderasen Pillay Veerasamy, Chairman M. G. Didier Harel	2	Independent Non-Executive Directors
P. Arnaud Dalais Jean-Pierre Dalais Olivier Riché (as from 05 September 2017)	3	Non-Executive Directors

The composition of the committee is considered appropriate with the presence of two independent directors and three non-executive Directors.

Main Responsibilities of the Corporate Governance, Ethics, Nomination & Remuneration Committee
The Corporate Governance, Ethics, Nomination & Remuneration Committee has fulfilled its duties for the period under review, in compliance with its terms of reference.
The Corporate Governance, Ethics, Nomination & Remuneration Committee ensures that the Company's reporting requirements on corporate governance are in accordance with the principles enunciated in the Code of Corporate Governance for Mauritius and guides the Board on the adoption of other governance policies and best practices
The committee analyses, advises and makes recommendation to the Board with respect to ethics, remuneration and nomination matters
A Code of Conduct has been implemented for the employees, officers and directors of SUN who have been asked to adhere to the code by signing an acknowledgement ("the adherer") with any reporting being done through the Human Resources ("HR") Department or the CEO. A raising-concerns' mechanism has also been put in place if the adherer believes that in particular circumstances, the HR Department or the CEO are not the appropriate persons to whom he/she makes a report. In that case, the adherer may report to the Chairman of the Corporate Governance, Ethics, Nomination & Remuneration Committee of SUN

What has been on the Corporate Governance, Ethics, Nomination & Remuneration Committee's agenda for the year
The bonus of the Chief Executive Officer and Chief Finance Officer
Salary re-alignment for the employees of SUN at supervisory and management positions
2016 Corporate Governance report
2016/2017 salary increases for the employees of SUN
Management changes at the hotels
Board nominations
Directors' fees for the 2017 financial year as well as the hotel allowances to which Directors are entitled to
Board evaluation-analysed the outcome of the board evaluation to identify areas of improvement
Process for ethics concerns raised

Operational Excellence Committee

With a view to providing increased focus on SUN Group of Hotels' potential for operational improvement, the Board of SUN, at a Board Meeting held on 28 September 2016, has resolved to set-up an Operational Excellence Committee. The role of this committee is to review the operational performance and discuss the potential for operations-related optimisation, efficiency enhancement across the hotels of SUN as well as potential cross- fertilisation amongst the different entities of the CIEL Group to maximise operational best practices.

Jean-Pierre Dalais, Chairman Hélène Echevin (as from 05 September 2017) J. Harold Mayer Jean-Louis Savoye (as from 05 September 2017)	4	Non-Executive Directors
David J. Anderson	1	Executive Director
Regular attendees by invitation Chief Finance Officer Group Director of Asset Management Chief Officer – Operational Excellence of CIEL Head of other departments when deemed necessary		

Main Responsibilities of the Operational Excellence Committee
The Operational Excellence Committee confirms that it has met its responsibilities for the year under review, in compliance with its terms of reference which was approved by the Board on 7 November 2016.
To support the management team in the delivery of the business objectives and requirements of SUN which will include:
• Reviewing the operational performance of the hotels of SUN
• Setting the right framework for operational excellence and validating the relevant KPIs
• Ensuring that management is delivering in line with budget, the business plan and its strategic objectives or benchmarks
• Considering and reviewing the key elements of its commercial or marketing strategy
To support management team in coordinating and implementing the finance and budgetary framework recommended by the Audit & Risk Committee and approved by the Board of Directors
To monitor delivery of approved large capital projects to ensure operational excellence
To coordinate the development and implementation of the business plan with management team to ensure that the agreed and approved strategic and business objectives are met; and
To optimise on cross fertilisation among the hotels of SUN and to promote synergies amongst other entities of the CIEL Group in the best interest of SUN's stakeholders

What has been on the Operational Excellence Committee's agenda for the year
Recommended the terms of reference to the Board for approval
Reviewed the KPIs pertaining to Operational and Financial segments and format of the Operational review
Review of Operations for the quarters ended 31 December 2016 and 31 March 2017
Considered the potential implementation of an Operational Excellence Software
Brainstormed on how to proceed with the relevant Board Committees' meetings of SUN for better time/ subject management
Looked into the implementation phase of the ERP pertaining to the Operational KPIs

Senior Management 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.

Executive Team

David J. Anderson, Chief Executive Officer
Please refer to the section "Profiles of Our Directors".

Tommy Wong Yun Shing, Chief Finance Officer
Please refer to the section "Profiles of Our Directors".

Bernard Forster, Group Director Asset Management
Prior to joining SUN in July 2015, Bernard Forster worked at Aujan Group Holding in Dubai, where he asset-managed their hotel portfolio in the UAE and Africa. Prior to that, he was with IFA Hotels & Resorts, asset managing their African hotel portfolio. 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, 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 held the position of Secrétaire Générale at Banque des Mascareignes Ltée. Varuna holds a Masters 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.

Adbool Kadell, Chief Information Officer
Prior to joining SUN in July 2017, Abdool 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 BSc Honors Computing Science from the University of Greenwich and a Master's in Business Administration from Coventry University, UK. Abdool's core skills and experience lie within Information Technology, Business Process Optimisation and Project Management, which include leading IT and Non-IT Projects where he has over 15 years of professional experience. Abdool's experience base covers over 7 sectors including Banking, Insurance, Telecommunications, Hospitality, Healthcare, Petrochemicals and Automotive.

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 Golf and Spa Resort in July 2016. He holds a Bachelor of Science in International Hospitality and Tourism Management from Glion Hotel School, Switzerland. He has more than 15 years' experience in the hotel industry mainly with Starwood Hotels and Resorts, and has worked for W Hotels, Westin and Sheraton. 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
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 Hoteliere 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.

Bernhard Haechler, General Manager of Shangri-La's Le Touessrok Resort & Spa, Mauritius, (63) - As from 2 October 2016
Bernhard Haechler has recently been appointed General Manager of Shangri-La's Le Touessrok Resort & Spa, Mauritius and will assume his new role as from 2 October 2016. He has worked with the Shangri-La's Group over 20 years and in a number of its properties, namely Kowloon Shangri-La, Edsa Shangri-La, Shangri-La Bangkok, Shangri-La's Rasa Sayang Resort and Golden Sands Resort. Bernhard has been the Vice President & General Manager of Shangri-La Dubai from 2008 to 2013.

Constitution

The constitution of SUN complies with the provisions of the Act and the Listing Rules of the SEM. There are no clauses of the constitution deemed material enough for special disclosure. A copy of SUN's constitution is available upon written request to the Company Secretary at the Registered Office of the Company, 5th Floor, Ebène Skies, rue de l'Institut, Ebène.

Attendance at Meetings as at 30 June 2017

The attendance record for the financial year ended 30 June 2017 has been as follows:

Directors	Category	Board Meeting	Corporate Governance, Ethics, Nomination & Remuneration Committee	Operational Excellence Committee	Audit & Risk Committee
Jean-Pierre Dalais	NECB	6 out of 6	3 out of 3	4 out of 4	6 out of 6
David J. Anderson	ED	6 out of 6		4 out of 4	
P. Arnaud Dalais	NED	5 out of 6	3 out of 3		
G. Christian Dalais[1]	NED	3 out of 3			
R. Thierry Dalais[2]	NED	3 out of 3			
L. J. Jérôme De Chasteauneuf	NED	6 out of 6			5 out of 6
M. A. Louis Guimbeau[3]	NED	5 out of 6			
M. G. Didier Harel	INED	5 out of 6	3 out of 3		6 out of 6
Thierry Hugnin[3]	NED	5 out of 6			6 out of 6
J. Harold Mayer	NED	5 out of 6		4 out of 4	
Naderasen Pillay Veerasamy	INED	5 out of 6	3 out of 3		6 out of 6
Tommy Wong Yun Shing	ED	6 out of 6			
In attendance:					
David J. Anderson -Chief Executive Officer			3 out of 3		6 out of 6
Tommy Wong Yun Shing - Chief Finance Officer				4 out of 4	6 out of 6
Bernard Forster - Group Director of Asset and Revenue Management				3 out of 4	
Hélène Echevin -Chief Officer - Operational Excellence of CIEL				1 out of 4	2 out of 6
External Auditors					3 out of 6
Internal Auditors					4 out of 6

ED = Executive Director
NECB = Non-Executive Chairman of the Board
INED = Independent Non-Executive Director
NED = Non-Executive Director

Notes:
1. Resigned on 13 February 2017
2. Appointed on 13 February 2017
3. Resigned on 22 June 2017

Board Evaluation

The evaluation of the Board was performed by the financial services department of BDO, in association with Insync Surveys, using a benchmark survey approach. The benchmark with best practices helped 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 committee prior to being reported at Board level. In addition to the survey being performed by the consultant, the Chair of the Board met the Directors on an individual basis.

Shareholder's Calendar

Event	Month
Publication of first quarter results to 30 September 2017	November 2017
Annual Meeting of shareholders	13 December 2017
Publication of half-yearly results to 31 December 2017	February 2018
Publication of third-quarter results to 31 March 2018	May 2018
Publication of end-of-year results	September 2018

Interests of the Directors in the Shares of the Company

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 CIEL on the practice to be followed when dealing in shares of the Company to avoid the abuse of price-sensitive information (insider dealing). The Company Secretary usually reminds the Directors of close periods on a quarterly basis.

The Directors' interests in the shares of the Company as at 30 June 2017 were as follows:

	Ordinary Shares	
	Direct	Indirect
Directors	Number of Shares Held	Number of Shares Held
Jean- Pierre Dalais, Chairman	92,348	15,000
David J. Anderson	Nil	Nil
P. Arnaud Dalais	105,615	20,551
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	303,909	4,840
Olivier Riché	Nil	Nil
Jean-Louis Savoye	Nil	Nil
Naderasen Pillay Veerasamy	Nil	Nil
Tommy Wong Yun Shing	287,594	4,066

During the year under review, J. Harold Mayer acquired 147,200 ordinary shares directly and 4,840 ordinary shares indirectly.

Shareholding

Stated Capital as at 30 June 2017
Issued share capital as at 30 June 2017: 146,730,768 no par value ordinary shares, including 20,118,546 treasury shares.

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 Initiatives SAS, of 28,684,380 new ordinary shares, at an issue price of Rs. 39.00 per share.

Issued share capital as at reporting date (Post rights issue and private placement): 194,545,072 no par value ordinary shares, including 20,118,546 treasury shares.

Substantial Shareholders

Shareholders holding more than 5% of the stated capital of SUN as at 30 June 2017 were as follows:

	Number of Shares Owned	% Holding
Name of Shareholder	(Excluding Treasury Shares)	
CIEL Limited	75,917,296	59.96
National Pensions Fund	7,073,005	5.59

Shareholders holding more than 5% of the stated capital of SUN post Rights Issue and Private Placement:

	Number of Shares Owned	% Holding
Name of Shareholder	(Excluding Treasury Shares)	
CIEL Limited	87,387,690	50.10
Di Cirne HLT Ltd	30,558,768	17.52

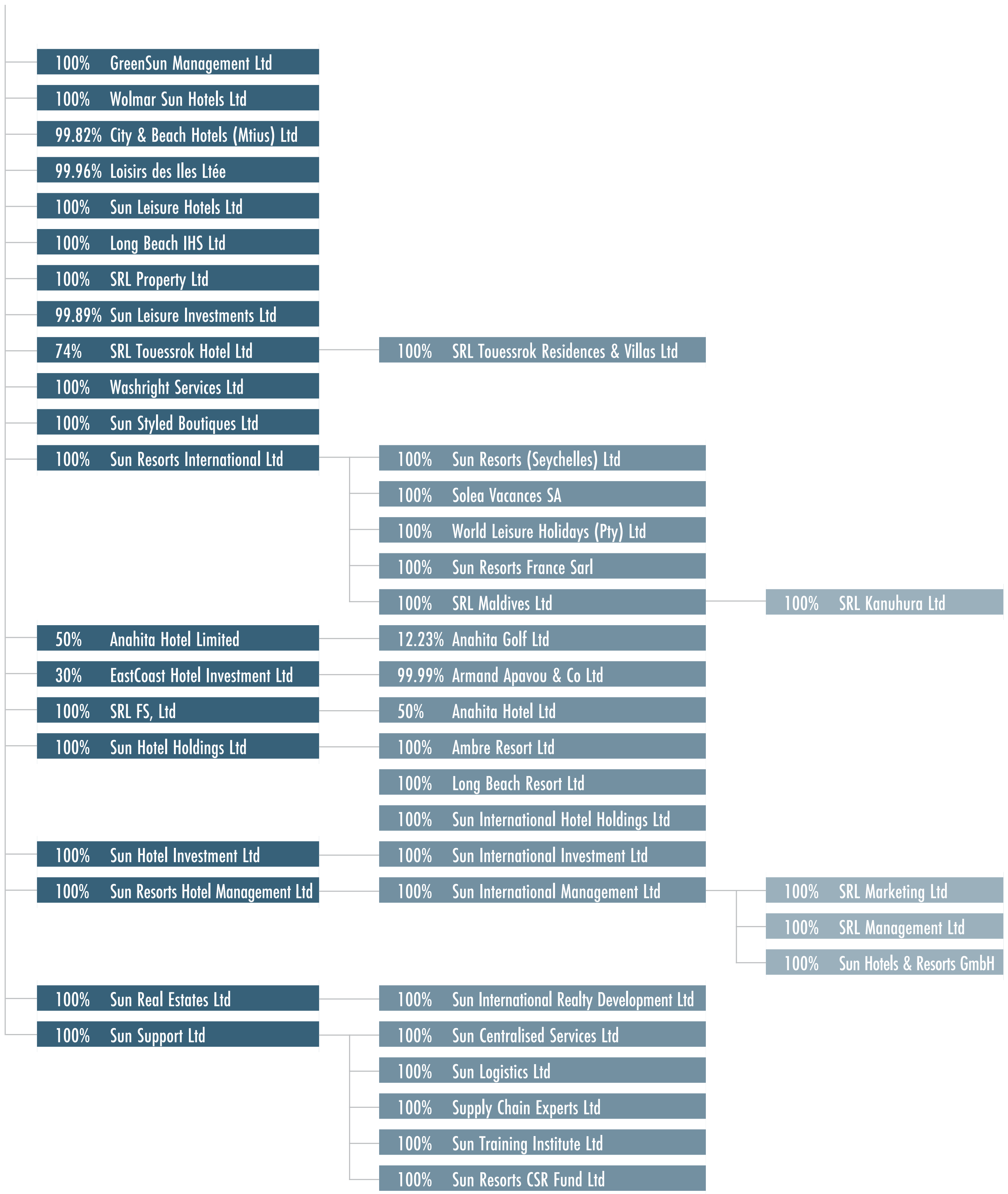
Common Directors within the Shareholding Structure

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

** Chairman*

Shareholding Structure – 30 June 2017

Sun



The shareholding in SUN has been calculated on the issued shares excluding the treasury shares.

Share Ownership

As at 30 June 2017, the Company held 12,204 shareholders. A breakdown of the category of shareholders and the share ownership as at 30 June 2017 is set out below:

Category	Number of Shareholders	Number of Shares Owned	% Holding
Individuals	11,694	17,387,682	13.73
Insurance and assurance companies	10	8,165,212	6.45
Pensions and provident funds	50	15,645,401	12.36
Investment and trust companies	60	4,910,653	3.88
Other corporate bodies	390	80,503,274	63.58
Total	**12,204**	**126,612,222**	**100.00**

Number of Shares	Number of Shareholders	Number of Shares Owned	% Holding
1- 500	8,431	1,253,152	0.99
501 - 1000	1,459	1,015,189	0.80
1,001 - 5,000	1,562	3,508,782	2.77
5,001 - 10,000	309	2,176,198	1.72
10,001 - 50,000	341	7,565,202	5.98
50,001 - 100,000	42	2,948,507	2.33
100,001-250,000	30	4,232,557	3.34
250,001-500,000	14	5,116,185	4.04
500,001-1,000,000	11	7,984,350	6.31
Over 1,000,000	5	90,812,100	71.72
Total	**12,204**	**126,612,222**	**100.00**

** The above number of shareholders is indicative, due to consolidation of multi-portfolios for reporting purposes. The total number of active shareholders as at 30 June 2017 was 12,290.*

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.

Shareholders' Agreement

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).

Dividend Policy

Subject to a dividend not causing SUN financial duress, an annual dividend at least equal to the higher of (i) Rs. 1.95 per share and (ii) 50% of the consolidated net profit of SUN Group is to be distributed as from financial year ending 30 June 2019. For the year ended 30 June 2017, the Board did not declare any dividend, taking into consideration the financial results and the cash requirements of SUN during this development phase.

Shareholders' Relation and Communication

The Board of SUN lays emphasis on the importance of maintaining accountability and transparency to its shareholders through effective communication. 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.

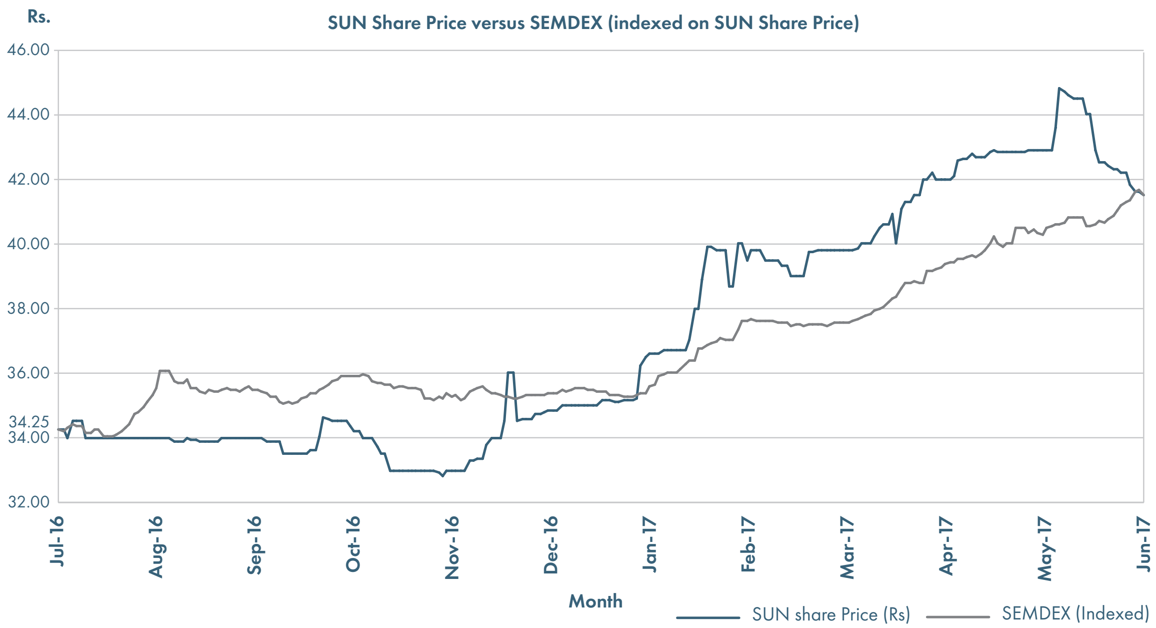
The Company's AMS remains foremost the ideal platform for shareholders to interact with Board members and the management team on matters pertaining to SUN and its performance.

Shareholders are strongly encouraged to attend the AMS to remain updated on SUN's initiatives/projects and goals.

Share Price Information

The price movement of the Company's ordinary shares for the period under review is graphically represented as per below.

Development of SUN's share price versus SEMDEX - indexed on share price of Rs. 34.25 on 1 July 2016.



Share Registrar & Transfer Office

The Share Registry and Transfer Office of SUN are overseen by MCB Registry & Securities Limited. For any queries regarding an account and/or change in name or address, and/or questions about lost share certificates, share transfers or dividends, the shareholders are invited to contact the Share Registry and Transfer Office whose contact details are as follows:

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

Indemnities and 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. The policy provides cover for the risks arising out of the acts or omissions of the Directors and Officers of the Company.

Code of Conduct

SUN operates a Code of Conduct for all its employees, officers and Directors. SUN's objective is to become a leader in the hospitality sector in the Indian Ocean Region. The Board felt that it was 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.

The Code of Conduct outlines the standards to direct actions and decisions, which in turn define the culture and reputation of SUN as an organisation. Conducting business responsibly and ethically is critical to protecting its reputation for integrity and maintaining its competitive advantage.

The employees, officers and directors have been asked to adhere to the Code of Conduct by signing an acknowledgement ("the adherer") with any reporting being done through the Human Resources ("HR") Department or the CEO.

A raising-concerns' mechanism has also been put in place if the adherer believes that in particular circumstances, the HR Department or the CEO are not the appropriate persons to whom he/she makes a report. In that case, the adherer may report directly to the Chairman of the Corporate Governance, Ethics, Nomination & Remuneration Committee of SUN.

Statement of Remuneration Philosophy

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. None of the Executive Directors are approaching retirement.

Employee Share Option Plan

SUN has no employee share option plan.

Related Party Transactions

Note 31 of the audited Financial Statements for the financial year ended 30 June 2017 details all the Related Party Transactions between the Company or any of its subsidiaries and a director, chief executive officer, controlling shareholder or companies owned or controlled by a director, chief executive officer or controlling shareholder.

Internal Audit

The Company's internal audit function is performed by Messrs Ernst & Young who plays an important part in the assessment of effectiveness of the Company's internal control system and the risks facing the Company.

The scope of the work of the internal auditors encompasses the following:

- Identification of risk areas and evaluation of the level of risk of each risk area;
- Review of internal control processes and making appropriate recommendations thereon to the Audit & Risk Committee and to the management team; and
- Monitoring the implementation of these recommendations for onward reporting to the Audit & Risk Committee.

The internal auditors have unrestricted access to the Company's records and information, as well as to employees and the management team to enable them to deliver effectively.

Internal audit reports are tabled at the Audit & Risk Committee meetings in line with the agreed audit plan. Other than the follow-up exercises conducted by the internal auditors to assess the extent to which management have implemented the audit recommendations highlighted in the previous audit reports, the members of the Audit & Risk Committee ensure an on-going follow up with the management team until all open/outstanding audit issues are closed; and also, to ensure that those areas already audited and for which remedial actions had been duly implemented, remained safe from any potential risks.

The internal auditors submitted the following reports to the members of the Audit & Risk Committee for consideration during the year under review:

- Follow-up review on the high-risk findings arising from previous internal audits conducted during the financial year ended 30 June 2016
- Review of the Front Office processes at Long Beach
- Status on the outstanding internal audit findings from the Follow-up report
- Review and Benchmarking of the use of the IT systems
- Review of the OTP processes at Sun Limited
- Review of the F&B processes at Sugar Beach Resort

Internal Control and Risk Management

The Board is ultimately accountable for the Company's risk management process and system of internal control. In terms of a mandate by the Board, the Audit & Risk Committee monitors the risk management process and systems of internal control of the Company. The Board oversees the activities of the Audit & Risk Committee, the Company's internal and external auditors and the Company's risk management function as delegated to the Company's Audit & Risk Committee.

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.

The Board confirms that there is a framework of on-going processes in place for identifying, evaluating and managing significant risks faced by the Company. These processes are regularly reviewed by the Board and the Audit & Risk Committee as appropriate.

Risk Management

SUN has an established risk management process and framework to monitor and mitigate its exposure to risks. An Enterprise-Wide Risk Management "ERM" framework is in operation to support the achievement of its strategic objectives.

The key elements of the ERM framework include:

- Risk management policy and governance structure;
- Risk tolerance and appetite assessment;
- Risk identification, prioritisation and response protocols;
- Monitoring and reporting systems; and
- Development of a risk awareness culture.

The Board has the duty to oversee the governance of risk, to set SUN's risk tolerance and risk appetite. The Board has mandated the Audit & Risk Committee to ensure that the Company develops and executes a comprehensive and robust system of risk management and that management operates a sound internal control system.

Management is ultimately responsible and accountable to the Board in:

- Ensuring that all material risks are identified and reported;
- Promoting continuous identification of new emerging risks; and
- Developing, agreeing upon, managing, measuring and communicating the mitigation measures to ensure objectives are achieved.

The key risks that could affect the Company's business, financial position and results of operations are set out below. There are other risks which are not described here, either because they are not currently perceived as material or because they are presently unknown, which could impact the Company.

Strategic risks

Strategic risks are related to the uncertainties and untapped opportunities embedded in the corporate strategy. As such, they impact the whole business and include the following:

- The risk that external factors adversely affect the tourism industry in Mauritius/Maldives, thereby impacting the ability of the Issuer to meet its targets due to its reliance on these two destinations. These factors include terrorist attacks, insecurity, health issues, accessibility and cost of travelling to these countries, natural disasters and political developments;
- The risk that external factors adversely affect European markets from which a majority of the Issuer hotel guests originate, thereby impacting the ability of the Issuer to meet its targets. Some of these markets are currently affected by uncertainty generated by BREXIT, terrorist threats and political developments; and
- The risk that difficulties to forecast and report business performance in the face of market uncertainties leads to missed targets and reputation damage.

Operations risks

Operations risks relate to the internal operations of the Company, including business processes, organisational structure, culture, systems and people. The operations risks of the Group include the following:

- The risk that room rates are not achieved to generate sought after yields, thereby impacting the financial performance of the Group;
- The risk that the assets on the properties of the Group are not adequately maintained, thereby resulting in disruptions in operations and hotel guest dissatisfaction;
- The risk that capital projects are not delivered within set timeframe to the required standard and costs, thereby impacting guest satisfaction and the financial performance of the Group;
- The risk that service delivery is not as per set standards, thereby impacting guest satisfaction and the financial performance of the Group; and
- The risk that the features and capabilities of existing IT systems are not fully exploited to optimise efficiency and drive operational rigour.

Finance risks

Finance risks relate to the financial health of the business, including its liquidity, profitability and gearing levels. The finance risks include the risk that the gearing level in USD/Euro and associated debt servicing impacts the financial results of SUN and its ability to exploit investment opportunities.

However, the Group has an established risk management process and framework to monitor and mitigate its exposure to the above-mentioned risks. An Enterprise-Wide Risk Management "ERM" framework is in operation to support the achievement of its strategic objectives.

Climate Risks

Climate risk means a risk resulting from climate change and affecting systems and regions. It is predicted to have significant impact on the physical resources supporting tourism, not only in coastal areas but also the activities resulting from such sector. Oceans and seas play a crucial role in tourism activities and a rise in sea-level and sea temperature would threaten infrastructure and erode natural attractions, hence influencing tourism flows and behavior. Therefore, the impacts of climate change on tourism highlight the need for regional to global assessments of these effects and the potential for adaptation. Mauritius and the region are mainly affected by tropical cyclones in summer. Climate change is predicted to increase their frequency and intensity and hence increase economic damage.

External Audit

The statutory auditors, Messrs. BDO & Co, 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. 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. Other services performed by the external auditors include a review of historical financial information for inclusion in the Prospectus issued to the shareholders, in respect of the Rights Issue and Private Placement. Other services performed by the foreign external auditors comprise of tax services.

Sustainability

In keeping with its commitment to promote sustainable business practices, SUN has implemented the SUNCARE program. This program focuses on the triple-bottom line approach of environmental, social and financial responsibilities by finding innovative ways to do more with less. The key areas of SUN Sustainability policy are:

- Conservation and enhancement of natural resources for the future generations;
- Protecting the ecosystem biodiversity;
- Driving sustainable development;
- Preventing pollution, reducing waste and minimising the consumption of resources;
- Reporting on key environmental, financial and social performance indicators through our Balanced Scorecard;
- Raising environmental awareness amongst our associates, service providers, guests and other stakeholders;
- Providing resources and training to enable the fulfilment of SUN Sustainability policy;
- Constant monitoring of the performance and effectiveness of measures implemented to determine the next steps forward.

Quality Policy

Since the Group focus is placed on quality, customer satisfaction and operational excellence, SUN has established and shall maintain an efficient and effective quality system that meets the requirements of international standards such as ISO 9001, ISO 22000 and Earthcheck.

Senior managers shall encourage their team, through effective training, to focus on ways and means to achieve quality goals, in accordance with SUN's Vision and Corporate Values.

Environment, Health and Safety Policy

SUN fully acknowledges its responsibility to its stakeholders to minimise the health, safety, environmental and food safety risks relating to its operations and products, whilst maximising guest satisfaction and shareholder value.

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.

Company Secretary

The company secretariat function is fulfilled by CIEL Corporate Services Ltd, through a service agreement it holds with CIEL. The Company Secretary plays a pivotal role in the continuing effectiveness of the Board, ensuring that all Directors have full and timely access to the information that helps them to perform their duties and obligations properly, and enables the Board to function effectively.

Third Party Agreements

- SUN holds an agreement with CIEL Corporate Services Ltd (a subsidiary of CIEL Limited) 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. 10M was paid to CIEL Corporate Services Ltd for the financial year ended 30 June 2017.
- P. Arnaud Dalais, Jean-Pierre Dalais and L. J. Jérôme De Chasteauneuf do not perceive any Director's fees, being directly remunerated out of the service agreement held by SUN with CIEL Corporate Services Ltd.
- 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. 3.3M was paid to Azur Financial Services Ltd for the financial year ended 30 June 2017.

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

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

Clothilde de Comarmond, ACIS
Per CIEL Corporate Services Limited
Company Secretary

21 September 2017

OTHER STATUTORY DISCLOSURES

UNDER SECTION 221 OF THE COMPANIES ACT 2001

Principal Activity

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 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 Contract

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.

Remuneration of the Directors

	The Company		Subsidiaries	
	FY 30 June 2017 Rs'000	FY 30 June 2016 Rs'000	FY 30 June 2017 Rs'000	FY 30 June 2016 Rs'000
Directors of the Company				
Executive Directors	**29,997**	21,202*	**-**	-
Non-Executive and Independent Directors	**1,750***	1,728*	**-**	-
Directors of the Subsidiaries				
Executive Directors	**-**	-	**19,299**	21,440*
Non-Executive and Independent Directors		-	**-**	-

** Directors who have resigned or have been appointed during the financial year, have been remunerated on a pro-rata basis*

The remuneration of the Directors has not been disclosed on an individual basis due to the market sensitivity of such information.

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

- Resident Directors' fee – Rs. 150,000 (2016: Rs. 150,000)
- Chairman of the Audit & Risk Committee – Rs. 300,000 (2016: Rs. 200,000)
- Other members of the Audit & Risk Committee – Rs. 150,000 (2016: Rs. 100,000)
- Chairman of the Corporate Governance, Ethics, Nomination & Remuneration Committee –Rs. 200,000 (2016: Rs. 100,000)
- Other members of the Corporate Governance, Ethics, Nomination & Remuneration Committee – Rs. 50,000 (2016: Rs. 50,000)

CIEL Corporate Services Ltd being remunerated through the service agreement for the provision of strategic support & group strategy harmonisation, legal, company secretarial and payroll services to the companies of the SUN group, P. Arnaud Dalais, Jean-Pierre Dalais and L. J. Jérôme De Chasteauneuf did not perceive any Directors' fees during the year under review.

In addition to the Directors' fees, Directors are encouraged to experience SUN's resorts and quality standards to assess management's performance and receive a yearly allowance of Rs. 170,000. Unused allocations during the year are not carried forward to the following year.

Directorship of Subsidiaries as at 30 June 2017

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

OTHER STATUTORY DISCLOSURES

UNDER SECTION 221 OF THE COMPANIES ACT 2001

Company	Directors
World Leisure Holidays (Pty) Ltd	David J. Anderson
	Jean-Pierre Dalais
	P. Arnaud Dalais
	Rameswarsingh Jeenarain
	Tommy Wong Yun Shing
Solea Vacances SA	David J. Anderson
	Jean-Pierre Dalais
	P. Arnaud Dalais
	Alexandre Espitalier-Noel
	Florence Linval
	Tommy Wong Yun Shing
SRL Maldives Ltd	David J. Anderson
SRL Management Ltd	Jean-Pierre Dalais
	Stephanie Germain
	Bernardette Suzanne Julie
	Daniella Hoareau *(Alternate Director of Stephanie Germain and Bernardette Suzanne Julie)*
SRL Marketing Ltd	David J. Anderson
	Jean-Pierre Bosquet
	Jean-Pierre Dalais
	Tommy Wong Yun Shing
SUN Training Institute Ltd	David J. Anderson
	Jean-Pierre Dalais
	Neelmanee Ramlagun
	Tommy Wong Yun Shing
Sun Resorts CSR Fund Ltd	David J. Anderson
	Jean-Pierre Dalais
	Jim Veerasamy
	Tommy Wong Yun Shing
Sun Resorts France SARL	Tommy Wong Yun Shing
SRL Touessrok Hotel Ltd	David J. Anderson
	Jean-Pierre Dalais
	L. J. Jérôme De Chasteauneuf
	Madhu Ramachandra Rao

Company	Directors
SRL Touessrok Residences &Villas Ltd	David J. Anderson
	Madhu Ramachandra Rao
	Tommy Wong Yun Shing
SRL FS, Ltd	David J. Anderson
	Tommy Wong Yun Shing
Sun International Hotel Holdings Ltd	Jean-Pierre Dalais
Sun International Investment Ltd	Tommy Wong Yun Shing
Sun International Management Ltd	
Sun International Realty Development Ltd	

Donations

	Subsidiaries		The Company	
	FY 30 June 2017 Rs'000	FY 30 June 2016 Rs'000	FY 30 June 2017 Rs'000	FY 30 June 2016 Rs'000
Political Donations	**-**	-	**75**	-
Other	**543**	658	**-**	215

Auditors' Remuneration

	The Group		The Company	
	FY 30 June 2017 Rs'000	FY 30 June 2016 Rs'000	FY 30 June 2017 Rs'000	FY 30 June 2016 Rs'000
Local External Auditors				
Audit Fees	**4,006**	3,201	**500**	500
Other Services	**935**	650	**850**	280
Local Internal Auditors				
Audit Fees	**1,218**	417	**60**	385
Other Services	**360**	75	**360**	75
Foreign External Auditors				
Audit Fees	**2,291**	2,078	**-**	-
Other Services	**131**	323	**-**	-

On behalf of the Board

Jean-Pierre Dalais
Chairman

M. G. Didier Harel
Director

21 September 2017

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are required to ensure that adequate accounting records are maintained so as to disclose, at any time, and with reasonable adequacy the financial position of the Group and the Company. They are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

They must present financial statements for each financial year, which give a true and fair view of the affairs of the Group and the Company, and the results for that period. In preparing such financial statements, they are required to:

- Select suitable accounting policies and apply them on a consistent basis using reasonable and prudent judgment
- State whether or not the Companies Act 2001 and International Financial Reporting
- Standards (IFRS) have been adhered to and explain material departures thereto
- Use the going concern basis unless it is inappropriate.

The Board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with IFRS and the responsibility of external auditors to report on these financial statements. The Board is responsible for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

Nothing has come to the Board's attention to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could have a material impact on the business. The financial statements are prepared from the accounting records based on consistent use of appropriate accounting records supported by reasonable and prudent judgments and estimates that fairly present the state of affairs of the Group and the Company.

The financial statements have been prepared on a going concern basis and there is no reason to believe that the Group and the Company will not continue as a going concern in the next financial year.

The Directors confirm that in preparing the financial statements, they have:

- Selected suitable accounting policies and applied them consistently
- Made judgments and estimates that are reasonable and prudent
- Followed the International Financial Reporting Standards
- Prepared the financial statements on the going concern basis
- Adhered to the Code of Corporate Governance in all material aspects and reasons have been provided for non-compliance.

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

On behalf of the Board

Jean-Pierre Dalais
Chairman

M. G. Didier Harel
Director

21 September 2017

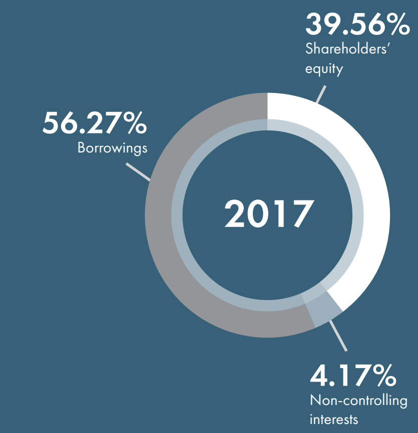
3-YEAR FINANCIAL REVIEW

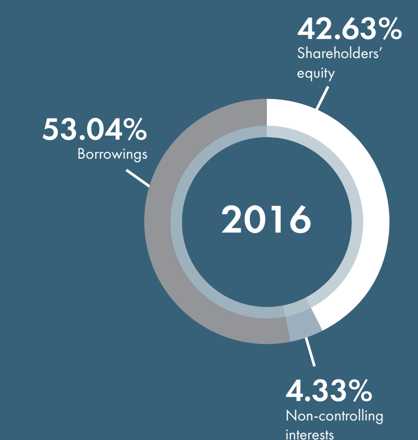
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

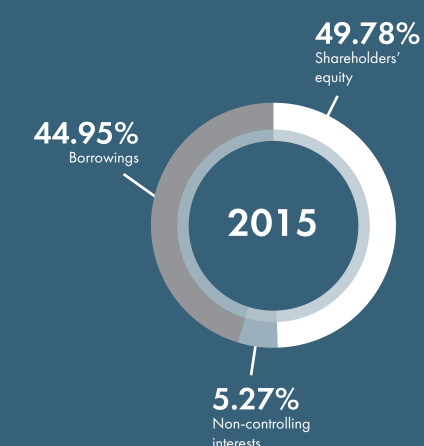
	THE GROUP		
	30 June 2017	30 June 2016	30 June 2015
	Rs'000	Rs'000	Rs'000
Equity			
Equity attributable to owners of the Company	**7,517,108**	7,849,603	8,142,619
Non-controlling interests	**792,992**	796,489	861,667
Total equity	**8,310,100**	8,646,092	9,004,286
Borrowings	**10,693,602**	9,766,186	7,353,743
Total capital employed	**19,003,702**	18,412,278	16,358,029
Non-current assets	**20,006,489**	19,334,310	18,260,599
Current assets	**1,509,981**	1,694,584	1,153,339
Total assets	**21,516,470**	21,028,894	19,413,938
Trade and other payables	**1,569,693**	1,691,348	1,999,315
Current tax liability	**8,432**	5,110	1,020
Deferred tax liability	**628,075**	655,566	865,518
Employee benefit liability	**306,568**	264,592	190,056
Interest-free liabilities	**2,512,768**	2,616,616	3,055,909
Employment of capital	**19,003,702**	18,412,278	16,358,029

Consolidated Capital Employed

	THE GROUP		
	30 June 2017	30 June 2016	30 June 2015
Shareholders' equity	**39.56%**	42.63%	49.78%
Non-controlling interests	**4.17%**	4.33%	5.27%
Borrowings	**56.27%**	53.04%	44.95%
Total capital employed	**100.00%**	100.00%	100.00%







CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	THE GROUP		
	Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2015
	Rs'000	Rs'000	Rs'000
Revenue	6,007,284	4,989,237	6,174,276
Other operating income	40,596	63,930	129,804
Total revenue	6,047,880	5,053,167	6,304,080
Operating profit	507,555	420,895	462,201
Finance costs	(487,910)	(457,453)	(462,998)
Finance income	12,152	10,527	11,227
Share of results of associates	(1,399)	(6,799)	27,948
Fair value gain on business combination	-	-	604,500
Closure, Marketing Launch, Restructuring, Branding and Transaction Costs	(124,138)	(534,208)	(265,249)
Profit/(loss) before tax	(93,740)	(567,038)	377,629
Income tax credit	(10,468)	197,577	27,623
Profit/(loss) after tax	(104,208)	(369,461)	405,252
Non-controlling interests	4,003	69,108	10,792
Profit attributable to owners of the Company	(100,205)	(300,353)	416,044
Balance at start of period	2,976,828	3,315,976	2,939,562
Dividends on ordinary shares	-	-	-
Other movements in retained profits	(6,596)	(38,795)	(39,630)
Balance at end of period	2,870,027	2,976,828	3,315,976

RATIOS AND STATISTICS

		THE GROUP		
		Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2015
		Rs'000	Rs'000	Rs'000
Share Performance				
Ordinary shares				
- In issue	000's	146,731	146,731	146,731
- Weighted average	000's	126,852	126,974	105,761
Earnings per share from Continuing operations	Rupees	(0.79)	(2.37)	3.93
Dividend declared per ordinary share	Rupees	-	-	-
Dividend cover (in respect of year)	times	N/a	N/a	N/a
Net worth per ordinary share		59.37	61.82	64.13
Profitability and Asset Management				
Operating margin	%	8.39%	8.33%	7.33%
Return on net assets	%	(1.25%)	(4.27%)	4.50%
Gearing	%	55.04%	51.74%	43.45%
Total liabilities to total equity	%	158.92%	143.22%	115.61%
Interest cover	times	1.07	0.94	1.02
Current ratio	1:	0.49	0.22	0.23
Employees		3,981	3,790	3,708
Stock-Exchange Performance				
Stock price				
- At 30 June / 31 December	Rupees	41.50	34.25	45.00
- Highest	Rupees	44.80	45.00	47.20
- Lowest	Rupees	32.80	33.00	34.00
Other				
Hotel rooms at year end		1,457	1,393	1,495
Rooms nights sold	000's	401	381	336

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 expresses as a percentage of total revenue.

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

Current Ratio
This is the ratio of current assets to current liabilities.

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.

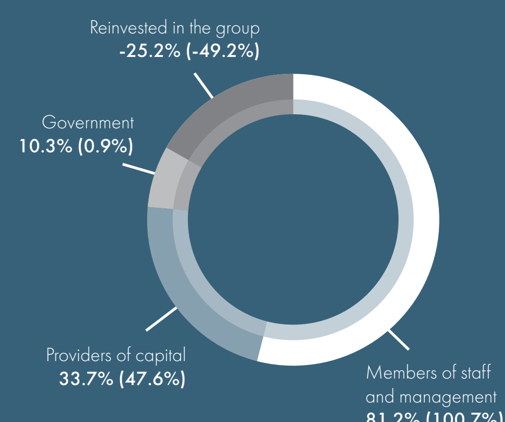
Interest Cover
This is the ratio of profit before tax, finance income and finance costs to net finance costs.

VALUE ADDED STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

	Year ended 30 June 2017		Restated Year ended 30 June 2016	
	Rs'000	%	Rs'000	%
Total Revenue	6,047,880		5,053,167	
Paid to suppliers for materials and services	(3,856,897)		(3,586,277)	
VALUE ADDED	2,190,983		1,466,890	
Finance Income	12,152		10,527	
TOTAL WEALTH CREATED	2,203,135	100.0	1,477,417	100.0
Distributed as follows :				
MEMBERS OF STAFF				
Salaries and other benefits	1,789,516	81.2	1,488,282	100.7
PROVIDERS OF CAPITAL				
Finance Costs	487,910	22.1	457,453	31.0
Operating lease payments	253,994	11.6	244,760	16.6
	741,904	33.7	702,213	47.6
GOVERNMENT AND PARASTATAL CORPORATIONS				
Income tax (current and deferred)	10,468	0.5	(197,577)	(13.3)
PAYE	45,405	2.1	43,453	2.9
EPF	45,772	2.1	38,533	2.6
Licences, permits and levies	5,758	0.3	6,138	0.4
Lease costs	120,354	5.3	122,730	8.3
	227,756	10.3	13,278	0.9
REINVESTED IN THE GROUP TO MAINTAIN AND DEVELOP OPERATIONS				
Depreciation and amortisation	(451,833)	(20.5)	(356,894)	(24.2)
Retained (loss) for the period	(104,208)	(4.7)	(369,461)	(25.0)
	(556,041)	(25.2)	(726,355)	(49.2)
TOTAL WEALTH DISTRIBUTED AND RETAINED	2,203,135	100.0	1,477,417	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 MEMBERS

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

Report on the audit of the Financial Statements

Opinion

We have audited the group financial statements of Sun Limited and its subsidiaries (the "Group") and the Company's separate financial statements on pages 2 to 75 which comprise the statements of financial position at 30 June 2017, the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements on pages 2 to 75 give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONTINUED)

The Key Audit Matters are detailed below:

KEY AUDIT MATTER	AUDIT RESPONSE
1. The Group - Assessment of impairment of goodwill	
Management tests goodwill for impairment annually, and assesses whether there are events or changes in circumstances indicating that the goodwill may be impaired. This test and assessment is largely based on management expectations and estimates of future results of the cash generating units of which the entities acquired in the past form part. As at 30 June 2017, goodwill amounted to Rs.1,922M (30 June 2016: Rs.1,981M). In view of the above, we considered the assessment for impairment of goodwill to be a significant key audit matter.	In our audit approach, we reviewed the analysis of possible indications of impairment and discussed with management. We reviewed the concluded contracts on which the average room rate assumptions are based. We reviewed the discounted cash flows of the cash generating unit to which the goodwill is related. We also discussed the forecasts for the assets concerned with management and performed sensitivity analysis.
Refer to notes 3.10 and 7 of the accompanying financial statements.	

KEY AUDIT MATTER	AUDIT RESPONSE
2. The Group - Revenue recognition	
Revenue is an important measure used to evaluate the performance of the Group. There is a risk that the revenue is presented for amounts higher than what has been actually generated by the Group. Consequently, we considered revenue recognition to be a significant key audit matter. The Group's revenue is mainly from the hotels and leisure whereby 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.	Our audit procedures to address the risk of material misstatement relating to revenue recognition include: • Our audit procedures include testing of design, existence and operating effectiveness of internal control procedures implemented as well as test of details to ensure accurate processing of revenue transactions; • The accuracy and completeness of revenue was verified through Computer Assisted Audit Techniques, cut-off test and analytical reviews.
Refer to notes 3.13 and 22 of the accompanying financial statements.	

KEY AUDIT MATTER	AUDIT RESPONSE
3. The Group - Valuation of property, plant and equipment	
The Group's property, plant and equipment of Rs.16,692M as at 30 June 2017, represent around 201% of its owners' interests. We focused on this area due to the size of the property, plant and equipment balance and because the assessment of the carrying value of the assets involves significant accounting estimate and a range of judgmental assumptions. It is the Group's policy to revalue its freehold land and buildings at least three years and the last valuation was conducted by independent professional valuers on 30 June 2015.	Our audit focus was as follows: • We reviewed the valuation report issued by the independent professional valuers on 30 June 2015 and discussed with management on any significant changes to these values as at 30 June 2017; • We also reviewed directors' assessment of fair value of assets; • We reviewed the Group's depreciation policy and verified inputs to the calculation; • We assessed the estimated residual values through discussion with independent valuer; • We performed predictive tests on depreciation charge; • We checked the consistency of the component allocation with previous years.
Refer to notes 3.4 and 5 of the accompanying financial statements.	

KEY AUDIT MATTER	AUDIT RESPONSE
4. The Company – Revaluation of interest in subsidiaries	
The Company has interest in subsidiaries of Rs.11,154M as at 30 June 2017 (2016: Rs.12,680M). We focused on this area due to the size of the interest in subsidiaries' balance which involves significant accounting estimate and a range of judgmental assumptions. The Company's interest in subsidiaries are carried at fair value where gains and losses arising from changes in fair value are recognised in other comprehensive income. Where the investment is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.	Our audit focus was as follows: • We have reviewed the adjusted net assets values of each subsidiaries and discussed the fair value with management; • We reviewed the analysis of possible indications of impairment and discussed with management; • We reviewed the discounted cash flows of the cash generating unit of major subsidiaries; • We also discussed the forecasts for the assets concerned with management.
Refer to notes 3.3 and 16 of the accompanying financial statements.	

KEY AUDIT MATTER	AUDIT RESPONSE
5. The Company - Recoverability of receivables from related parties	
The Company had receivable from related parties of Rs.6,566M as at 30 June 2017, of which loans to related parties classified as non-current amounted to Rs.6,347M. We focused on this area since the recoverability of receivables are considered to be a significant risk due to the pervasive nature of these balances to the financial statements, and the importance of cash collection with reference to the working capital management of the business.	Our audit procedures included, amongst others: • Assessing and discussing with management on the recoverability of the balances based on management's knowledge of future conditions that may impact expected receipts; • Discussed, evaluated and concluded with management that possible cash streaming will be available from the related companies to repay these debts.
Refer to notes 12 and 14 of the accompanying financial statements.	

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the Corporate Governance report, Statement of Compliance and Statutory disclosures (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and other reports including Chairman's message, executive report, corporate information and statement of director's responsibility (together referred to as "other statements"), which are expected to be made available to us after that date.

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

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

If, based on the work we have performed on the Corporate Governance report, Statement of Compliance and Statutory disclosures that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other statements which will be made available to us after that date, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Directors and those charged with Governance for the Financial Statements

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

In preparing the financial statements, the directors are responsible for assessing the Group and 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 the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

- Conclude on the appropriateness of 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 and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated 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 those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the 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

Companies Act 2001

We have no relationship with, or interests in, the Company or any of its subsidiaries, other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

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

Financial Reporting Act 2004

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

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

BDO & CO
Chartered Accountants
Port Louis,
Mauritius.

Rookaya Ghanty, FCCA
Licensed by FRC

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

		THE GROUP			THE COMPANY		
	Note	**30 June 2017**	30 June 2016	30 June 2015	**30 June 2017**	30 June 2016	30 June 2015
		Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
ASSETS							
NON-CURRENT ASSETS							
Property, plant and equipment	5	**16,692,148**	15,883,066	14,805,789	**18,958**	2,957,957	4,020,526
Operating equipment	6	**122,575**	100,099	104,568	**-**	-	63,178
Intangible assets	7	**2,014,746**	2,050,820	1,991,801	**7,287**	13,767	36,786
Interest in subsidiaries	8	**-**	-	-	**11,153,855**	12,680,173	12,508,494
Interest in associates	9	**702,445**	808,293	815,092	**702,445**	702,445	702,445
Deferred tax asset	18	**-**	-	-	**7,073**	-	-
Employee benefit asset	19	**-**	-	-	**3,421**	-	-
Other investments	10	**75,182**	5,550	5,550	**5,550**	5,550	5,550
Leasehold rights and land prepayments	11	**382,473**	396,471	408,097	**94,498**	100,771	107,044
Other financial assets	12	**16,920**	90,011	129,702	**6,136,402**	1,455,979	97,501
		20,006,489	19,334,310	18,260,599	**18,129,489**	17,916,642	17,541,524
CURRENT ASSETS							
Inventories	13	**237,305**	197,294	192,139	**-**	-	43,162
Trade and other receivables	14	**781,247**	1,062,451	644,192	**310,147**	1,250,476	1,526,396
Cash and short term deposits	29(ii)	**491,429**	434,839	317,008	**49,285**	86,695	52,048
		1,509,981	1,694,584	1,153,339	**359,432**	1,337,171	1,621,606
TOTAL ASSETS		**21,516,470**	21,028,894	19,413,938	**18,488,921**	19,253,813	19,163,130
EQUITY AND LIABILITIES							
Capital and reserves (attributable to owners of the parent)							
Stated capital	15	**1,467,308**	1,467,308	1,467,308	**1,467,308**	1,467,308	1,467,308
Share premium	15	**1,781,979**	1,781,979	1,781,979	**1,781,979**	1,781,979	1,781,979
Reserves	16	**2,849,183**	3,055,518	3,009,386	**4,635,801**	6,216,066	6,065,001
Retained profits		**2,870,027**	2,976,828	3,315,976	**3,923,497**	2,186,087	2,166,024
		8,968,497	9,281,633	9,574,649	**11,808,585**	11,651,440	11,480,312
Treasury shares	15	**(1,451,389)**	(1,432,030)	(1,432,030)	**(1,451,389)**	(1,432,030)	(1,432,030)
Equity attributable to owners of of the Company		**7,517,108**	7,849,603	8,142,619	**10,357,196**	10,219,410	10,048,282
Non-controlling interests		**792,992**	796,489	861,667	**-**	-	-
TOTAL EQUITY		**8,310,100**	8,646,092	9,004,286	**10,357,196**	10,219,410	10,048,282
NON-CURRENT LIABILITIES							
Borrowings	17	**9,175,791**	3,792,914	4,344,350	**6,204,131**	2,441,501	3,150,446
Deferred tax liability	18	**628,075**	655,566	865,518	**-**	596	8,806
Employee benefit liability	19	**306,568**	264,592	190,056	**-**	187,908	127,509
		10,110,434	4,713,072	5,399,924	**6,204,131**	2,630,005	3,286,761
CURRENT LIABILITIES							
Borrowings	17	**1,517,811**	5,973,272	3,009,393	**863,564**	4,201,412	2,628,270
Trade and other payables	20	**1,569,693**	1,691,348	1,999,315	**1,064,030**	2,202,986	3,199,817
Current tax liability	21(a)	**8,432**	5,110	1,020	**-**	-	-
		3,095,936	7,669,730	5,009,728	**1,927,594**	6,404,398	5,828,087
TOTAL LIABILITIES		**13,206,370**	12,382,802	10,409,652	**8,131,725**	9,034,403	9,114,848
TOTAL EQUITY AND LIABILITIES		**21,516,470**	21,028,894	19,413,938	**18,488,921**	19,253,813	19,163,130

Approved by the Board of Directors and authorised for issue on 21 September 2017.

Jean-Pierre Dalais
Chairman

M. G. Didier Harel
Director

The notes set out on pages 105 to 166 form an integral part of the financial statements.
Auditors' report on page 95 to 99.

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2017

		THE GROUP		THE COMPANY	
	Note	**30 June 2017**	30 June 2016	**30 June 2017**	30 June 2016
		Rs'000	Rs'000	**Rs'000**	Rs'000
Continuing operations					
Revenue	22	**6,007,284**	4,989,237	**1,382,512**	218,261
Other operating income	23	**40,596**	63,930	**18,499**	80,502
Total revenue		**6,047,880**	5,053,167	**1,401,011**	298,763
Direct costs		**1,307,161**	1,125,823	**-**	-
Employee benefits	24	**1,834,921**	1,531,735	**61,577**	92,567
Other operating costs		**1,946,410**	1,617,820	**183,330**	29,815
		5,088,492	4,275,378	**244,907**	122,382
Earnings before interest, tax, depreciation and amortisation		**959,388**	777,789	**1,156,104**	176,381
Depreciation and amortisation		**(451,833)**	(356,894)	**(16,446)**	(10,665)
Operating profit		**507,555**	420,895	**1,139,658**	165,716
Finance costs	25	**(487,910)**	(457,453)	**(348,596)**	(276,271)
Finance income	26	**12,152**	10,527	**139,848**	701
Share of results of associates	9	**(1,399)**	(6,799)	**-**	-
Profit/(loss) before tax and exceptional items		**30,398**	(32,830)	**930,910**	(109,854)
Impairment of receivable	12	**-**	-	**(227,542)**	-
Profit on disposal of assets and liabilities relating to operations of the Company	35	**-**	-	**1,015,617**	-
Closure, marketing launch, restructuring, branding and transaction costs	27	**(124,138)**	(534,208)	**-**	(13,623)
(Loss)/profit before tax		**(93,740)**	(567,038)	**1,718,985**	(123,477)
Income tax (charge)/credit	21(b)	**(10,468)**	197,577	**31,099**	1,882
(Loss)/profit for the year from continuing operations		**(104,208)**	(369,461)	**1,750,084**	(121,595)
Discontinued operations					
Post tax (loss)/profit from discontinued operations	35	**-**	-	**(47,868)**	176,296
(Loss)/profit for the year		**(104,208)**	(369,461)	**1,702,216**	54,701
(Loss)/profit attributable to:					
Owners of the Company		**(100,205)**	(300,353)	**1,702,216**	54,701
Non-controlling interests		**(4,003)**	(69,108)	**-**	-
		(104,208)	(369,461)	**1,702,216**	54,701

The notes set out on pages 105 to 166 form an integral part of the financial statements.
Auditors' report on page 95 to 99.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Note	THE GROUP 30 June 2017 Rs'000	THE GROUP 30 June 2016 Rs'000	THE COMPANY 30 June 2017 Rs'000	THE COMPANY 30 June 2016 Rs'000
(Loss)/profit for the year		**(104,208)**	(369,461)	**1,702,216**	54,701
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Movement in retirement benefit obligations	19	**(8,622)**	(47,320)	**3,017**	(40,751)
Deferred tax on retirement benefit obligations	18	**1,293**	7,098	**(453)**	6,113
		(7,329)	(40,222)	**2,564**	(34,638)
Items that may be reclassified subsequently to profit or loss:					
Differences arising on retranslation of foreign operations		**(53,290)**	19,505	**-**	-
Differences arising on retranslation of goodwill	7	**(58,483)**	32,710	**-**	-
Revaluation of interest in subsidiaries	8	**-**	-	**(1,526,318)**	171,629
Revaluation of other investments	10	**(71,879)**	-	**-**	-
Cash flow hedges		**(21,170)**	(726)	**(21,317)**	(20,564)
		(204,822)	51,489	**(1,547,635)**	151,065
Other comprehensive income for the year, net of tax		**(212,151)**	11,267	**(1,545,071)**	116,427
Total comprehensive income for the year		**(316,359)**	(358,194)	**157,145**	171,128
Total comprehensive income attributable to:					
Owners of the Company		**(313,136)**	(293,016)	**157,145**	171,128
Non-controlling interests		**(3,223)**	(65,178)	**-**	-
		(316,359)	(358,194)	**157,145**	171,128
Basic loss per share from continuing operations (Rs.)	28	**(0.79)**	(2.37)		

The notes set out on pages 105 to 166 form an integral part of the financial statements.
Auditors' report on page 95 to 99.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

THE GROUP

	Stated capital Rs'000	Share premium Rs'000	Property & investment revaluation reserve Rs'000	Foreign currency translation reserve Rs'000	Cash flow hedging reserve Rs'000	Retained profits Rs'000	Total Rs'000	Treasury shares Rs'000	Non-controlling interests Rs'000	Total equity Rs'000
At 1 July 2015										
- as previously reported	1,467,308	1,781,979	2,527,500	454,606	27,280	3,226,114	9,484,787	(1,432,030)	861,667	8,914,424
- prior year adjustment	-	-	-	-	-	89,862	89,862	-	-	89,862
- as restated	1,467,308	1,781,979	2,527,500	454,606	27,280	3,315,976	9,574,649	(1,432,030)	861,667	9,004,286
Other comprehensive income for the year	-	-	-	52,215	(6,083)	(38,795)	7,337	-	3,930	11,267
Loss for the year	-	-	-	-	-	(300,353)	(300,353)	-	(69,108)	(369,461)
Total comprehensive income for the year	-	-	-	52,215	(6,083)	(339,148)	(293,016)	-	(65,178)	(358,194)
At 30 June 2016	**1,467,308**	**1,781,979**	**2,527,500**	**506,821**	**21,197**	**2,976,828**	**9,281,633**	**(1,432,030)**	**796,489**	**8,646,092**
At 1 July 2016	1,467,308	1,781,979	2,527,500	506,821	21,197	2,976,828	9,281,633	(1,432,030)	796,489	8,646,092
Other comprehensive income for the year	-	-	(71,879)	(111,773)	(22,683)	(6,596)	(212,931)	-	780	(212,151)
Loss for the year	-	-	-	-	-	(100,205)	(100,205)	-	(4,003)	(104,208)
Total comprehensive income for the year	-	-	(71,879)	(111,773)	(22,683)	(106,801)	(313,136)	-	(3,223)	(316,359)
Purchase of treasury shares	-	-	-	-	-	-	-	(19,359)	-	(19,359)
Dividends - 2017	-	-	-	-	-	-	-	-	(274)	(274)
Total transactions with owners of the parent	-	-	-	-	-	-	-	(19,359)	(274)	(19,633)
At 30 June 2017	**1,467,308**	**1,781,979**	**2,455,621**	**395,048**	**(1,486)**	**2,870,027**	**8,968,497**	**(1,451,389)**	**792,992**	**8,310,100**

THE COMPANY

	Stated capital Rs'000	Share premium Rs'000	Property & investment revaluation reserve Rs'000	Cash flow hedging reserve Rs'000	Retained profits Rs'000	Total Rs'000	Treasury shares Rs'000	Total Rs'000
At 1 July 2015	1,467,308	1,781,979	6,035,845	29,156	2,166,024	11,480,312	(1,432,030)	10,048,282
Other comprehensive income for the year	-	-	171,629	(20,564)	(34,638)	116,427	-	116,427
Profit for the year	-	-	-	-	54,701	54,701	-	54,701
Total comprehensive income for the year	-	-	171,629	(20,564)	20,063	171,128	-	171,128
At 30 June 2016	**1,467,308**	**1,781,979**	**6,207,474**	**8,592**	**2,186,087**	**11,651,440**	**(1,432,030)**	**10,219,410**
At 1 July 2016	1,467,308	1,781,979	6,207,474	8,592	2,186,087	11,651,440	(1,432,030)	10,219,410
Other comprehensive income for the year	-	-	(1,526,318)	(21,317)	2,564	(1,545,071)	-	(1,545,071)
Profit for the year	-	-	-	-	1,702,216	1,702,216	-	1,702,216
Total comprehensive income for the year	-	-	(1,526,318)	(21,317)	1,704,780	157,145	-	157,145
Purchase of treasury shares	-	-	-	-	-	-	(19,359)	(19,359)
Transfer to retained earnings	-	-	(32,630)	-	32,630	-	-	-
Total transactions with owners of the parent	-	-	(32,630)	-	32,630	-	(19,359)	(19,359)
At 30 June 2017	**1,467,308**	**1,781,979**	**4,648,526**	**(12,725)**	**3,923,497**	**11,808,585**	**(1,451,389)**	**10,357,196**

The notes set out on pages 105 to 166 form an integral part of the financial statements.
Auditors' report on page 95 to 99.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Note	THE GROUP		THE COMPANY	
		30 June 2017	30 June 2016	**30 June 2017**	30 June 2016
		Rs'000	Rs'000	**Rs'000**	Rs'000
OPERATING ACTIVITIES					
(Loss)/profit before tax from continuing operations		**(93,740)**	(567,038)	**1,718,985**	(123,477)
(Loss)/profit from discontinued operations		**-**	-	**(47,868)**	176,296
Adjustment for:					
Depreciation of property, plant and equipment	5	**442,439**	407,479	**52,713**	166,293
Amortisation of intangible assets	7	**17,284**	13,331	**5,526**	6,387
Amortisation of leasehold land prepayments	11	**12,496**	12,507	**6,273**	6,273
Operating equipment usage	6	**37,337**	60,094	**-**	4,478
Finance costs	25	**487,910**	457,453	**348,596**	338,623
Finance income	26	**(12,152)**	(10,527)	**(139,848)**	(701)
Write off of property, plant and equipment and intangible assets		**3,669**	53,537	**-**	1,043
Loss on disposal of interest in associate		**239**	-	**-**	-
Loss on disposal of property, plant and equipment		**-**	-	**84,383**	-
Reversal of impairment of other financial assets		**(5,482)**	-	**(5,482)**	-
Share of results of associates	9	**1,399**	6,799	**-**	-
Impairment of receivable		**-**	-	**227,542**	-
Investment income		**(83,914)**	(83,261)	**(1,139,750)**	(83,261)
Unrealised exchange differences		**(18,472)**	8,237	**(16,379)**	12,033
Movement in employee benefit liability		**33,354**	27,216	**(1,163)**	19,648
		916,107	952,865	**(577,589)**	470,816
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**822,367**	385,827	**1,093,528**	523,635
Movement in working capital	29(i)	**101,516**	(653,157)	**(1,319,245)**	(1,021,015)
CASH GENERATED FROM/(USED IN) OPERATIONS		**923,883**	(267,330)	**(225,717)**	(497,380)
Income taxes paid	21	**(26,895)**	(5,707)	**-**	(215)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		**896,988**	(273,037)	**(225,717)**	(497,595)
INVESTING ACTIVITIES					
Interest received		**12,152**	10,527	**20**	701
Acquisition of subsidiary, net of cash acquired		**-**	(89,862)	**-**	-
Issue of shares by a subsidiary company		**-**	-	**-**	(89,862)
Purchase of property, plant and equipment		**(1,363,813)**	(1,508,694)	**(5,479)**	(12,422)
Proceeds from disposal of property, plant and equipment		**12**	949	**-**	426
Purchase of intangible assets	7	**(25,699)**	(44,909)	**(333)**	(797)
Advances in respect of leasehold transaction		**37,573**	57,965	**37,573**	57,965
Net loan granted		**(5,100)**	-	**-**	-
Investment income received		**83,914**	83,261	**83,914**	83,261
Purchase of operating equipment	6	**(60,025)**	(60,062)	**-**	-
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		**(1,320,986)**	(1,550,825)	**115,695**	39,272
FINANCING ACTIVITIES					
Proceeds from borrowings		**7,749,738**	2,956,594	**6,171,069**	1,752,848
Repayment of borrowings		**(5,989,095)**	(1,070,796)	**(5,449,093)**	(898,372)
Dividend paid to non-controlling interests		**(274)**	-	**-**	-
Interest paid		**(487,910)**	(457,453)	**(348,596)**	(338,623)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**1,272,459**	1,428,345	**373,380**	515,853
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**848,461**	(395,517)	**263,358**	57,530
CASH AND CASH EQUIVALENTS AT 1 JULY		**(677,023)**	(281,506)	**(385,421)**	(442,951)
CASH AND CASH EQUIVALENTS AT 30 JUNE	29(ii)	**171,438**	(677,023)	**(122,063)**	(385,421)

The notes set out on pages 105 to 166 form an integral part of the financial statements.
Auditors' report on page 95 to 99.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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

IFRS 14 Regulatory Deferral Accounts provides relief for first-adopters of IFRS in relation to accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). IFRS 14 permits these entities to apply their previous accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The standard is not expected to have any impact on the Group's financial statements.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11). The amendments clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. Existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained. The amendments also apply when a joint operation is formed and an existing business is contributed. The amendment has no impact on the Group's financial statements.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38). The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate. Amendments clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment. IAS 38 now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome under specific conditions. The amendment has no impact on the Group's financial statements.

Equity method in separate financial statements (Amendments to IAS 27). The amendments allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value in their separate financial statements. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively. The amendment has no impact on the Group's financial statements.

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41). IAS 41 now distinguishes between bearer plants and other biological asset. Bearer plants must be accounted for as property plant and equipment and measured either at cost or revalued amounts, less accumulated depreciation and impairment losses. The amendment has no impact on the Group's financial statements.

Annual Improvements to IFRSs 2012-2014 cycle

IFRS 5 is amended to clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such. The amendment has no impact on the Group's financial statements.

IFRS 7 amendment provides specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition. The amendment has no impact on the Group's financial statements.

IFRS 7 is amended to clarify that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34. The amendment has no impact on the Group's financial statements.

IAS 19 amendment clarifies that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. The amendment has no impact on the Group's financial statements.

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

2.1 Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)

IAS 34 amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information. The amendment has no impact on the Group's financial statements.

Disclosure Initiative (Amendments to IAS 1). The amendments to IAS 1 provide clarifications on a number of issues. An entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals. Confirmation that the notes do not need to be presented in a particular order. The share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the Statements of Other Comprehensive Income.

Investment entities: Applying the consolidation exception (Amendments to IFRS 10, IFRS 12 and IAS 28). The amendments clarify that the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities. An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities. Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement. The amendment has no 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.

At the reporting date of these financial statements, the following were in issue but not yet effective:

IFRS 9 Financial Instruments
IFRS 15 Revenue from Contract with Customers
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
IFRS 16 Leases
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
Amendments to IAS 7 Statement of Cash Flows
Clarifications to IFRS 15 Revenue from Contracts with Customers
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
Annual Improvements to IFRSs 2014–2016 Cycle
IFRIC 22 Foreign Currency Transactions and Advance Consideration
Transfers of Investment Property (Amendments to IAS 40)
IFRS 17 Insurance Contracts
IFRIC 23 Uncertainty over Income Tax Treatments

Where relevant, the Group is still evaluating the effect of these Standards, amendments to published Standards issued but not yet effective, on the presentation of its financial statements.

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, comparative figures have been amended to conform with change in presentation in the current year.

The Group had net current liabilities of Rs.1.59 billion as at 30 June 2017 (30 June 2016: Rs.5.97 billion) and the Company had net current liabilities of Rs.1.57 billion as at 30 June 2017 (30 June 2016: Rs.5.07 billion). For this financial year, the Group has re-structured its debts and strengthen its balance sheet going forward. Hence, in November 2016, the Company successfully issued long term multi-currency notes that were listed on the Stock Exchange of Mauritius. This enabled the Company to have long term fixed capital repayment with a higher content of Euro bonds in its portfolio. In addition, a rights issue and a private placement of Rs.1.86 billion was successfully completed on 28 August 2017 with 90% of the proceeds going towards reduction of the existing debts. This would have reduced the gearing from 55% to 47% as at 30 June 2017.

This debt restructuring and the capital injection should enable the Group to continue as a going concern for the foreseeable future. In addition, with all its major renovations completed and the full inventory of rooms available, the Group is well positioned to return to profitability as from financial year 2018. Furthermore, management is 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.

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 of the financial statements of Sun Limited and its subsidiaries as at 30 June 2017.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Basis of consolidation(cont'd)

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

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.

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 open market value 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 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%

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (cont'd)

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 lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each 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.

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 during the period in which they are incurred.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

(i) Financial assets (cont'd)

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

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.

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

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 cost less any identified impairment losses since their fair value cannot be reliably measured.

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.

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

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

(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.

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 are treated as available-for-sale financial assets and, therefore, are carried at fair value. The valuation of a subsidiary on an adjusted net asset basis or latest transaction price is periodically updated to reflect fair value.

3.9 Investment in associates

Separate financial statements of the investor

In the separate financial statements of the investor, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Investment in associates (cont'd)

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.

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 arising on the acquisition of a foreign operation is treated as an asset of the operation, expressed in the functional currency of the operation and translated at the closing rate.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Taxation (cont'd)

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.

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

The 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 turnover reflects the invoiced values derived from hotel operations.

(ii) Other revenues

Other revenues 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.
- Sale of Invest Hotel Scheme (IHS) rooms – Revenue on sale of IHS rooms is recognised when there is legal transfer of ownership and customer acceptance.

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, known as the functional currency. 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;

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Foreign currency (cont'd)

- 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).

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Employee benefits (cont'd)

(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.

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 34.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Hedge accounting (cont'd)

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.

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.

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. Effective 1 January 2015, the Group decided to expense all operating equipment in profit and loss.

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.

3.24 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 that are not readily apparent from other sources. 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 revenue on sale of Invest Hotel Scheme (''IHS'') rooms

Management has considered the detailed criteria for the recognition of revenue on sale of IHS rooms set out in International Accounting Standard 18 - Revenue (IAS 18), International Accounting Standard 11 – Construction contracts and IFRIC 15 – Agreements for the Construction of Real estates. Based on those criteria, management is satisfied that revenue on sale of IHS rooms is recognised under IAS 18.

4.2 Key sources of estimation uncertainty

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

(i) Useful lives and residual values of property, plant and equipment, including buildings

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

The depreciation of buildings is dependent on the estimations of the useful lives and residual values of the buildings, which have been made by the Group and the Company based on the report of an independent professional valuer. The buildings are included in the statements of financial position within the carrying amount of freehold land and buildings at 30 June 2017 of Rs 15,165M (30 June 2016: Rs 14,132M and 30 June 2015: Rs 13,258M) for the Group and Nil for the Company (30 June 2016: Rs 2,594M and 30 June 2015: Rs 3,407M).

(ii) Carrying amount of goodwill

In determining the carrying amount of goodwill, the Group carries out the test on impairment of goodwill on an annual basis. This exercise requires an estimation of the "value in use" of the cash generating units to which goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cashflows from the generating unit and also to choose a suitable discount rate in order to compute the present value of future cashflows. The carrying amount of goodwill as at 30 June 2017 amounted to Rs 1,922M (30 June 2016: Rs 1,981M and 30 June 2015: Rs 1,948M). Further detail is given in Note 7.

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

4.2 Key sources of estimation uncertainty (cont'd)

(iii) 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 30 June 2017 is Rs 307M for the Group (30 June 2016: Rs 265M and 30 June 2015: Rs 190M) and Rs (3)M for the Company (30 June 2016: Rs 188M and 30 June 2015: Rs 128M). Further details are set out in Note 19.

(iv) 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.

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

The Group follows the guidance of IAS 39 on determining when an investment is other-than-temporarily 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.

(vi) Revaluation of property, plant and equipment

The Group measures 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 2015. The key assumptions used to determine the fair value of the land and buildings are further explained in note 5.

(vii) Depreciation policies

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Group would currently obtain from disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

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

The fair value of securities not quoted in an active market may be determined by the Group 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.

(ix) Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

5. PROPERTY, PLANT AND EQUIPMENT

(a) THE GROUP	Land and buildings, leasehold land and site improvements	Capital work in progress	Plant and machinery	Hotel furniture and soft furnishings	Motor vehicles and boats	Computers and telecommunication equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST OR VALUATION							
At 1 July 2015	13,434,520	433,191	1,403,268	1,776,478	44,164	367,058	17,458,679
Additions	128,364	1,254,237	51,251	23,853	19,703	31,286	1,508,694
Transfers	934,052	(1,190,327)	(199,414)	124,244	37	333,278	1,870
Disposals	-	-	(166)	(5,694)	(10,683)	(1,726)	(18,269)
Write offs	(27,042)	-	(96,309)	(232,172)	-	(195,217)	(550,740)
Retranslation difference	24,395	3,057	2,886	4,087	217	3,597	38,239
At 1 July 2016	14,494,289	500,158	1,161,516	1,690,796	53,438	538,276	18,438,473
Additions	86,204	1,160,930	28,429	48,681	15,121	24,448	1,363,813
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	**15,704,215**	**43,570**	**1,383,033**	**1,956,725**	**75,348**	**517,220**	**19,680,111**
ACCUMULATED DEPRECIATION							
At 1 July 2015	176,831	-	852,377	1,284,974	26,781	311,927	2,652,890
Charge for the year	177,487	-	74,984	98,897	5,755	50,356	407,479
Transfers	8,994	-	(188,954)	(4,820)	297	184,425	(58)
Disposals	-	-	(143)	(5,678)	(10,472)	(1,027)	(17,320)
Write off adjustment	(2,668)	-	(95,722)	(210,280)	-	(188,938)	(497,608)
Retranslation difference	1,263	-	2,171	3,720	190	2,680	10,024
At 1 July 2016	361,907	-	644,713	1,166,813	22,551	359,423	2,555,407
Charge for the year	180,636	-	90,284	118,210	6,638	46,671	442,439
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)
As at 30 June 2017	**539,159**	**-**	**757,459**	**1,284,511**	**28,301**	**378,533**	**2,987,963**
NET BOOK VALUE							
At 30 June 2017	**15,165,056**	**43,570**	**625,574**	**672,214**	**47,047**	**138,687**	**16,692,148**
At 30 June 2016	14,132,382	500,158	516,803	523,983	30,887	178,853	15,883,066
At 30 June 2015	13,257,689	433,191	550,891	491,504	17,383	55,131	14,805,789

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

(b) THE COMPANY	Land improvement and buildings	Capital work in progress	Plant and machinery	Hotel furniture and soft furnishings	Motor vehicles and boats	Computers and telecommunication equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST OR VALUATION							
At 1 July 2015	3,461,101	1,912	467,810	752,770	15,422	62,039	4,761,054
Additions	3,724	1,070	3,689	2,007	-	1,932	12,422
Transfers	(3,792)	-	(9,070)	12,862	-	(99)	(99)
Disposal of assets to subsidiary companies	(776,272)	(2,982)	(212,086)	(422,398)	(10,753)	(31,156)	(1,455,647)
Disposals	-	-	-	-	(2,200)	-	(2,200)
Write off	-	-	-	-	-	(3,223)	(3,223)
Retranslation difference	-	-	-	16	-	24	40
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**
ACCUMULATED DEPRECIATION							
At 1 July 2015	53,802	-	205,417	429,507	6,205	45,597	740,528
Charge for the year	54,959	-	40,862	64,265	1,623	4,584	166,293
Transfers	(108)	-	(10,848)	10,984	(28)	(58)	(58)
Disposal of assets to subsidiary companies	(17,508)	-	(137,607)	(359,825)	(5,431)	(27,677)	(548,048)
Disposals	-	-	-	-	(1,774)	-	(1,774)
Write off adjustment	-	-	-	-	-	(2,585)	(2,585)
Retranslation difference	-	-	-	19	-	15	34
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**
NET BOOK VALUE							
At 30 June 2017	**-**	**-**	**5,313**	**6,380**	**4,863**	**2,402**	**18,958**
At 30 June 2016	2,593,616	-	152,519	200,307	1,874	9,641	2,957,957
At 30 June 2015	3,407,299	1,912	262,393	323,263	9,217	16,442	4,020,526

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		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Net book value	**11,710,101**	10,781,283	10,854,027	**-**	2,422,856	3,199,414

(d) Additions include Rs. 1.03M (30 June 2016: Rs. Nil and 30 June 2015: Rs. 17.5M) for the Group and Rs. Nil (30 June 2016: Rs. Nil and 30 June 2015: Rs. 3.3M) for the Company of assets leased under finance leases.

(e) Depreciation charge has been disclosed as follows:

	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Continuing operations	**442,439**	407,479	464,303	**5,728**	5,668	8,818
Discontinued operations	**-**	-	-	**46,985**	160,625	282,362
	442,439	407,479	464,303	**52,713**	166,293	291,180

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

	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Buildings	**-**	1,322	1,447	**-**	1,322	1,447
Plant and machinery	**26,581**	76,678	95,618	**-**	60,603	83,387
Hotel furniture and soft furnishings	**33,014**	55,916	71,306	**-**	55,916	71,306
Motor vehicles and boats	**1,367**	4,859	7,112	**-**	699	6,610
Computer and telecommunication equipment	**-**	598	1,938	**-**	598	1,938
	60,962	139,373	177,421	**-**	119,138	164,688

(g) Freehold land and buildings were revalued on 30 June 2015 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.

Included in freehold land and building is a building of one of the subsidiaries in Maldives, with a carrying amount of Rs. 2,296M as at 30 June 2017 (30 June 2016: Rs. 1,192M and 30 June 2015: Rs. 1,198M) for which the Directors were of the opinion that the carrying amount of the buildings approximates their fair value as at that reporting date.

There has been no change in the valuation technique during the year.

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

(h) Hierarchy level

Details of the Group's and Company's 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
30 June 2017				
Freehold land	-	2,628,972	-	2,628,972
Leasehold land improvement and buildings	-	2,870,159	9,094,574	11,964,733
Site improvements	-	490,000	319,577	809,577
	-	**5,989,131**	**9,414,151**	**15,403,282**
30 June 2016				
Freehold land	-	2,629,252	-	2,629,252
Leasehold land improvement and buildings	-	2,867,982	8,031,855	10,899,837
Site improvements	-	490,000	-	490,000
	-	5,987,234	8,031,855	14,019,089
30 June 2015				
Freehold land	-	2,546,100	-	2,546,100
Leasehold land improvement and buildings	-	135,200	9,657,696	9,792,896
Site improvements	-	490,000	-	490,000
	-	3,171,300	9,657,696	12,828,996

THE COMPANY	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Fair value Rs'000
30 June 2017				
Leasehold land improvement and buildings	**-**	**-**	**-**	**-**
30 June 2016				
Leasehold land improvement and buildings	-	92,680	2,592,081	2,684,761
30 June 2015				
Leasehold land improvement and buildings	-	105,966	3,355,135	3,461,101

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

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

6. OPERATING EQUIPMENT

	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
At 1 July	**100,099**	104,568	147,980	**-**	63,178	109,430
Additions	**60,025**	60,062	41,363	**-**	-	15,380
Usage	**(37,337)**	(60,094)	(89,126)	**-**	(4,478)	(47,114)
Transfer of assets to subsidiary companies	**-**	-	-	**-**	(58,700)	(14,518)
Transfer to inventories	**-**	(4,937)	-	**-**	-	-
Retranslation difference	**(212)**	500	4,351	**-**	-	-
At 30 June	**122,575**	100,099	104,568	**-**	-	63,178

7. INTANGIBLE ASSETS

(a) THE GROUP

	Goodwill Rs'000	Computer software Rs'000	Work in progress Rs'000	Total Rs'000
COST				
At 1 July 2015	1,948,020	94,200	17,854	2,060,074
Additions	-	37,979	6,930	44,909
Transfer from/(to) property, plant and equipment	-	18,856	(20,726)	(1,870)
Write offs	-	(17,131)	-	(17,131)
Retranslation difference	32,710	(3,112)	(798)	28,800
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**
ACCUMULATED AMORTISATION				
At 1 July 2015	-	68,273	-	68,273
Charge for the year	-	13,331	-	13,331
Transfer from property, plant and equipment	-	58	-	58
Write offs	-	(16,726)	-	(16,726)
Retranslation difference	-	(974)	-	(974)
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**
NET BOOK VALUE				
At 30 June 2017	**1,922,247**	**87,802**	**4,697**	**2,014,746**
At 30 June 2016	1,980,730	66,830	3,260	2,050,820
At 30 June 2015	1,948,020	25,927	17,854	1,991,801

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

	THE GROUP		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000
Tour operator CGU - Solea Vacances SA and others (Note (i))	**7,428**	7,461	6,057
Hotel property CGU - Property companies - Maldives (Note (i))	**1,691,130**	1,749,580	1,718,274
Hotel property CGU - Anahita Hotel Limited (Note (ii))	**223,689**	223,689	223,689
	1,922,247	1,980,730	1,948,020

(i) The recoverable amount of these CGU are determined based on its value-in-use. The expected future net cash flows for 8 years has been discounted at an appropriate discount rate and added to the estimated terminal value. The discount rate calculation is based on the specific circumstances of the CGU and is derived from its weighted average cost of capital ("WACC") of 8.45% - 12.4% (2016: 9.73% - 12.5%). The terminal value has been computed by capitalising the net income prevailing at the end of the cash flow projections, using a perpetual growth rate of 3% and discounting at an appropriate rate.

(ii) The recoverable amount of hotel property CGU - Anahita Hotel Limited was based on the discounted cash flow method, taking into account the free cash flow projections of financial budgets approved by management covering an eight year span. Value of free cash flow at perpetuity has been assumed using a growth rate of 3%. The future cash flows are discounted to present value based on a discount rate of 10.05% (2016: 11.02%). The Group performs impairment tests on goodwill on an annual basis or more frequently, if there are indications that goodwill might be impaired. The Directors have reviewed the carrying value of the goodwill and are of opinion that at the period end, the carrying value has not suffered any impairment loss.

7. INTANGIBLE ASSETS (CONT'D)

(c) THE COMPANY

	Computer software Rs'000	Work in progress Rs'000	Total Rs'000
COST			
At 1 July 2015	61,462	16,787	78,249
Additions	654	143	797
Transfer from property, plant and equipment	99	-	99
Disposal of assets to subsidiary companies	(812)	(16,787)	(17,599)
Write offs	(2,078)	-	(2,078)
At 1 July 2016	59,325	143	59,468
Additions	333	-	333
Transfer	143	(143)	-
Disposal of assets to subsidiary companies	(5,600)	-	(5,600)
At 30 June 2017	**54,201**	**-**	**54,201**
ACCUMULATED AMORTISATION			
At 1 July 2015	41,463	-	41,463
Charge for the year	6,387	-	6,387
Transfer from property, plant and equipment	58	-	58
Disposal of assets to subsidiary companies	(534)	-	(534)
Write offs	(1,673)	-	(1,673)
At 1 July 2016	45,701	-	45,701
Charge for the year	5,526	-	5,526
Disposal of assets to subsidiary companies	(4,313)	-	(4,313)
At 30 June 2017	**46,914**	**-**	**46,914**
NET BOOK VALUE			
At 30 June 2017	**7,287**	**-**	**7,287**
At 30 June 2016	13,624	143	13,767
At 30 June 2015	19,999	16,787	36,786

(d) Amortisation charge has been disclosed as follows:

	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Continuing operations	**17,284**	13,331	13,890	**4,643**	4,997	7,384
Discontinued operations	**-**	-	-	**883**	1,390	2,206
	17,284	13,331	13,890	**5,526**	6,387	9,590

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

8. INTEREST IN SUBSIDIARIES

THE COMPANY	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000
At valuation			
At 1 July,	12,680,173	12,508,494	4,893,633
Transfer from interest in associates	-	-	926,400
Additions	-	50	3,978,822
Revaluation (losses)/gains	(1,526,318)	171,629	2,709,639
At 30 June,	11,153,855	12,680,173	12,508,494

(a) Unquoted Investments, at valuation	Country of incorporation and operation	Business Activity	Period end	30 June 2017: Stated capital 30 June 2017 Rs'000	Proportion of ownership interest and voting rights held: ------ Direct ------ Ordinary shares %	Preference shares %	Ordinary shares %	Proportion of ownership interests held by non-controlling interests: Indirect Ordinary shares %	Preference shares %
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 2015, 30 June 2016 and 30 June 2017.
**: Represents investment amounting to Rs.100 which is not shown due to rounding off to the nearest thousand.

8. INTEREST IN SUBSIDIARIES (CONT'D)

(a) Unquoted Investments, at valuation	Country of incorporation and operation	Business Activity	Period end	30 June 2016: Stated capital 30 June 2016 Rs'000	Proportion of ownership interest and voting rights held: ----- Direct ----- Ordinary shares %	Preference shares %	Indirect Ordinary shares %	Proportion of ownership interests held by non-controlling interests: Ordinary shares %	Preference shares %
Ambre Resort Ltd	Mauritius	Hotel	30 June	10	-	-	100.00	-	-
Anahita Hotel Limited ****	Mauritius	Hotel	31 December	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	6,430	-	-	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	35	-	-	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	-	-

*: These companies were non-trading as at 30 June 2015, 30 June 2016 and 30 June 2017.
**: Represents investment amounting to Rs. 100 which is not shown due to rounding off to the nearest thousand.
***: SRL Touessrok Hotel Limited is a subsidiary as from 01 August 2014.
****: Anahita Hotel Limited is a subsidiary as from June 2015.

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	Loss allocated to non-controlling interest during the year		Accumulated non-controlling interest at	
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2017 Rs'000	30 June 2016 Rs'000
SRL Touessrok Hotel Limited	(4,003)	(69,108)	790,907	793,879

(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 SRL Touessrok Hotel Limited	Current assets Rs'000	Non-current assets Rs'000	Current liabilities Rs'000	Non-current liabilities Rs'000	Revenue Rs'000	Loss from continuing operations Rs'000	Other comprehensive income for the period Rs'000	Total comprehensive income for the period Rs'000	Dividend paid to non-controlling interest Rs'000
30 June 2017	**242,662**	**4,398,034**	**304,512**	**1,294,235**	**1,070,450**	**(15,398)**	**2,999**	**(12,399)**	**-**
30 June 2016	418,749	4,511,509	585,242	1,290,666	615,488	(265,801)	15,116	(250,685)	-

(ii) Summarised cash flow information:

Name SRL Touessrok Hotel Limited	Operating activities Rs'000	Investing activities Rs'000	Financing activities Rs'000	Net decrease in cash and cash equivalents Rs'000
30 June 2017	**(18,902)**	**13,976**	**4,896**	**(30)**
30 June 2016	(435,592)	(938,610)	1,202,825	(171,377)

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 Net Asset Value techniques or latest transaction price, which include some assumptions that are not supportable by observable market prices or rates.

9. INTEREST IN ASSOCIATES

(a)

	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000
At 1 July	**808,293**	815,092	-	**702,445**	702,445	-
Additions	**-**	-	1,628,845	**-**	-	1,628,845
Acquisition through business combination	**-**	-	112,648	**-**	-	-
Share of (loss)/profit after tax and non-controlling interests	**(1,399)**	(6,799)	27,948	**-**	-	-
Other equity movements	**-**	-	(17,178)	**-**	-	-
Dividend	**-**	-	(25,200)	**-**	-	-
Transfer	**(141,750)**	-	(911,971)	**-**	-	-
Capitalisation of shareholder's loan	**37,301**	-	-	**-**	-	-
Transfer to interest in subsidiaries	**-**	-	-	**-**	-	(926,400)
At 30 June	**702,445**	808,293	815,092	**702,445**	702,445	702,445

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

Name 2017 & 2016	Period end	Nature of business	Principal place of business	Proportion of ownership interest and voting rights held	
				Direct	Indirect
Anahita Golf Ltd	30 June	Operating a golf course and restaurant activities	Mauritius	-	25%
EastCoast Hotel Investment Ltd	30 June	Investment holding	Mauritius	30%	-

(i) The above associates are accounted for using the equity method.

(ii) Anahita Golf Ltd and EastCoast Hotel Investment Ltd are private companies and there are no quoted market price available for their shares.

(c) Further to a shareholder's meeting held on 28 March 2017, Anahita Golf Ltd proceeded with a rights issue of shares for which Anahita Hotel Limited did not subscribe. Further to this transaction, Anahita Hotel Limited recognised a dilution in its shareholding in Anahita Golf Ltd, decreasing its stake from 25% to 12.5%. The investment in Anahita Golf Ltd has thus been transferred from interest in associates to investment in other financial assets.

(d) Summarised financial information	Anahita Golf Ltd	EastCoast Hotel Investment Ltd	
	30 June 2016 Rs'000	30 June 2017 Rs'000	30 June 2016 Rs'000
Statement of financial position			
Current assets	10,701	**2,341,483**	2,341,483
Non-current assets	685,661	**-**	-
Current liabilities	(39,802)	**-**	-
Non-current liabilities	(233,168)	**-**	-
Statement of profit or loss and other comprehensive income			
Revenue	101,839	**83,914**	83,261
Loss for the year	(27,199)	**-**	-
Other comprehensive income for the year	-	**-**	-
Total comprehensive income for the year	(27,199)	**-**	-
Dividends received during the year	-	**83,914**	83,261

9. INTEREST IN ASSOCIATES (CONT'D)

(e) Reconciliation of summarised financial information

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

	Anahita Golf Ltd		EastCoast Hotel Investment Ltd	
	31 March 2017 Rs'000	30 June 2016 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000
Net assets at 1 July,	**423,392**	450,591	**2,341,483**	2,341,483
Loss for the period/year	**(5,596)**	(27,199)	**-**	-
Other comprehensive income for the period/year	**-**	-	**-**	-
Closing net assets at 31 March/30 June	**417,796**	423,392	**2,341,483**	2,341,483
Ownership interest	**25%**	25%	**30%**	30%
Interest in associate	**104,449**	105,848	**702,445**	702,445

10. OTHER INVESTMENTS

	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
AT VALUATION						
Available-for-sale						
Listed equity investments						
At 1 July	**3**	3	5,044	**3**	3	5,044
Disposals	**-**	-	(5,040)	**-**	-	(5,040)
Revaluation adjustments	**-**	-	(1)	**-**	-	(1)
At 30 June	**3**	3	3	**3**	3	3
Unlisted equity investments						
At 1 July	**5,547**	5,547	5,547	**5,547**	5,547	5,547
Additions	**141,511**	-	-	**-**	-	-
Fair value adjustment	**(71,879)**	-	-	**-**	-	-
At 30 June	**75,179**	5,547	5,547	**5,547**	5,547	5,547
Total	**75,182**	5,550	5,550	**5,550**	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 reporting date.

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. 7.5M (30 June 2016: Rs. 0.6M and 30 June 2015: Rs. 0.6M) lower/higher were the fair value differ by 10% from management estimates.

11. LEASEHOLD RIGHTS AND LAND PREPAYMENTS

	THE GROUP		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000
COST			
At 1 July	**446,782**	445,776	223,141
Acquisition through business combination	**-**	-	215,000
Retranslation difference	**(1,800)**	1,006	7,635
At 30 June	**444,982**	446,782	445,776
ACCUMULATED AMORTISATION			
At 1 July	**50,311**	37,679	24,404
Charge for the year	**12,496**	12,507	12,470
Retranslation difference	**(298)**	125	805
At 30 June	**62,509**	50,311	37,679
NET BOOK VALUE			
At 30 June	**382,473**	396,471	408,097

	THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000
COST			
At 1 July and 30 June	**125,863**	125,863	125,863
ACCUMULATED AMORTISATION			
At 1 July	**25,092**	18,819	9,409
Charge for the year	**6,273**	6,273	9,410
At 30 June	**31,365**	25,092	18,819
NET BOOK VALUE			
At 30 June	**94,498**	100,771	107,044

(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. 4,815M and the subsidiary in Maldives at USD 16M as at 30 June 2015.

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

12. OTHER FINANCIAL ASSETS

(a)	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Loans under Executive Share Scheme	**16,920**	16,920	36,279	**16,920**	16,920	36,279
Loans to related parties	**-**	32,201	32,201	**6,119,482**	1,398,169	-
Other long term loan	**-**	19,359	-	**-**	19,359	-
Advance payments (Note 12 (b))	**-**	21,531	61,222	**-**	21,531	61,222
	16,920	90,011	129,702	**6,136,402**	1,455,979	97,501

During the year ended 30 June 2017, a Phantom Share Option Scheme (the "Scheme") has been set up to enable the Company and/or its subsidiaries to offer the Executives of the Company Phantom Share Options thereby attracting, retaining and rewarding the Executives and strengthening the mutuality of interests between the Executives and the Company.

12. OTHER FINANCIAL ASSETS (CONT'D)

(b) 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		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000
Receivable:			
Within one year (Note 14)	**26,953**	38,875	57,149
After one year but before two years	**-**	21,531	36,357
After two years but before three years	**-**	-	24,865
Non-current asset	**-**	21,531	61,222
	26,953	60,406	118,371

(c) Loans to related parties

Included in loans to related parties are an amount of Rs. 4,049.5M, relating to quasi equity which are unsecured and are net of impairment of Rs. 227.5M as at 30 June 2017. Other loans to related parties are unsecured with no fixed term of repayment and are interest bearing at 9.25% per annum. The Directors believe that there is no further impairment required for the year ended 30 June 2017.

13. INVENTORIES

	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Food and beverages	**60,632**	39,959	49,486	**-**	-	28,840
Operating supplies	**26,798**	25,539	56,833	**-**	-	10,546
Spare parts	**7,025**	9,807	1,530	**-**	-	1,530
Fabric and linen	**38,715**	26,599	3,285	**-**	-	-
Retail products	**43,012**	32,320	20,093	**-**	-	870
IHS rooms	**55,258**	55,260	59,536	**-**	-	-
	231,440	189,484	190,763	**-**	-	41,786
Goods in transit	**5,865**	7,810	1,376	**-**	-	1,376
	237,305	197,294	192,139	**-**	-	43,162
At cost	**177,540**	143,589	163,610	**-**	-	43,162
At net realisable value	**59,765**	53,705	28,529	**-**	-	-
	237,305	197,294	192,139	**-**	-	43,162

(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. 1.3M (30 June 2016 and 30 June 2015: Rs. Nil).

(b)(i) Cost of inventories expensed in food and beverages amounts to Rs. 677.6M for the Group (30 June 2016: Rs. 513.4M and 30 June 2015: Rs. 801.9M). Cost of inventories expensed in food and beverages for the Company amounts to Rs. Nil (30 June 2016: Rs. Nil in continuing operations and Rs. 106.7M in discontinued operations and 30 June 2015: Rs. 487.9M in continuing operations)

(ii) Cost of inventories expensed in real estate amounts to Rs. Nil for the group (30 June 2016: Rs. 5.8M and 30 June 2015: Rs. 25.8M). Cost of inventories expensed in real estate amounts to Rs. Nil for the Company (30 June 2016 and 30 June 2015: Rs. Nil).

14. TRADE AND OTHER RECEIVABLES

	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Trade receivables	**395,254**	681,940	348,442	**-**	31,224	265,555
Less: provision for impairment	**(11,445)**	(31,863)	(13,831)	**-**	(10,358)	(11,483)
Trade receivables - net	**383,809**	650,077	334,611	**-**	20,866	254,072
Other receivables and prepayments	**341,724**	352,043	252,432	**44,785**	41,135	65,816
Advance payments (Note 12 (b))	**26,953**	38,875	57,149	**26,953**	38,875	57,149
Current tax assets (Note 21)	**21,421**	1,699	-	**18,128**	-	-
Derivative financial asset	**870**	8,721	-	**870**	8,721	-
Amount due by related parties	**6,470**	11,036	-	**219,411**	1,140,879	1,149,359
	781,247	1,062,451	644,192	**310,147**	1,250,476	1,526,396

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

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.

Included in the Group's and the Company's trade receivables balances are debtors with a carrying amount of Rs. 163.3M and Rs. Nil respectively (30 June 2016: Rs. 406.2M and 30 June 2015: Rs. 204.5M for the Group and 30 June 2016: Rs. 20.0M and 30 June 2015: Rs. 148.1M for the Company) which are past due at the reporting date 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.

Ageing of past due trade debtors but not impaired

	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Within 31 - 60 days	**95,389**	116,165	82,991	**-**	-	73,840
Within 61 - 90 days	**35,477**	77,281	50,300	**-**	-	25,326
Over 90 days	**32,464**	212,729	71,210	**-**	19,960	48,903
Total	**163,330**	406,175	204,501	**-**	19,960	148,069

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 reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

Movement in the allowance for doubtful debts

	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
At 1 July	**31,863**	13,831	11,158	**10,358**	11,483	10,776
Acquisition through business combination	**-**	-	274	**-**	-	-
Movement in impairment loss recognised on trade receivables:-						
- Provision for receivable impairment	**15,265**	20,098	4,016	**-**	941	1,942
- Impairment loss reversed	**(18,828)**	(2,066)	(1,617)	**(2,377)**	(2,066)	(1,235)
Receivable written off during the year as uncollectible	**(16,855)**	-	-	**(7,981)**	-	-
At 30 June	**11,445**	31,863	13,831	**-**	10,358	11,483

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 reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

15. STATED CAPITAL

	THE GROUP AND THE COMPANY				
Issued and fully paid ordinary shares	Number of shares	Ordinary shares Rs'000	Share premium Rs'000	Treasury shares Rs'000	Total Rs'000
At 1 July 2015 and 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(30 June 2016 and 2015: 19,756,046), 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 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. The total amount of the shares of Rs. 19.4M were deducted from shareholder's equity.

16. RESERVES

	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Property revaluation (Note (i))	**2,527,504**	2,527,504	2,527,504	**-**	32,630	32,630
Investment revaluation (Note (ii))	**(71,883)**	(4)	(4)	**4,648,526**	6,174,844	6,003,215
Cash flow hedging reserve (Note (iii))	**(1,486)**	21,197	27,280	**(12,725)**	8,592	29,156
Foreign currency translation (Note (iv))	**395,048**	506,821	454,606	**-**	-	-
	2,849,183	3,055,518	3,009,386	**4,635,801**	6,216,066	6,065,001

(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		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Loans (Note (i))	**4,225,656**	3,735,371	4,186,396	**1,257,800**	2,389,899	3,001,260
Debentures (Note (ii))	**-**	-	74,400	**-**	-	74,400
Bonds (Note (iii))	**4,911,394**	-	-	**4,911,394**	-	-
Finance lease liabilities (Note (iv))	**38,741**	57,543	83,554	**34,937**	51,602	74,786
	9,175,791	3,792,914	4,344,350	**6,204,131**	2,441,501	3,150,446

Maturity of the loans and borrowings ranges between years 2017 - 2019.

17. BORROWINGS (CONT'D)

Current liabilities

	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Loans (Note (i))	**1,179,303**	4,748,642	2,346,606	**675,823**	3,619,320	2,071,801
Debentures (Note (ii))	**-**	86,800	24,800	**-**	86,800	24,800
Finance lease liabilities (Note (iv))	**18,517**	25,968	39,473	**16,393**	23,176	36,670
Bank overdrafts (Note (v))	**319,991**	1,111,862	598,514	**171,348**	472,116	494,999
	1,517,811	5,973,272	3,009,393	**863,564**	4,201,412	2,628,270

(i) Loans

	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Repayable:						
Within one year	**1,179,303**	4,748,642	2,346,606	**675,823**	3,619,320	2,071,801
After one year but before two years	**674,859**	575,971	882,999	**287,713**	411,902	714,878
After two years but before three years	**1,006,357**	637,651	773,588	**358,620**	476,706	528,761
After three years but before five years	**1,048,636**	896,358	1,791,628	**311,127**	598,756	1,180,705
After five years	**1,495,804**	1,625,391	738,181	**300,340**	902,535	576,916
Non-current liabilities	**4,225,656**	3,735,371	4,186,396	**1,257,800**	2,389,899	3,001,260
Total	**5,404,959**	8,484,013	6,533,002	**1,933,623**	6,009,219	5,073,061

	THE GROUP			THE COMPANY		
Included in the above loans are:	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
US Dollar loans	**1,465,225**	1,512,740	1,580,779	**-**	1,512,740	1,227,953
Euro loans	**3,638,213**	3,606,195	1,857,471	**1,810,099**	1,973,790	1,123,979
Great Britain Pound loans	**165,871**	174,344	-	**-**	-	-

(a) The loans are secured by fixed and floating charges over all the assets of the Group. During the financial year 2016, the Company undertook a restructuring of its loans which comprised of rescheduling of some of its existing loans and push down other long term loans in the relevant subsidiaries. Thus, at the end of the reporting period, there was a balance of Rs. 4 billion in current liabilities which were being pushed down to the four key subsidiaries.

(b) As at 30 June 2017, the Group and the Company were in breach of banking covenants with one bank and as such, bank loans amounting to Rs. 243.5M were classified as current borrowings. Whilst such breaches technically gave the right to the lenders to accelerate repayment before scheduled maturity, no such acceleration has taken place and as of the date of authorisation of the financial statements, the bank loans of Rs. 243.5M were fully repaid.

17. BORROWINGS (CONT'D)

(c) The loans are arranged at floating interest rates and the average interest rate as at the reporting dates was as follows:

	THE GROUP			THE COMPANY		
	30 June 2017 %	30 June 2016 %	30 June 2015 %	**30 June 2017 %**	30 June 2016 %	30 June 2015 %
Average interest rate	**4.33**	4.91	5.3	**4.28**	5.11	5.2

(ii) Debentures

	THE GROUP AND THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000
Repayable:			
Within one year	**-**	86,800	24,800
After one year but before two years	**-**	-	24,800
After two years but before three years	**-**	-	24,800
After three years but before five years	**-**	-	24,800
Non-current liabilities	**-**	-	74,400
Total	**-**	86,800	99,200

The debentures have been fully repaid during the year ended 30 June 2017. The average interest rate as at 30 June 2016 and 30 June 2015 was 7.4% and 7.7% respectively.

(iii) Bonds

The bonds are secured by floating charges over all the assets of the Group and are repayable after 5 years. The bonds are arranged at floating and fixed interest rates and the average interest as at the reporting date was 5.3%.

(iv) 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. 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		
	30 June 2017 %	30 June 2016 %	30 June 2015 %
Average interest rate	**12.2**	8.7	8.5

17. BORROWINGS (CONT'D)

(b) Obligations under finance leases

THE GROUP

	Minimum lease payments			Present value of minimum lease payments		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Repayable:						
Within one year	**22,598**	31,668	47,792	**18,517**	25,968	39,473
After one year but before two years	**20,918**	22,579	32,671	**18,310**	18,517	26,908
After two years but before three years	**20,278**	22,904	22,102	**19,224**	19,977	18,032
After three years but before five years	**1,289**	19,868	41,087	**1,207**	19,049	37,414
After five years	**-**	-	1,283	**-**	-	1,200
	42,485	65,351	97,143	**38,741**	57,543	83,554
	65,083	97,019	144,935	**57,258**	83,511	123,027
Less: Future finance charges	**(7,825)**	(13,508)	(21,908)	**-**	-	-
	57,258	83,511	123,027	**57,258**	83,511	123,027
Included in the financial statements as:						
Current liabilities				**18,517**	25,968	39,473
Non-current liabilities				**38,741**	57,543	83,554
				57,258	83,511	123,027

THE COMPANY

	Minimum lease payments			Present value of minimum lease payments		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Repayable:						
Within one year	**19,747**	27,858	43,671	**16,393**	23,176	36,670
After one year but before two years	**19,199**	19,748	28,822	**17,113**	16,415	24,085
After two years but before three years	**18,559**	19,446	19,255	**17,824**	17,364	15,921
After three years but before five years	**-**	18,559	37,601	**-**	17,823	34,780
	37,758	57,753	85,678	**34,937**	51,602	74,786
	57,505	85,611	129,349	**51,330**	74,778	111,456
Less: Future finance charges	**(6,175)**	(10,833)	(17,893)	**-**	-	-
	51,330	74,778	111,456	**51,330**	74,778	111,456
Included in the financial statements as:						
Current liabilities				**16,393**	23,176	36,670
Non-current liabilities				**34,937**	51,602	74,786
				51,330	74,778	111,456

17. BORROWINGS (CONT'D)

(b) Obligations under finance leases

(v) 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		
	30 June 2017 %	30 June 2016 %	30 June 2015 %	**30 June 2017 %**	30 June 2016 %	30 June 2015 %
Average interest rate	**4.9**	5.1	6.0	**6.3**	5.1	5.9

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

(vii) 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 33.

18. DEFERRED TAX LIABILITY

(a) There is a legally enforseeable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the statements of financial position:

	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Deferred tax assets	**-**	-	-	**7,073**	-	-
Deferred tax liabilities	**(628,075)**	(655,566)	(865,518)	**-**	(596)	(8,806)
	(628,075)	(655,566)	(865,518)	**7,073**	(596)	(8,806)

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 was Rs. 48.6M (30 June 2016: Rs. 38.7M and 30 June 2015: Rs. 2.8M) 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		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
At 1 July	**655,566**	865,518	532,099	**596**	8,806	253,550
Recognised in profit or loss	**(25,736)**	(205,717)	(37,716)	**(36,195)**	(2,097)	(131,581)
Recognised in other comprehensive income	**(1,293)**	(7,098)	83,061	**453**	(6,113)	9,604
Translation difference	**(462)**	2,863	16,114	**-**	-	-
Transfer to subsidiary company	**-**	-	-	**28,073**	-	(122,767)
Acquisition through business combination	**-**	-	271,960	**-**	-	-
At 30 June	**628,075**	655,566	865,518	**(7,073)**	596	8,806

18. DEFERRED TAX LIABILITY (CONT'D)

(c) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority on the same entity, is as follows:

THE GROUP

	At 1 July 2016 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**
30 June 2017					
Temporary differences					
Accelerated capital allowances	373,694	108,160	-	(863)	**480,991**
Employee benefit liability	(39,690)	(5,004)	(1,293)	-	**(45,987)**
Revaluation of property, plant and equipment	418,978	(2,489)	-	(2,148)	**414,341**
Other provisions	11,179	(5,932)	-	1,882	**7,129**
Unused tax losses and credits	(108,595)	(120,471)	-	667	**(228,399)**
	655,566	**(25,736)**	**(1,293)**	**(462)**	**628,075**

THE GROUP

	At 1 July 2015 Rs'000	Recognised in profit or loss Rs'000	Recognised in other comprehensive income Rs'000	Transfer Rs'000	Exchange difference Rs'000	At 30 June 2016 Rs'000
30 June 2016						
Temporary differences						
Accelerated capital allowances	589,729	(85,013)	-	(131,812)	790	373,694
Employee benefit liability	(28,421)	(4,171)	(7,098)	-	-	(39,690)
Revaluation of property, plant and equipment	417,775	(54)	-	-	1,257	418,978
Other provisions	8,141	8,082	-	-	(5,044)	11,179
Unused tax losses and credits	(121,706)	(124,561)	-	131,812	5,860	(108,595)
	865,518	**(205,717)**	**(7,098)**	**-**	**2,863**	**655,566**

THE COMPANY

	At 1 July 2016 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**
30 June 2017					
Temporary differences					
Accelerated capital allowances	(15,205)	7,619	-	-	**(7,586)**
Employee benefit liability	(28,187)	174	453	28,073	**513**
Revaluation of property, plant and equipment	10,126	(10,126)	-	-	**-**
Other provisions	35,366	(35,366)	-	-	**-**
Unused tax losses and credits	(1,504)	1,504	-	-	**-**
	596	**(36,195)**	**453**	**28,073**	**(7,073)**

30 June 2016	At 1 July 2015 Rs'000	Recognised in profit or loss Rs'000	Recognised in other comprehensive income Rs'000	Transfer Rs'000	At 30 June 2016 Rs'000
Temporary differences					
Accelerated capital allowances	85,430	31,177	-	(131,812)	(15,205)
Employee benefit liability	(19,038)	(3,036)	(6,113)	-	(28,187)
Revaluation of property, plant and equipment	39,303	(29,177)	-	-	10,126
Other provisions	(1,722)	169	-	36,919	35,366
Unused tax losses and credits	(95,167)	(1,230)	-	94,893	(1,504)
	8,806	**(2,097)**	**(6,113)**	**-**	**596**

19. EMPLOYEE BENEFIT LIABILITY

Amounts recognised in the statements of financial position:

	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Pension plan (Note (a))	**(8,972)**	(8,762)	(32,290)	**(4,578)**	(1,512)	(23,180)
Other retirement benefits (Note (b))	**315,540**	273,354	222,346	**1,157**	189,420	150,689
	306,568	264,592	190,056	**(3,421)**	187,908	127,509

(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 2017 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		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
At 1 July	**(8,762)**	(32,290)	282	**(1,512)**	(23,180)	282
Amount recognised in profit or loss	**18,412**	18,170	36,895	**856**	15,625	34,339
Amount recognised in other comprehensive income	**279**	24,934	(34,270)	**(1,423)**	22,785	(27,063)
Contributions from employer	**(18,901)**	(19,576)	(35,197)	**(2,499)**	(16,742)	(32,373)
Transfer to subsidiary company	**-**	-	-	**-**	-	1,635
At 30 June	**(8,972)**	(8,762)	(32,290)	**(4,578)**	(1,512)	(23,180)

Amounts recognised in the statements of financial position:

	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Present value of funded obligations	**523,956**	493,067	488,691	**152,648**	437,587	430,948
Fair value of plan assets	**(532,928)**	(501,829)	(520,981)	**(157,226)**	(439,099)	(454,128)
At 30 June	**(8,972)**	(8,762)	(32,290)	**(4,578)**	(1,512)	(23,180)

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		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
At 1 July	**493,067**	488,691	427,562	**437,587**	430,948	427,562
Current service cost	**19,657**	21,250	37,850	**1,568**	17,935	34,952
Contributions from employees	**4,007**	4,259	5,686	**430**	3,248	4,708
Interest cost	**33,704**	33,372	49,772	**10,306**	29,356	46,248
Past service cost	**115**	-	-	**(472)**	-	-
Liability experience gains	**(9,259)**	(30,199)	(31,573)	**(2,805)**	(25,189)	(28,681)
Liability losses due to change in financial assumptions	**9,048**	-	31,710	**1,185**	-	27,328
Benefits paid	**(26,383)**	(24,306)	(32,316)	**(10,360)**	(18,711)	(33,570)
Transfer to subsidiary companies	**-**	-	-	**(284,791)**	-	(47,599)
At 30 June	**523,956**	493,067	488,691	**152,648**	437,587	430,948

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

	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
At 1 July	**501,829**	520,981	427,280	**439,099**	454,128	427,280
Interest income	**35,064**	36,452	50,727	**10,546**	31,666	46,861
(Gains)/losses on plan assets excluding interest	**(490)**	(55,133)	34,407	**(197)**	(47,974)	25,710
Contributions from employer	**18,901**	19,576	35,197	**2,499**	16,742	32,373
Contributions from employees	**4,007**	4,259	5,686	**430**	3,248	4,708
Benefits paid	**(26,383)**	(24,306)	(32,316)	**(10,360)**	(18,711)	(33,570)
Transfer to subsidiary companies	**-**	-	-	**(284,791)**	-	(49,234)
At 30 June	**532,928**	501,829	520,981	**157,226**	439,099	454,128

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

	THE GROUP		THE COMPANY	
	30 June 2017 Rs'000	30 June 2016 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000
Service cost	**19,657**	21,250	**1,568**	17,935
Past service cost	**115**	-	**(472)**	-
Net interest on net defined benefit asset	**(1,360)**	(3,080)	**(240)**	(2,310)
Total included in employee benefits	**18,412**	18,170	**856**	15,625

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

	THE GROUP		THE COMPANY	
	30 June 2017 Rs'000	30 June 2016 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000
Return on plan assets above interest income	**490**	55,133	**197**	47,974
Liability experience gains	**(9,259)**	(30,199)	**(2,805)**	(25,189)
Liability losses due to change in financial assumptions	**9,048**	-	**1,185**	-
Total	**279**	24,934	**(1,423)**	22,785

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		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Local quoted equity instruments	**63,951**	60,219	46,888	**18,867**	52,692	40,872
Overseas quoted equity instruments	**239,818**	245,896	260,491	**70,752**	215,158	227,064
Overseas quoted debt instruments	**79,939**	80,293	78,146	**23,583**	70,256	68,118
Local quoted debt instruments	**74,610**	85,311	67,728	**22,012**	74,647	59,037
Cash and others	**74,610**	30,110	67,728	**22,012**	26,346	59,037
Total	**532,928**	501,829	520,981	**157,226**	439,099	454,128

At 30 June 2017, approximately 2% (30 June 2016 and 2015: 0.3%) 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		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Present value of funded obligations	**523,956**	493,067	488,691	**152,648**	437,587	430,948
Fair value of plan assets	**(532,928)**	(501,829)	(520,981)	**(157,226)**	(439,099)	(454,128)
Surplus	**(8,972)**	(8,762)	(32,290)	**(4,578)**	(1,512)	(23,180)
Experience gains on plan liabilities	**9,259**	30,199	31,573	**2,805**	25,189	28,681
Experience (losses)/gains on plan assets	**(490)**	(55,133)	34,407	**(197)**	(47,974)	25,710

(ix) Sensitivity analysis on defined benefit obligation

	THE GROUP		THE COMPANY	
	30 June 2017 Rs'000	30 June 2016 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000
Decrease in defined benefit obligation due to 1% increase in discount rate	**65,276**	61,980	**16,087**	55,216
Increase in defined benefit obligation due to 1% decrease in discount rate	**80,747**	76,777	**19,481**	68,438

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.

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. 18.3M and the Company of Rs. 1.29M to the defined benefit plans during the next financial year.
- The weighted average duration of the defined benefit obligation is 16 years (2016: 14 years) for the Group and 12 years (2016: 14 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		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
At 1 July	**273,354**	222,346	113,311	**189,420**	150,689	113,311
Amount recognised in profit or loss	**39,658**	32,356	40,765	**480**	21,970	35,197
Amount recognised in other comprehensive income	**8,343**	22,386	60,203	**(1,594)**	17,966	54,845
Benefit paid	**-**	(3,734)	(2,690)	**-**	(1,205)	(2,290)
Contributions from employer	**(5,815)**	-	-	**-**	-	-
Acquisition through business combination	**-**	-	10,757	**-**	-	-
Transfer to subsidiary companies	**-**	-	-	**(187,149)**	-	(50,374)
Net liability	**315,540**	273,354	222,346	**1,157**	189,420	150,689

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

	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
At 1 July	**273,354**	222,346	113,311	**189,420**	150,689	113,311
Current service cost	**21,135**	16,776	16,142	**321**	11,198	13,581
Interest cost	**18,523**	15,580	20,965	**159**	10,507	17,297
Past service cost	**-**	-	3,658	**-**	265	4,319
Liability experience loss/(gain)	**28,765**	22,386	52,817	**(1,542)**	17,966	49,639
Liability experience gain due to change in demographic assumptions	**(19,956)**	-	-	**(50)**	-	-
Liability (gains)/losses due to change in financial assumptions	**(466)**	-	7,386	**(2)**	-	5,206
Benefits paid	**(5,815)**	(3,734)	(2,690)	**-**	(1,205)	(2,290)
Acquisition through business combination	**-**	-	10,757	**-**	-	-
Transfer to subsidiary companies	**-**	-	-	**(187,149)**	-	(50,374)
At 30 June	**315,540**	273,354	222,346	**1,157**	189,420	150,689

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	
	Year ended 30 June 2017 Rs'000	Year ended 30 June 2016 Rs'000	**Year ended 30 June 2017 Rs'000**	Year ended 30 June 2016 Rs'000
Service cost	**21,135**	16,776	**321**	11,198
Past service cost	**-**	-	**-**	265
Net interest on net defined benefit liability	**18,523**	15,580	**-**	10,507
Total	**39,658**	32,356	**321**	21,970

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

	THE GROUP		THE COMPANY	
	Year ended 30 June 2017 Rs'000	Year ended 30 June 2016 Rs'000	**Year ended 30 June 2017 Rs'000**	Year ended 30 June 2016 Rs'000
Liability experience loss/(gain)	**28,765**	22,386	**(1,594)**	17,966

(v) Sensitivity analysis on defined benefit obligation:

	THE GROUP		THE COMPANY	
	30 June 2017 Rs'000	30 June 2016 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000
Decrease in defined benefit obligation due to 1% increase in discount rate	**34,867**	24,641	**210**	16,339
Increase in defined benefit obligation due to 1% decrease in discount rate	**41,506**	28,983	**262**	19,127

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. 4.5M and Rs. Nil for the Company during the next financial year.

The weighted average duration of the defined benefit obligation is 14 years (2016: 9 years) for the Group and 14 years (2016: 9 years) for the Company.

(c) Actuarial assumptions

The principal actuarial assumptions used for accounting purposes were:

	THE GROUP			THE COMPANY		
	30 June 2017	30 June 2016	30 June 2015	**30 June 2017**	30 June 2016	30 June 2015
Discount rate - %	**6.5**	7.0	7.0	**6.5**	7.0	7.0
Future salary increases - %	**4.0**	4.5	4.5	**4.0**	4.5	4.5
Future pension increases - %	**0.5**	1.0	1.0	**0.5**	1.0	1.0
Average retirement age (ARA) - Years	**65.0**	60.0	60.0	**60.0**	60.0	60.0
Average life expectancy for under the pension plan:						
: Male at ARA - Years	**19.5**	19.5	19.5	**19.5**	19.5	19.5
: Female at ARA - Years	**24.2**	24.2	24.2	**24.2**	24.2	24.2

19. EMPLOYEE BENEFIT LIABILITY (CONT'D)

(d) State pension plan

	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
National Pension Scheme contributions expensed	**85,698**	41,097	34,307	**715**	5,303	27,913

20. TRADE AND OTHER PAYABLES

	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Trade payables	**430,830**	418,251	430,896	**4,860**	1,363	175,143
Capital creditors	**221,397**	79,420	28,337	**7,567**	9,777	28,203
Client advances	**138,147**	216,253	181,002	**-**	-	62,136
Derivative financial liabilities	**2,932**	13,260	16,223	**-**	-	2,479
Other creditors and accruals	**773,924**	666,720	543,093	**161,706**	121,766	383,190
Amount due to related parties	**2,463**	297,444	799,764	**889,897**	2,070,080	2,548,666
	1,569,693	1,691,348	1,999,315	**1,064,030**	2,202,986	3,199,817

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.

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)		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Outstanding forward contracts:						
Sell USD	**-**	12,161	-	**-**	299	-
Sell EUR	**495,550**	486,595	-	**(5,358)**	14,917	-
Sell GBP	**136,260**	108,491	-	**2,066**	9,375	-

Outstanding swap contracts:

		THE GROUP					
	Maturity dates	Notional principal amount			Assets/(liabilities)		
		30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
USD	July 2017	**(316,783)**	(841,061)	-	**192**	(18,133)	-
EUR	July 2017	**(177,533)**	485,686	150,343	**3,382**	(474)	(1,476)
GBP	July 2017	**17,427**	(798)	-	**(314)**	5	-
TOTAL		**(476,889)**	(356,173)	150,343	**3,260**	(18,602)	(1,476)

20.TRADE AND OTHER PAYABLES (CONT'D)

Outstanding swap contracts:

	Maturity dates	THE COMPANY Notional principal amount 30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	Assets/(liabilities) 30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000
USD	July 2017	**(148,173)**	(710,308)	-	**90**	(15,346)	-
EUR	July 2017	**(297,671)**	460,152	150,343	**4,073**	(562)	(1,476)
GBP	July 2017	**-**	(5,002)	-	**-**	39	-
TOTAL		**(445,844)**	(255,158)	150,343	**4,163**	(15,869)	(1,476)

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. TAXATION

Income Tax

Income tax is calculated at the rate of 0% to 33% (30 June 2016 and 30 June 2015: 0% to 33%) for the Group and 15% (30 June 2016 and 30 June 2015: 15%) for the Company on the profit for the period as adjusted for income tax purposes.

(a) Current tax liability

	THE GROUP 30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	THE COMPANY 30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000
At 1 July	**3,411**	1,020	9,862	**-**	-	-
Translation difference	**113**	(42)	1,218	**-**	-	-
Payment during the year	**(26,895)**	(5,707)	(20,153)	**-**	(215)	(240)
Under/(over) provision in previous period	**20,959**	(157)	(15)	**-**	-	-
Tax deducted at source	**(25,822)**	-	-	**(23,224)**	-	-
Provision for the year	**15,245**	8,297	10,108	**5,096**	215	240
At 30 June	**(12,989)**	3,411	1,020	**(18,128)**	-	-
Analysed as follows:						
Current liabilities	**8,432**	5,110	1,020	**-**	-	-
Current tax assets (Note 14)	**(21,421)**	(1,699)	-	**(18,128)**	-	-
At 30 June	**(12,989)**	3,411	1,020	**(18,128)**	-	-

(b) Tax credit

	THE GROUP 30 June 2017 Rs'000	30 June 2016 Rs'000	THE COMPANY 30 June 2017 Rs'000	30 June 2016 Rs'000
Income tax:				
Provision for the year	**15,245**	8,297	**5,096**	215
Under/(over) provision in previous period	**20,959**	(157)	**-**	-
Current income tax expense	**36,204**	8,140	**5,096**	215
Deferred tax movement (Note 18):				
Credit for the year	**(25,736)**	(205,717)	**(36,195)**	(2,097)
Income tax charge/(credit)	**10,468**	(197,577)	**(31,099)**	(1,882)

21. TAXATION (CONT'D)

(c) Reconciliation of accounting profit to tax expense

	THE GROUP 30 June 2017 %	30 June 2016 %	THE COMPANY 30 June 2017 %	30 June 2016 %
Normal rate of taxation applicable to Mauritian companies	**15.00**	15.00	**15.00**	15.00
Tax effect of:				
- Expenses that are not deductible in determining taxable profit	**(74.82)**	(4.60)	**4.60**	16.98
- (Under)/over provision in previous period	**(22.35)**	(0.19)	**-**	3.15
- Tax losses for which no deferred income tax asset was recognised	**(9.96)**	(6.50)	**-**	-
- Income not subject to tax	**45.88**	7.93	**(19.27)**	(28.17)
- Corporate social responsibility	**-**	(0.12)	**-**	0.48
- Release of deferred tax on disposal of assets to subsidiary company	**-**	-	**(0.61)**	(11.00)
- Other adjustments	**35.08**	23.32	**(1.58)**	-
Effective rate of taxation	**(11.17)**	34.84	**(1.86)**	(3.56)

22.REVENUE

	THE GROUP 30 June 2017 Rs'000	30 June 2016 Rs'000	THE COMPANY 30 June 2017 Rs'000	30 June 2016 Rs'000
Rooms	**3,273,908**	2,460,114	**-**	231,331
Food and beverages	**2,041,240**	1,922,823	**-**	324,707
Real estate	**43,025**	47,292	**-**	-
Investment income	**83,914**	83,261	**1,139,750**	83,261
Rental income	**-**	-	**1,165**	522,000
Others	**565,197**	475,747	**241,597**	28,039
	6,007,284	4,989,237	**1,382,512**	1,189,338
Disclosed as follows:				
- Continuing operations	**6,007,284**	4,989,237	**1,382,512**	218,261
- Discontinued operations	**-**	-	**-**	971,077
	6,007,284	4,989,237	**1,382,512**	1,189,338

23.OTHER OPERATING INCOME

	THE GROUP 30 June 2017 Rs'000	30 June 2016 Rs'000	THE COMPANY 30 June 2017 Rs'000	30 June 2016 Rs'000
Foreign exchange gains	**40,596**	63,930	**18,499**	80,576
Disclosed as follows:				
- Continuing operations	**40,596**	63,930	**18,499**	80,502
- Discontinued operations	**-**	-	**-**	74
	40,596	63,930	**18,499**	80,576

24. EMPLOYEE BENEFITS

	THE GROUP		THE COMPANY	
	30 June 2017 Rs'000	30 June 2016 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000
Continuing operations:				
Wages and salaries	**1,691,153**	1,440,112	**59,526**	222,967
Social security costs	**85,698**	41,097	**715**	5,303
Pension costs	**18,412**	18,170	**856**	15,625
Other post-retirement benefits	**39,658**	32,356	**480**	21,970
	1,834,921	1,531,735	**61,577**	265,865
Disclosed as follows:				
- Continuing operations	**1,834,921**	1,531,735	**61,577**	92,567
- Discontinued operations	**-**	-	**-**	173,298
	1,834,921	1,531,735	**61,577**	265,865

Termination benefits have been disclosed in Note 31 (h).

25. FINANCE COSTS

	THE GROUP		THE COMPANY	
	30 June 2017 Rs'000	30 June 2016 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000
Continuing operations:				
Interest payable on:				
Loans	**290,531**	417,379	**159,722**	308,105
Debentures	**2,044**	6,993	**2,044**	6,993
Bank overdrafts	**20,153**	21,555	**12,677**	16,073
Bonds	**169,170**	-	**169,170**	-
Obligations under finance leases	**6,012**	8,486	**4,983**	7,087
Cash flow hedge losses	**-**	3,040	**-**	365
	487,910	457,453	**348,596**	338,623
Disclosed as follows:				
- Continuing operations	**487,910**	457,453	**348,596**	276,271
- Discontinued operations	**-**	-	**-**	62,352
	487,910	457,453	**348,596**	338,623

26. FINANCE INCOME

	THE GROUP		THE COMPANY	
	30 June 2017 Rs'000	30 June 2016 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000
Interest received on:				
- Bank deposits	**12,152**	10,527	**20**	191
- Current account with related party	**-**	-	**139,828**	510
	12,152	10,527	**139,848**	701
Disclosed as follows:				
- Continuing operations	**12,152**	10,527	**139,848**	701
- Discontinued operations	**-**	-	**-**	-
	12,152	10,527	**139,848**	701

27. CLOSURE, MARKETING LAUNCH, RESTRUCTURING, BRANDING AND TRANSACTION COSTS

	THE GROUP		THE COMPANY	
	30 June 2017 Rs'000	30 June 2016 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000
Continuing operations:				
Closure costs	**86,190**	333,832	**-**	-
Marketing launch	**17,562**	79,312	**-**	-
Depreciation and amortisation	**20,386**	76,423	**-**	-
Relocation and relaunching costs	**-**	31,018	**-**	-
Re-branding costs	**-**	13,623	**-**	13,623
	124,138	534,208	**-**	13,623
Disclosed as follows:				
- Continuing operations	**124,138**	534,208	**-**	13,623
- Discontinued operations	**-**	-	**-**	-
	124,138	534,208	**-**	13,623

28. EARNINGS PER SHARE

	THE GROUP	
	Year ended 30 June 2017 Rs'000	Year ended 30 June 2016 Rs'000
(a) From continuing operations		
Loss per share		
Loss attributable to equityholders of the Company from continuing operations	**(100,205)**	(300,353)
Number of ordinary shares in issue:	**126,974**	126,974
Basic loss per share from continuing operations	**(0.79)**	(2.37)

Basic loss per share is calculated by dividing loss for the period attributable to ordinary equity owners of the Company by the number of shares in issue excluding treasury shares. After the reporting period, 19,129,924 ordinary shares have been issued for cash; however, the loss 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.

29. CASH FLOW INFORMATION

	THE GROUP		THE COMPANY	
(i) Movement in working capital	**Year ended 30 June 2017 Rs'000**	Year ended 30 June 2016 Rs'000	**Year ended 30 June 2017 Rs'000**	Year ended 30 June 2016 Rs'000
Inventories	**(40,011)**	(218)	**-**	-
Trade and other receivables	**263,182**	(434,834)	**(1,775,255)**	(114,047)
Trade and other payables	**(121,655)**	(218,105)	**456,010**	(906,968)
Movement in working capital	**101,516**	(653,157)	**(1,319,245)**	(1,021,015)

(ii) Cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statements of cashflows can be reconciled to the related items in the statements of financial position as follows:

	THE GROUP		THE COMPANY	
	Year ended 30 June 2017 Rs'000	Year ended 30 June 2016 Rs'000	**Year ended 30 June 2017 Rs'000**	Year ended 30 June 2016 Rs'000
Cash and short term deposits	**491,429**	434,839	**49,285**	86,695
'Bank overdrafts (Note 17)	**(319,991)**	(1,111,862)	**(171,348)**	(472,116)
	171,438	(677,023)	**(122,063)**	(385,421)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

30. COMMITMENTS

(a) Capital commitments	THE GROUP 30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	THE COMPANY 30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000
Authorised and contracted for	**185,408**	988,000	629,206	**-**	-	59,000

The capital commitments relate primarily to La Pirogue Resort renovation being undertaken.

(b) Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:

	THE GROUP 30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	THE COMPANY 30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000
Within one year	**371,267**	372,114	337,293	**205,651**	202,150	273,677
After one year but before five years	**1,517,041**	1,489,894	1,342,735	**883,736**	855,119	1,129,922
After five years	**19,651,082**	20,276,130	20,190,371	**58,802**	233,575	14,921,424
	21,539,390	22,138,138	21,870,399	**1,148,189**	1,290,844	16,325,023

(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 has entered into 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.

31. 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 30 June 2017 Rs'000	30 June 2016 Rs'000	THE COMPANY 30 June 2017 Rs'000	30 June 2016 Rs'000
(a) Sales of goods and services				
Corporate group having significant influence in SRL	**36,647**	30,071	**-**	-
Subsidiaries	**-**	-	**130,274**	145,713
	36,647	30,071	**130,274**	145,713
(b) Interest income				
Subsidiaries	**-**	-	**139,828**	510
(c) Rental income				
Subsidiaries	**-**	-	**112,487**	522,000
(d) Dividend income				
Associate	**83,914**	83,261	**83,914**	83,261
Subsidiary	**-**	-	**1,055,836**	-

31. RELATED PARTY TRANSACTIONS (CONT'D)

	THE GROUP Year ended 30 June 2017 Rs'000	Year ended 30 June 2016 Rs'000	THE COMPANY Year ended 30 June 2017 Rs'000	Year ended 30 June 2016 Rs'000
(e) Purchases of goods and services				
Corporate group having significant influence	**85,974**	42,721	**22,531**	9,408
Significant shareholder of associate	**146,841**	180,000	**146,841**	180,000
Subsidiaries	**-**	-	**-**	37,061
	232,815	222,721	**169,372**	226,469
(f) Administrative and secretarial service fees				
Corporate group having significant influence	**11,748**	11,554	**11,748**	11,554

(g) The Company has an agreement for the provision of administrative and secretarial services by CIEL Corporate Services Ltd.

(h) Compensation	THE GROUP 30 June 2017 Rs'000	30 June 2016 Rs'000	THE COMPANY 30 June 2017 Rs'000	30 June 2016 Rs'000
Key management personnel (including directors)				
- Short term benefits	**101,838**	108,720	**79,742**	81,499
- Termination benefits	**-**	4,550	**-**	4,550
- Post-employment benefits	**9,355**	6,998	**5,772**	3,804
	111,193	120,268	**85,514**	89,853

(i) Outstanding balances	THE GROUP 30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	THE COMPANY 30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000
Receivables from related parties: Non current						
Loan to associate (Note 12)	**-**	32,200	-	**-**	-	-
Loan to significant shareholder of associate (Note 12)	**26,953**	60,406	118,371	**26,953**	60,406	118,371
Loan to subsidiaries	**-**	-	-	**6,119,482**	1,398,169	-

- Loan receivable from associate is interest free and has no fixed repayment terms.
- Loan to significant shareholder of associate is interest free. Refer to Note 12(b) for repayment terms.
- Loans to related parties are unsecured, with no fixed terms of repayment and carries interest at 9.25% (2016: 8%) per annum. The loans to related parties as at 30 June 2017 are net of impairment of Rs. 227.5M.

	THE GROUP 30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	THE COMPANY 30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000
Receivables from related parties - Current						
Corporate group having significant influence	**6,470**	11,036	-	**-**	5,250	-
Subsidiaries	**-**	-	-	**219,411**	1,135,629	1,149,359
	6,470	11,036	-	**219,411**	1,140,879	1,149,359

31. 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		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Payables to related parties - current						
Corporate group having significant influence	**2,463**	297,444	100,284	**-**	297,444	100,284
Associates	**-**	-	699,480	**-**	-	699,480
Subsidiaries	**-**	-	-	**889,897**	1,772,636	1,748,902
	2,463	297,444	799,764	**889,897**	2,070,080	2,548,666

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		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000
Corporate group having significant influence	**79,284**	101,191	115,026

Bank loans with a related party carries interest at 3% per annum (30 June 2016: 3% and 30 June 2015: 3.14%). Bank loans are repayable on instalments until 30 June 2019.

(k) Loans and interest receivable from key management personnel under the Phantom Share Option Scheme.

Refer to Note 12.

(l) Pension contributions to pension plan

Please refer to Note 19.

(m) During the year 30 June 2017, the Company disposed of assets to its subsidiaries for a consideration of Rs. 3,908.7M (30 June 2016: Rs. 908.3M). Moreover, the Company transferred an amount of Rs. 187.1M relating to employee benefit liabilities to its respective subsidiaries during the financial year.

32. CONTINGENT LIABILITIES

At 30 June 2017, 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. 62M (30 June 2016 and 2015: 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.

33. FINANCIAL INSTRUMENTS

33.1 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	
	30 June 2017 Rs'000	30 June 2016 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000
Debt (Note (i))	**10,693,602**	9,766,186	**7,067,695**	6,642,913
Advance payments (Note 12(b))	**(26,953)**	(60,406)	**(26,953)**	(60,406)
Cash and cash equivalents	**(491,429)**	(434,839)	**(49,285)**	(86,695)
Net debt	**10,175,220**	9,270,941	**6,991,457**	6,495,812
Capital employed ((Note (ii))	**18,485,320**	17,917,033	**17,348,653**	16,715,222
Net debt to capital employed ratio	**55.0%**	51.7%	**40.3%**	38.9%

(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.

(iii) Advance payments represent secured promissory note which are refundable on demand.

There were no changes in the Group's approach to capital risk management during the period.

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.

33.2 Categories of financial instruments

	THE GROUP			THE COMPANY		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000	**30 June 2017 Rs'000**	30 June 2016 Rs'000	30 June 2015 Rs'000
Financial assets						
Loans and receivables (including cash resources)	**1,029,984**	1,545,007	1,008,917	**6,461,948**	2,702,420	1,660,558
Available-for-sale financial assets	**75,182**	5,550	5,550	**5,550**	5,550	5,550
	1,105,166	1,550,557	1,014,467	**6,467,498**	2,707,970	1,666,108
Financial liabilities						
Amortised cost	**11,489,901**	11,226,044	9,249,875	**8,012,588**	8,833,470	8,883,970

33. FINANCIAL INSTRUMENTS (CONT'D)

33.3 Financial risk management

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

33.4 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of forwards contracts and swaps to manage its exposure to interest rate and foreign currency risk. Details of contracts outstanding at reporting date are given in Note 20.

33.5 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 2017 and 30 June 2016, are as follows:

	THE GROUP		THE COMPANY	
	Financial assets Rs'000	**Financial liabilities Rs'000**	**Financial assets Rs'000**	**Financial liabilities Rs'000**
30 June 2017				
US Dollar	**115,169**	**1,659,091**	**951,657**	**209,779**
Euro	**301,632**	**5,777,400**	**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**	**7,808,531**	**1,020,183**	**4,125,865**
Mauritian Rupee	**442,567**	**3,681,370**	**5,447,315**	**3,886,723**
Total	**1,105,166**	**11,489,901**	**6,467,498**	**8,012,588**

	THE GROUP		THE COMPANY	
	Financial assets Rs'000	Financial liabilities Rs'000	Financial assets Rs'000	Financial liabilities Rs'000
30 June 2016				
US Dollar	82,121	2,311,768	661,646	1,516,040
Euro	463,940	3,884,084	168,362	2,100,324
South African Rand	164,941	203,198	1,554	26,231
UK Pound	140,903	198,920	18,592	9,715
Others	4,253	1,541	2,046	241
Total foreign currencies	856,158	6,599,511	852,200	3,652,551
Mauritian Rupee	694,399	4,626,533	1,855,770	5,180,919
Total	1,550,557	11,226,044	2,707,970	8,833,470

The Group is mainly exposed to fluctuations in US Dollar, Euro, South African Rand, Maldivian Rufiyaa and UK Pound exchange rates.

33. FINANCIAL INSTRUMENTS (CONT'D)

33.5 Foreign currency risk management (Cont'd)

The following table details the Group's sensitivity to a 1% increase and/or decrease in the Rupee against the relevant foreign currencies.

	THE GROUP			
	Profit or loss	**Other equity**	Profit or loss	Other equity
	Year ended 30 June 2017		Year ended 30 June 2016	
	Rs'000	**Rs'000**	Rs'000	Rs'000
US Dollar	**(15,439)**	**(525)**	(22,296)	206
Euro	**(13,374)**	**(41,386)**	(10,750)	(23,450)
South African Rand	**635**	**2**	(383)	5
Maldivian Rufiyaa	**1,298**	**-**	-	-
UK Pound	**(1,545)**	**(1,667)**	1,163	(1,761)

	THE COMPANY			
	Profit or loss	**Other equity**	Profit or loss	Other equity
	Year ended 30 June 2017		Year ended 30 June 2016	
	Rs'000	**Rs'000**	Rs'000	Rs'000
US Dollar	**(1,261)**	**-**	(8,544)	-
Euro	**(6,556)**	**(31,928)**	(5,297)	(14,023)
South African Rand	**(298)**	**-**	(247)	-
UK Pound	**57**	**-**	89	-

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.

The foreign currency risk is being hedged by the loans taken in Euro, UK Pound and US Dollar.

33.6 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 risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk to ensure the most cost-effective hedging strategies are applied.

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	
	30 June 2017 %	30 June 2016 %
South African Rand	**3.00% - 8.00%**	8.26%
Mauritian Rupee	**2.30%**	2.60%

33. FINANCIAL INSTRUMENTS (CONT'D)

33.6 Interest rate risk management (Cont'd)

Financial liabilities

	Loans		Debentures	Finance leases		Bank overdrafts		Bonds	
	Fixed interest rate %	Floating interest rate %	Floating interest rate %	Fixed interest rate %	Floating interest rate %	Fixed interest rate %	Floating interest rate %	Fixed interest rate %	Floating interest rate %
30 June 2017									
Mauritian Rupee	N/A	6.4 - 6.5	N/A	7.9 - 8.7	N/A	N/A	3.5 -6.3	6.0 - 6.5	5.3 - 6.0
US Dollar	NA	3.5 - 6.4	N/A	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	N/A	4.5	4.0
GBP	N/A	4.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A
30 June 2016									
Mauritian Rupee	3.8 - 7.0	7.4 - 8.2	7.4	8.0 - 9.0	N/A	N/A	3.3 - 10.0	N/A	3.3 - 10.0
US Dollar	3.5	2.0 - 3.4	N/A	N/A	N/A	N/A	5.8	N/A	5.8
Euro	1.5 - 3.5	2.2 - 5.9	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Zar	N/A	N/A	N/A	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		
	Year ended 30 June 2017 Rs'000	Year ended 30 June 2016 Rs'000	Year ended 30 June 2015 Rs'000	**Year ended 30 June 2017 Rs'000**	Year ended 30 June 2016 Rs'000	Year ended 30 June 2015 Rs'000
Profit or loss	**69,234**	99,797	72,307	**33,034**	65,681	56,673
Other equity	**(212)**	(7)	563	**(213)**	(206)	427

33.7 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 30 June 2017 and 30 June 2016 would have been unaffected as the equity investments are classified as available-for-sale.
Other equity reserves would increase/decrease by Rs. 0.71M (30 June 2016: Nil and 30 June 2015: increase/decrease by Rs. 0.05M) for the Group and Rs. 15.2M (30 June 2016: increase/decrease by Rs. 1.7M and 30 June 2015: increase/decrease by Rs.27.1M) 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.

33. FINANCIAL INSTRUMENTS (CONT'D)

33.8 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. The Group manages the liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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 Rs'000	1-3 months Rs'000	3 months to 1 year Rs'000	1-5 years Rs'000	5+ years Rs'000	**Total Rs'000**
30 June 2017							
Non-interest bearing		**-**	**398,147**	**398,147**	**-**	**-**	**796,294**
Finance lease liabilities	**9.4%**	**-**	**243**	**22,552**	**43,227**	**-**	**66,022**
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	**603,930**	**2,188,759**	**8,135,162**	**2,795,785**	**13,780,235**
30 June 2016							
Non-interest bearing		-	744,495	715,300	-	-	1,459,795
Finance lease liabilities	8.5%	-	9,008	22,660	65,351	-	97,019
Variable interest rate instruments	5.4%	700,575	3,852,297	2,015,582	2,908,432	1,564,668	11,041,554
Fixed interest rate instruments	3.3%	70,360	1,014,927	6,744	3,208	-	1,095,239
		770,935	5,620,727	2,760,286	2,976,991	1,564,668	13,693,607

THE COMPANY

	Weighted average effective interest rate %	**At call Rs'000**	**1-3 months Rs'000**	**3 months to 1 year Rs'000**	**1-5 years Rs'000**	**5+ years Rs'000**	**Total Rs'000**
30 June 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**

33. FINANCIAL INSTRUMENTS (CONT'D)

33.8 Liquidity risk management (Cont'd)

Liquidity and interest risk tables (cont'd)

THE COMPANY

	Weighted average effective interest rate %	At call Rs'000	1-3 months Rs'000	3 months to 1 year Rs'000	1-5 years Rs'000	5+ years Rs'000	Total Rs'000
30 June 2016							
Non-interest bearing		-	1,348,971	1,296,070	-	-	2,645,041
Finance lease liabilities		-	8,762	19,096	57,753	-	85,611
Variable interest rate instruments		472,116	3,518,749	646,012	2,037,656	955,481	7,630,014
Fixed interest rate instruments		-	1,014,927	-	-	-	1,014,927
		472,116	5,891,409	1,961,178	2,095,409	955,481	11,375,593

33.9 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.

33.10 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.
- 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).

33. FINANCIAL INSTRUMENTS (CONT'D)

33.10 Fair value of financial instruments (Cont'd)

THE GROUP AND THE COMPANY

Available-for-sale financial assets:	**Level 1 Rs'000**	**Level 2 Rs'000**	**Level 3 Rs'000**	**Total Rs'000**
Listed equities				
30 June 2017	**3**	**-**	**-**	**3**
30 June 2016	3	-	-	3

The table above only includes financial assets.

34. DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS

Interest rate swaps contracts

The Group is 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 EUR 10.25M at 30 June 2017 (30 June 2016: EUR 5.3M and 30 June 2015: EUR 6.2M).
The carrying amount of these interest rate swaps at year end for the Group and the Company are as follows:

	THE GROUP		**THE COMPANY**	
	30 June 2017	30 June 2016	**30 June 2017**	30 June 2016
Carrying amount at year end (Rs'000)	**2,026**	7,526	**-**	-
Carrying amount at year end (EUR'000)	**51**	190	**-**	-

34. DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS (CONT'D)

During the period, the Group and the Company recognised an amount of Rs. 8.7M (30 June 2016: Rs. 7.1M and 30 June 2015: Rs. 19.4M) and Nil (30 June 2016: Rs. 0.37M and 30 June 2015: Rs. 2.3M) respectively in the profit or loss in respect of the cash flow hedge.

	THE GROUP		THE COMPANY	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Amount recognised in profit or loss	8,672	7,102	-	365

Below is a schedule indicating as at 30 June 2017 the periods when the hedge cash flows are expected to occur and when they are expected to affect profit or loss.

THE GROUP

At 30 June 2017	Within 1 year Rs'000	1 to 3 years Rs'000	3 to 5 years Rs'000	Total Rs'000
Cash inflows (undiscounted)	162	157	-	319
Cash outflows (undiscounted)	(2,351)	(1,869)	-	(4,220)
Net cash outflows	(2,189)	(1,712)	-	(3,901)

At 30 June 2016	Within 1 year Rs'000	1 to 3 years Rs'000	3 to 5 years Rs'000	Total Rs'000
Cash inflows (undiscounted)	913	607	-	1,520
Cash outflows (undiscounted)	(6,351)	(4,220)	-	(10,571)
Net cash outflows	(5,438)	(3,613)	-	(9,051)

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			
Net settled-Interest rate swap	Within 1 year Rs'000	1-5 years Rs'000	5+ years Rs'000	Total Rs'000
30 June 2017	(2,189)	(1,712)	-	(3,901)
30 June 2016	(5,438)	(3,613)	-	(9,051)

These financial assets are classified under Level 3 of the Fair Value Hierarchy.

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.

34. DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS (CONT'D)

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	
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2017 Rs'000	30 June 2016 Rs'000
Foreign exchange loss	4,243	11,720	10,061	16,518

The fair value of the denominated bank loans and bonds is as follows:

	THE GROUP		THE COMPANY	
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2017 Rs'000	30 June 2016 Rs'000
As at 30 June	4,304,230	3,209,011	3,192,791	1,402,262

These financial assets are classified under Level 3 of the Fair Value Hierarchy.

35. 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 2017 and 2016 as follows:

	THE COMPANY	
	30 June 2017 Rs'000	30 June 2016 Rs'000
Total revenue including other operating income	-	970,106
Direct costs	-	173,047
Employee benefits	-	173,298
Other operating costs	-	216,824
Depreciation and amortisation	47,868	168,288
Total expenses	47,868	731,457
Operating (loss)/profit	(47,868)	238,649
Finance costs	-	(62,353)
(Loss)/profit before tax	(47,868)	176,296
Income tax credit	-	-
(Loss)/profit after tax	(47,868)	176,296

(b) Profit on disposal of assets and liabilities relating to the operations of Long beach and Ambre amounts to Rs. 1,015.6M for the year ended 30 June 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

36. PRIOR YEAR ADJUSTMENT

During the year ended 30 June 2016, Sun Limited has paid an additional consideration of Rs.89.9M, representing the net positive working capital of Anahita Hotel Limited, in respect of the acquisition of the remaining 50% shareholding in the latter.

In accordance with "IFRS 3: Business Combinations", Sun Limited has retrospectively adjusted for the provisional amounts recognised at the acquisition date of Anahita Hotel Limited, that is, 30 June 2015, to reflect the final consideration. The retrospective adjustments were made by restating the comparative amounts for prior period.

The effects on the statements of financial position were as follows:

	THE GROUP				
	(Decrease)/increase				
	Property, plant and equipment Rs'000	Intangible assets Rs'000	Trade and other payables Rs'000	Deferred tax liability Rs'000	Retained earnings Rs'000
Adjustments in the period ended 30 June 2015	(12,381)	191,012	89,862	(1,093)	89,862

	THE COMPANY	
	Increase	
	Interest in subsidiaries Rs'000	Trade and other payables Rs'000
Adjustments in the period ended 30 June 2015	89,862	89,862

The effects on the statements of profit or loss and other comprehensive income were as follows:

	THE GROUP		
	(Decrease)/increase		
	Share of results of associate Rs'000	Fair value gain on business combination Rs'000	Profit for the period Rs'000
Period ended 30 June 2015	(7,805)	97,667	89,862

	30 June 2016 Rs.
Increase in basic earnings per share	0.85

37. SEGMENT INFORMATION

	THE GROUP	
	Year ended 30 June 2017 Rs'000	Year ended 30 June 2016 Rs'000
GEOGRAPHICAL		
Geographical revenue:		
Mauritius	**5,403,743**	4,599,135
Maldives	**210,925**	31,545
Others	**433,212**	422,487
Total revenue including other operating income	**6,047,880**	5,053,167
Geographical results:		
Mauritius	**162,254**	(160,061)
Maldives	**(269,822)**	(209,449)
Others	**3,360**	49
Loss after tax from continuing operations	**(104,208)**	(369,461)
Loss for the year	**(104,208)**	(369,461)
SEGMENTAL		
Segment revenue:		
Hotel operations - External sales	**5,614,668**	4,621,400
Hotel operations - Inter-segment sales	**309,061**	290,764
	5,923,729	4,912,164
Real estate	**-**	9,280
Others - External sales	**433,212**	422,487
Elimination of inter-segment sales	**(309,061)**	(290,764)
Total revenue including other operating income	**6,047,880**	5,053,167
Segment results:		
Hotel operations	**(108,075)**	(372,092)
Real estate	**507**	2,582
Others	**3,360**	49
Loss after tax	**(104,208)**	(369,461)
Loss for the year	**(104,208)**	(369,461)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

37. SEGMENT INFORMATION (CONT'D)

	THE GROUP		
	30 June 2017 Rs'000	30 June 2016 Rs'000	30 June 2015 Rs'000
Assets			
Non-current			
Mauritius	**14,774,501**	14,959,162	14,229,780
Maldives	**4,507,963**	3,543,732	3,197,032
Hotel operations	**19,282,464**	18,502,894	17,426,812
Others	**21,580**	23,123	18,695
	19,304,044	18,526,017	17,445,507
Current			
Mauritius	**1,153,284**	1,320,686	813,087
Maldives	**130,360**	56,755	67,298
Hotel operations	**1,283,644**	1,377,441	880,385
Real Estate - Mauritius	**63,241**	55,519	59,576
Others	**163,096**	261,624	213,378
	1,509,981	1,694,584	1,153,339
Liabilities			
Non-current			
Mauritius	**9,017,303**	4,677,054	5,287,707
Maldives	**1,093,131**	36,018	112,217
Hotel operations	**10,110,434**	4,713,072	5,399,924
Current			
Mauritius	**2,433,205**	6,933,832	4,613,993
Maldives	**464,810**	434,858	176,121
Hotel operations	**2,898,015**	7,368,690	4,790,114
Real Estate - Mauritius	**15**	-	3,908
Others	**197,906**	301,040	215,706
	3,095,936	7,669,730	5,009,728
Additions to non-current assets			
Mauritius	**263,196**	1,122,522	6,057,352
Maldives	**1,122,701**	418,188	92,108
Hotel operations	**1,385,897**	1,540,710	6,149,460
Others	**3,615**	12,943	2,996
	1,389,512	1,553,653	6,152,456
Depreciation and amortisation			
Mauritius	**393,223**	346,116	388,241
Maldives	**52,472**	5,838	95,811
Hotel operations	**445,695**	351,954	484,052
Others	**6,138**	4,940	6,611
	451,833	356,894	490,663
Investment in associates			
Mauritius	**702,445**	808,293	815,092

37. SEGMENT INFORMATION (CONT'D)

	THE GROUP	
	Year ended 30 June 2017 Rs'000	Year ended 30 June 2016 Rs'000
Finance costs		
Mauritius	**447,509**	453,327
Maldives	**40,376**	4,074
Hotels operations	**487,885**	457,401
Real estate - Mauritius	**-**	1
Others	**25**	51
	487,910	457,453
Finance income		
Mauritius	**3,684**	3,389
Maldives	**-**	-
Hotels operations	**3,684**	3,389
Others	**8,468**	7,138
	12,152	10,527
Income tax expense/(credit)		
Mauritius	**36,127**	(123,583)
Maldives	**(27,462)**	(74,968)
Hotels operations	**8,665**	(198,551)
Real estate - Mauritius	**-**	768
Others	**1,803**	206
	10,468	(197,577)

Information reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance is more specifically focused on the geographical location of the hotels. The Group's reportable segments under IFRS 8 are therefore as follows:

Mauritius - Hotels operated in Mauritius
Maldives - Hotel operated in Maldives
Others - Tour operators and marketing offices
There is no single customer who generates more than 10% of the revenues of the Group and the Company.

38. EVENTS AFTER THE REPORTING PERIOD

Following the board meeting of 28 August 2017, the board of directors of the Company approved the issue of 19,129,924 new ordinary shares following a rights issue to shareholders at record date of 12 July 2017 and of 28,684,380 new ordinary shares, pursuant to a private placement to DI CIRNE HLT Ltd, a wholly-owned Mauritius-incorporated subsidiary of Dentressangle Initiatives SAS; both at an issue price of MUR39.00 per share.

The purpose of this fund raising was to strengthen the Company's capital base. Following such allotment, the stated capital of the Company is made up of 194,545,072 no par value ordinary shares, including 20,118,546 treasury shares. CIEL Limited now owns 50.1% of total voting shares and rights in the Company, whilst DI CIRNE HLT Ltd owns 17.52% therein.

39. HOLDING COMPANY

The company considers CIEL Limited, a company incorporated in Mauritius, as its holding 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 **13 December 2017 at 10.00 hours at Hennessy Park Hotel, Ebony Conference Room, 65 Cybercity, Ebène,** to transact the following business:

1. To receive, consider and approve the Group's and the Company's Financial Statements for the year ended 30 June 2017, including the Annual Report and the Auditors' 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, Mrs. Hélène Echevin, who has been nominated by the Board of Directors on 22 June 2017.
3. To appoint, as Director of the Company to hold office until the next Annual Meeting, Mr. Olivier Riché, who has been nominated by the Board of Directors on 22 June 2017.
4. To appoint, as Director of the Company to hold office until the next Annual Meeting, Mr. Jean-Louis Savoye, who has been nominated by the Board of Directors on 22 June 2017.
5. 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:
   - 5.1. Mr. Jean-Pierre Dalais
   - 5.2. Mr. David J. Anderson
   - 5.3. Mr. P. Arnaud Dalais
   - 5.4. Mr. Thierry Dalais
   - 5.5. Mr. L. J. Jérôme De Chasteauneuf
   - 5.6. Mr. M. G. Didier Harel
   - 5.7. Mr. J. Harold Mayer
   - 5.8. Mr. Naderasen Pillay Veerasamy
   - 5.9. Mr. Tommy Wong Yun Shing
6. To appoint PricewaterhouseCoopers Ltd as auditors of the Company for the financial year ending 30 June 2018 and to authorise the Board of Directors of the Company to fix their remuneration.
7. To ratify the remuneration paid to the auditors for the year ended 30 June 2017.

By Order of the Board

Clothilde de Comarmond, ACIS
Per CIEL Corporate Services Ltd
Company Secretary

26 October 2017

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 14 November 2017.

E. The minutes of proceedings of the Annual Meeting of the shareholders held on 13 December 2016 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 **13 December 2017 at 10.00 hours at Hennessy Park Hotel, Ebony Conference Room, 65 Cybercity, Ebène**, 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 year ended 30 June 2017, including the Annual Report and the Auditors' 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, Mrs. Hélène Echevin, who has been nominated by the Board of Directors on 22 June 2017.		
3.	To appoint, as Director of the Company to hold office until the next Annual Meeting, Mr. Olivier Riché, who has been nominated by the Board of Directors on 22 June 2017.		
4.	To appoint, as Director of the Company to hold office until the next Annual Meeting, Mr. Jean-Louis Savoye, who has been nominated by the Board of Directors on 22 June 2017.		
5.	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:		
	5.1. Mr. Jean-Pierre Dalais		
	5.2. Mr. David J. Anderson		
	5.3. Mr. P. Arnaud Dalais		
	5.4. Mr. Thierry Dalais		
	5.5. Mr. L. J. Jérôme De Chasteauneuf		
	5.6. Mr. M. G. Didier Harel		
	5.7. Mr. J. Harold Mayer		
	5.8. Mr. Naderasen Pillay Veerasamy		
	5.9. Mr. Tommy Wong Yun Shing		
6.	To appoint PricewaterhouseCoopers Ltd as auditors of the Company for the financial year ending 30 June 2018 and to authorise the Board of Directors of the Company to fix their remuneration.		
7.	To ratify the remuneration paid to the auditors for the year ended 30 June 2017.		

Signed this ____________________ day of ____________________ 2017.

____

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

Signature/s

Contact number: ____________________

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 CIEL Textile 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.*

CONTACTS

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