

Occupancy		ADR		RevPAR		TRRevPAR		Total Revenue	
Q2	HY1	Q2	HY1	Q2	HY1	Q2	HY1	Q2	HY1
84.9%	77.4%	Rs 11,491	Rs 9,058	Rs 9,754	Rs 7,012	Rs 15,315	Rs 11,710	Rs 2,296m	Rs 3,520m
▼ -2.8% vs LY	▼ -2.2% vs LY	▲ 24% vs LY	▲ 19% vs LY	▲ 20% vs LY	▲ 16% vs LY	▲ 14% vs LY	▲ 11% vs LY	▲ 22% vs LY	▲ 21% vs LY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (ABRIDGED)

	QUARTER ENDED 31 DECEMBER		HALF YEAR ENDED 31 DECEMBER	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Total revenue	2,296,485	1,874,891	3,520,389	2,916,081
Earnings before interests, taxation, depreciation and amortisation (EBITDA)	719,564	546,444	668,866	518,892
Depreciation and amortisation	(129,164)	(106,587)	(254,859)	(213,094)
Operating profit	590,400	439,857	414,007	305,798
Finance costs	(110,767)	(119,640)	(234,663)	(234,067)
Finance income	2,567	3,429	5,215	6,648
Share of results of associates	-	(4,871)	-	(8,493)
Profit before tax and exceptional items	482,200	318,775	184,559	69,886
Closure, marketing launch, restructuring, branding and transaction costs	-	(71,833)	-	(124,138)
Profit/(loss) before tax	482,200	246,942	184,559	(54,252)
Income tax (expense)/credit	(84,578)	(27,497)	(45,932)	10,022
Profit/(loss) for the period	397,622	219,445	138,627	(44,230)
Other comprehensive income net of tax	(11,245)	43,395	(112,697)	40,427
Total comprehensive income for the period	386,377	262,840	25,930	(3,803)
Profit/(loss) attributable to:				
Owners of the Company	371,122	197,162	126,352	(49,043)
Non-controlling interests	26,500	22,283	12,275	4,813
	397,622	219,445	138,627	(44,230)
Total comprehensive income attributable to:				
Owners of the Company	359,877	240,557	13,655	(8,616)
Non-controlling interests	26,500	22,283	12,275	4,813
	386,377	262,840	25,930	(3,803)
Basic Earnings/(loss) per share (Rs)	2.33	1.52	0.79	(0.38)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (ABRIDGED)

	Attributable to owners of the Company	Treasury shares	Non-controlling interests	Total equity
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2016	9,281,633	(1,432,030)	796,489	8,646,092
Total comprehensive income for the period	(8,616)	-	4,813	(3,803)
At 31 December 2016	9,273,017	(1,432,030)	801,302	8,642,289
At 1 July 2017	8,968,497	(1,451,389)	792,992	8,310,100
Issue of shares net of issue costs	1,834,997	-	-	1,834,997
Total comprehensive income for the period	13,655	-	12,275	25,930
At 31 December 2017	10,817,149	(1,451,389)	805,267	10,171,027

CONSOLIDATED STATEMENT OF CASH FLOWS (ABRIDGED)

	HALF YEAR ENDED 31 DECEMBER	
	2017 Rs'000	2016 Rs'000
Operating profit before working capital changes	688,080	427,018
Change in working capital	(229,043)	33,825
Cash generated from operations	459,037	460,843
Income taxes paid	(3,758)	(25,000)
Net cash flows from operating activities	455,279	435,843
Net cash flows used in investing activities	(284,289)	(1,084,190)
Net cash flows from financing activities	88,735	1,699,130
Net increase in cash and cash equivalents	259,725	1,050,783
Cash and cash equivalents at 1 July	171,437	(677,025)
Net cash and cash equivalents at 31 December	431,162	373,758

CONSOLIDATED GEOGRAPHICAL AND SEGMENTAL INFORMATION

	QUARTER ENDED 31 DECEMBER		HALF YEAR ENDED 31 DECEMBER	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Geographical revenue:				
Mauritius	2,018,611	1,673,418	3,126,792	2,646,210
Maldives	119,044	34,206	162,281	35,382
Others	158,830	167,267	231,316	234,489
Total revenue including other operating income	2,296,485	1,874,891	3,520,389	2,916,081
Geographical results:				
Mauritius	426,574	266,130	273,990	61,524
Maldives	(39,639)	(58,034)	(127,968)	(102,438)
Others	10,687	11,349	(7,395)	(3,316)
Profit/(loss) for the period	397,622	219,445	138,627	(44,230)
Segment revenue:				
Hotel operations - External sales	2,059,253	1,707,624	3,163,988	2,681,592
Hotel operations - Inter-segment sales	110,710	117,313	165,408	163,855
Real estate	2,169,963	1,824,937	3,329,396	2,845,447
Others - External sales	78,402	-	125,085	-
Elimination of inter-segment sales	(110,710)	(117,313)	(165,408)	(163,855)
Total revenue including other operating income	2,296,485	1,874,891	3,520,389	2,916,081
Segment results:				
Hotel operations	357,998	207,787	104,244	(41,008)
Real estate	28,937	309	41,778	94
Others	10,687	11,349	(7,395)	(3,316)
Profit/(loss) for the period	397,622	219,445	138,627	(44,230)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (ABRIDGED)

	31 DEC 2017	30 JUN 2017
ASSETS		
Non-current assets		
Property, plant and equipment	16,710,973	16,692,148
Operating equipment	102,485	122,575
Intangible assets	1,973,493	2,014,746
Investments in associates	702,445	702,445
Other investments	75,182	75,182
Leasehold rights and leasehold land prepayments	375,095	382,473
Other financial assets	17,318	16,920
	19,956,991	20,006,489
Current assets	2,314,368	1,509,981
Total assets	22,271,359	21,516,470
EQUITY AND LIABILITIES		
Shareholders' equity	9,365,760	7,517,108
Non-controlling interests	805,267	792,992
Total equity	10,171,027	8,310,100
Borrowings	8,219,778	9,175,791
Deferred tax liability	663,307	628,075
Employee benefit liability	333,221	306,568
Non-current liabilities	9,216,306	10,110,434
Current liabilities	2,884,026	3,095,936
Total liabilities	12,100,332	13,206,370
Total equity and liabilities	22,271,359	21,516,470
Total net interest-bearing loans and borrowings	8,406,922	10,175,221
Gearing	45.3%	55.0%

NOTES TO THE ABOVE:

The Group's financial statements for the quarter ended 31 December 2017 have been prepared using the same accounting policies and methods adopted in the financial Statements for year ended 30 June 2017, audited by Messrs BDO & Co., Chartered Accountants, except for changes in standards and interpretations adopted by the Group during the period. However, none of the changes have had an impact on the reported financial position or results of the Group.

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Statements

The Group's principal activity is in the hospitality industry. Hence, performance is subject to seasonality and varies significantly from quarter to quarter. Therefore, in respect of interim reporting, the results in the second and third quarters of our financial year are significantly higher than the other two quarters, as they relate to the high season.

COMMENTS ON THE RESULTS

Financial results

Quarter Highlights

The Group delivered a strong quarter from an operational and financial standpoint, as a result of the robust overall performance from the Mauritian resorts. The latter continue to generate encouraging growth with average daily rate (ADR) of Rs 11,098 growing by 21% year on year whilst maintaining a high occupancy of 87%. Our Kanuhura resort in the Maldives is making progress in its re-positioning in the luxury segment, with a strong ADR, although the occupancy level of 39% is still below target.

Against this background, the Group generated revenues of Rs 2.3 billion, up by 22% with all resorts achieving growth compared to last year. Total Group Revenue increased by 22% to Rs2,296m and EBITDA increased by 32% to Rs 720 million in this quarter, representing a flow-through of 41%. Similarly, operating profit reached Rs 590 million, up 34%, as a direct consequence of an improvement in operating margin from 23% to 26%.

Finance costs were lower than last year's level at Rs 110 million (-7%) as a consequence of the reduction in borrowings following the rights issue and private placement completed in August 2017. This capital injection and the positive results ensured that the Group's gearing was significantly reduced from 55% to 45% at the end of this quarter.

With all resorts now operational, no closure costs were incurred during this quarter compared to Rs 72m in same quarter last year. SUN therefore posts a net profit of Rs 398 million, an increase of 81% over the same quarter last year.

First Half Year Highlights

The first half results show a return to profitability with ADR and RevPAR for the six months increasing by 19% and 16% respectively compared to last year. Thus, revenues grew by 21% and Group EBITDA at Rs 669 million was up 29%. With the benefit of the capital injection and no major closure costs incurred during this period, the Group posted a profit of Rs 139 million reversing, the loss of Rs 44 million in the corresponding period of last year.

Outlook

The current quarter shows a growth in forward bookings, in spite of the fact that the latter has been affected by the January weather conditions. Nevertheless, we expect an improvement in the Group's financial performance during this quarter, compared to the prior year.

By Order of the Board

CIEL Corporate Services Ltd
Company Secretary

14 February 2018

This announcement is issued pursuant to Listing Rule 12.20 and the Securities Act 2005.

The Board of Directors of Sun Limited accepts full responsibility for the accuracy of the information contained in this report.

The statement of direct and indirect interests of officers of the Company required under rule 8(2) (m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 is available upon request from the Secretary, free of charge at CIEL Corporate Services Ltd, Ebène Skies, Ebène, Mauritius.

Copies of this report are available to the public, free of charge, at the Registered Office of the Company.

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