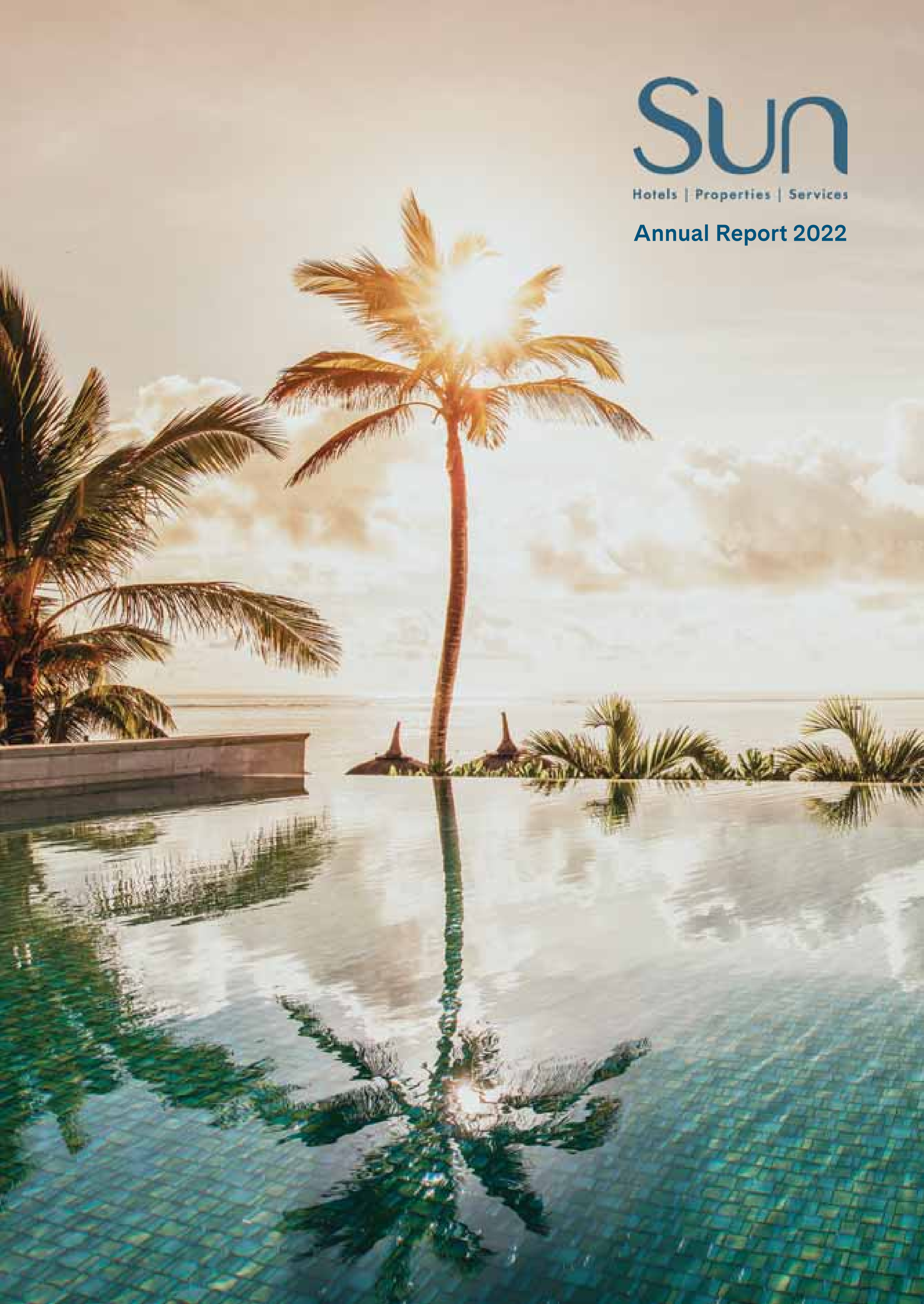


Sun

Hotels | Properties | Services

Annual Report 2022

Contents

Come and discover the sparkling Mauritian hospitality #ComeAlive

CHAIRMAN'S LETTER

Jean-Pierre Dalais

I take great pride in the successful turnaround of the Group and what we have achieved by restructuring and returning it to profitability

The past couple of years have without a doubt been one of the toughest periods of our history as the SUN Group. These highly trying times have, however, demonstrated our resilience. Through the strong leadership of the new CEO and the teams that rallied together to ensure survival, we have come out fitter and leaner. The pandemic did get us down in more ways than one, but we remained focused and steered the Group with new vigour and direction.

Many sacrifices were made along the way but also a lot of detailed work was accomplished to make sure that we could bounce back in the most optimal way. This can certainly be seen in the returning financial performance of the Group. This period also allowed for the time to rethink, adjust, and reposition our approach.

We ensured that we come back with the right offering for all the segments but also with the skills and necessary capabilities to deliver a state-of-the art service to our clientele.

I am proud to announce that this has culminated in the launch of our new brand – Sun*life*. This new name injects new life into our long-established brand. 'Sun' maintains the rich history and legacy we have built over the last 45 years of existence. 'Life' stands for lifestyle, the Mauritian lifestyle, that we share with our tourists and Mauritians at every stay in one of our resorts. Francois, our CEO, will share more on this in his report.

We are certainly confident that our customers will love the new concept and even though we continue to operate in a challenging environment, we are convinced that our performance will continue its upward trend. We are further pleased and grateful to the Mauritian government for all the hard work that has been done on reviving air connectivity and seat capacity.

In order to create more value for our stakeholders, we will continue to position ourselves where property development is concerned and take our under-utilised assets and turn them into yielding ones.

The Sun*life* portfolio of managed hotels are now stronger and leaner and ready to take on the future. We are also thrilled about our partner brands, Shangri-La Le Touessrok and Four Seasons, and the opportunities that these partnerships will keep bringing with innovative and fruitful prospects.

In order to create more value for our stakeholders, we will continue to position ourselves where property development is concerned and take our under-utilised assets and turn them into yielding ones, as we move towards our vision of being a leader in hospitality and property development in Mauritius. A good example of this is La Pirogue Residences. We aim to have more of these developments that will enhance the portfolio of the Group.

I take great pride in the successful turnaround of the Group and what we have achieved by restructuring and returning it to profitability. Of course, there is also a lot more to do, as we keep working on our balance sheet to ensure we reduce our gearing ratio, continue to ensure financial discipline across our hotel network, find new clients and markets, and innovate our offerings in order to increase revenues. All these are only possible through our state-of-the-art service culture that represents Sun*life* and Mauritius.

But for now, I am grateful to the entire Sun*life* team and for all the support we have received from the Mauritian Government, our financial partners and to you for ensuring the legacy of this Group continues.

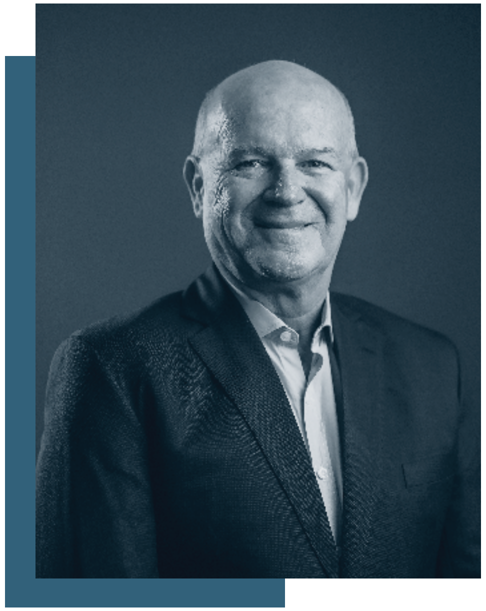
We have shown that we can continue to build in the face of the worst possible threats. We can only thrive from here on!

Jean-Pierre Dalais
Chairman

CEO'S INTERVIEW

Francois Eynaud

"Better recovery than expected



What are the key highlights of the past year?

The reopening of the Mauritian borders on 1st October 2021 was a great highlight, of course, but also a great challenge that all the teams managed with enthusiasm. Bookings at border reopening were much better than expected due to a significant "pent-up demand".

We used our closure not only to create a more efficient business model, but we also analysed thoroughly the evolving travelling trends and implemented responses to the post-Covid travellers' needs.

In response to this, our biggest highlight of the past year must be the SUN Resorts "Brand-Led Transformation" known as "Project Brilliant" which started with the establishment of our new Vision, Purpose and Values - our VPV's – and we can now proudly announce that SUN Resorts enters a new era as Sun*life* which will be going forward as the new mother brand of our resorts.

This will include a rebranding of Sun Resorts and its hotels in late 2022. We have designed several new experiences for our guests in line with the Sun*life* brand promises and in line with each hotel concept.

We have further digitalised the customer experience through our brand-new mobile application which operates with a digital concierge and enables restaurant, spa, golf reservations as well as online check-in and check-out.

I am also particularly satisfied with the Sugar Beach repositioning following its extensive renovation.

Then finally, this past year we embarked on a collaboration with CIEL Properties. SUN started its property development plan with 45 units at La Pirogue Residences which was launched in June 2022. This continued collaboration will enable SUN to turn previously non-cash producing land into revenue generators.

"We have further digitalised the customer experience through our brand-new mobile application which operates with a digital concierge and enables restaurant, spa, golf reservations as well as online check-in and check-out.

How did SUN perform this year?

Despite being non-operational for the first three months of the financial year and the brief Omicron break out early December 2021 which resulted in a closure of borders to South Africans and a short ban from France, SUN returned to profitability for the 2022 financial year (FY22). SUN achieved a turnover of Rs 5.2 bn for FY22 against Rs 6.2 bn in FY19, EBITDA of Rs 1.2 bn and PAT of Rs 200M against Rs 1.5 bn and Rs 172M for FY2019, respectively. It should be noted that Long Beach and Shangri-La Le Touessrok have performed better than the pre-Covid period.

These results are much better than expected and I am very proud of our team's dedication and commitment which has produced this performance.

Tell us about the SUN Culture?

The reopening of our hotels to international guests after 18 months of border closure has not been easy and there has been a lot of pressure on all SUN team members. I am very thankful and proud of how all our colleagues reacted with passion and engagement.

Through our new Vision, Purpose & Values and extensive training, we have reinvigorated SUN's historic service excellence culture and are evolving towards an experience culture. Our new values are based on how we want our clients to feel during and after their stay with us.

What are the risks facing the industry?

Probably the main risk we are facing - like all hoteliers around the world - is the lack of skilled staff. In order to mitigate this risk, we are working hard on improving our employee journey and along with the rebrand and our new VPV's, we wish to make SUN a preferred place to work. Our aim is to make SUN an exciting and fulfilling work environment for our people to create successful careers, and in this way attract and retain talents specially the younger generation. We are also contemplating the recruitment of foreign labour which will be a necessity to sustain our level of service and our industry growth.

The other risks facing the industry is the forecasted economic slowdown in Europe, the weakness of the Euro and Pound Sterling and the high inflation environment that will reduce purchasing power hopefully only temporarily.

We also have to keep an eye out for competing travel destinations that have lagged in opening their borders. These drive us towards a cautious approach to 2023.

Any acknowledgments for this success?

Yes. I would like to thank the SUN team – each one of you. You have made a tough road to navigate and your courage and commitment is greatly appreciated.

The hospitality sector has shown resilience towards the economic impact of the crisis, but this could not have happened without the support from the Mauritian Government. Through the Wage Assistance Scheme which enabled hotel groups to save jobs as well as the support of the Mauritius Investment Corporation (through "quasi-equity" loans) which enabled hotel groups to restructure operating models. We couldn't have done it without you. Thank you.

I would also like to thank the authorities for the progress made and the support given to the Ile aux Cerfs regeneration master plan. An exciting journey is ahead of us.

Thanks also to our close partners, Shangri-La Le Touessrok and Four Seasons, who operate the high luxury segment. We are confident that these two properties under management will show further improvement in performance.

Looking forward in the coming year

I am expecting huge dynamism and energy from our rebranding announcement and increased visibility for SUN this year and am very confident that the air seats capacity has gained sufficient momentum for a successful high season.

Through our rebranding we are building a solid management platform which will ensure growth opportunities for SUN in Mauritius and regionally.
As part of this, through its sustainability and inclusiveness road map, SUN is committed to a world "where kindness shines". We wish to position SUN as a leader in sustainability and this includes reducing our carbon footprint, increasing our local purchasing, gender balance as well as redesigning a wide range of sustainable experiences for our guests such as participating in our coral farming efforts with our marine biologists.

We are also looking forward in the coming years to the implementation of our mix-property development plan at La Pirogue Residences, at Long Beach and Shangri-la Le Touessrok as well as Ile aux Cerfs master plan.

The coming year will be our first full 12 months recovery year and thanks to contained cost management, excellent forward bookings, higher ADR, increased average length of stay and a good low season, the profitability performance expected is very encouraging.

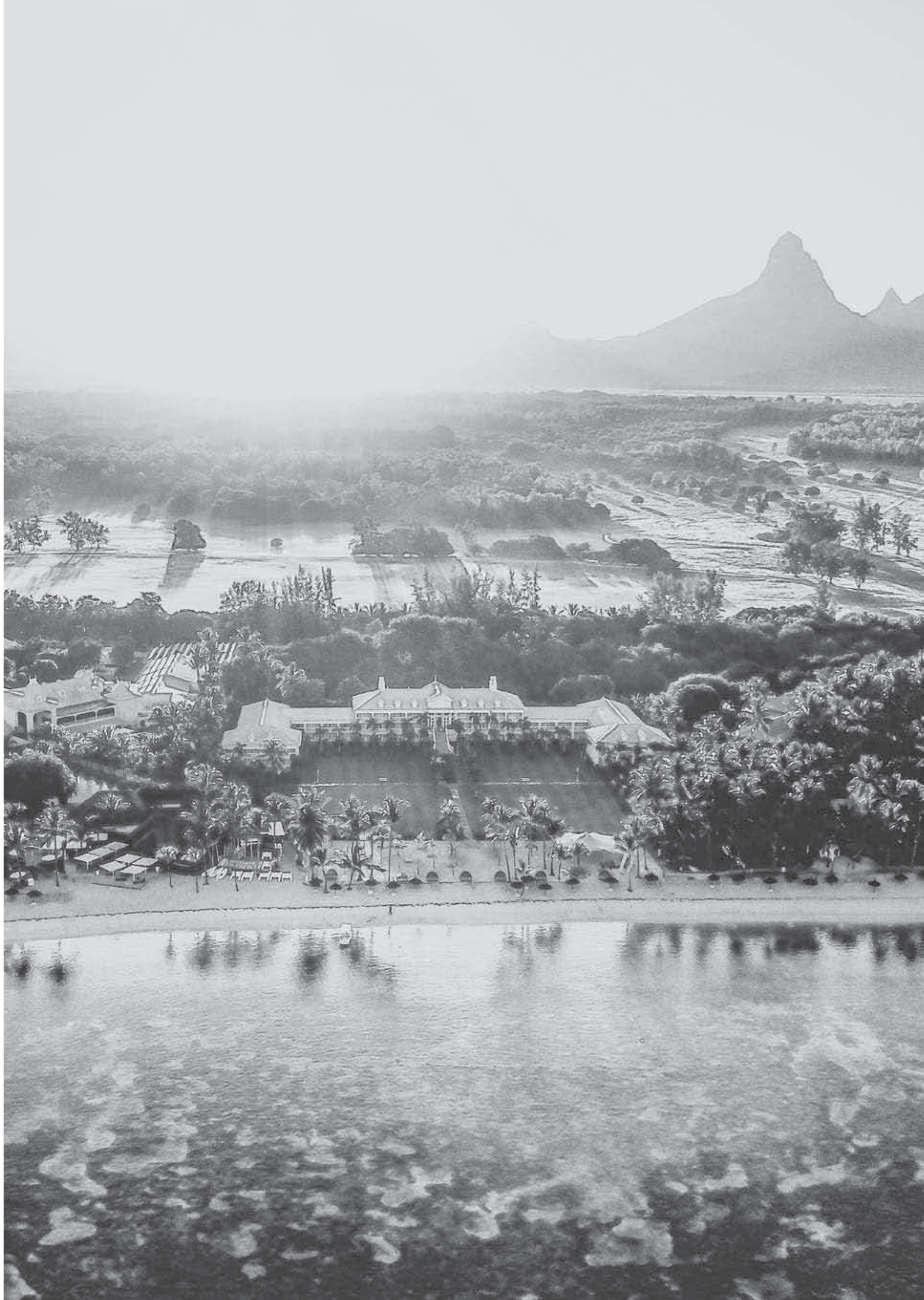
A message to stakeholders

I would like to thank our shareholders, partners and employees for their trust and support during these challenging times.

The travel and leisure industry will continue to grow significantly worldwide in the coming years and we at SUN are well positioned and more resilient to fully benefit from this future industry growth. We are also convinced that the 'Mauritian Lifestyle' offers so much to attract holiday travellers, long stay visitors, retired people and potential property owners.

This makes me very confident in the future of SUN for our shareholders, employees and community. So, with kindness, love and thoughtfulness, let's Radiate the Magic of Mauritius.

Francois Eynaud
CEO



BOARD OF DIRECTORS


Jean-Pierre **Dalais**


P. Arnaud **Dalais**


Guillaume **Dalais**


R. Thierry **Dalais**


L. J. Jérôme **De Chasteauneuf**


Francois **Eynaud**


Hélène **Echevin**


J. Harold **Mayer**


Mushtaq N. **Oosman**


Olivier **Riché**


Jean-Louis **Savoye**


Naderasen Pillay **Veerasamy**


Pierre **Vaquier**


Tommy **Wong Yun Shing**

Come and dip your toes in the sand and awake your senses #ComeAlive

sun*life*

Sun*life*, a life led in the Sun, a life enjoyed with style.

#ComeAlive

On 20th October 2022, Sun Resorts entered a new era as Sun*life* injecting new life into a long-established and familiar brand.

Project Brilliant

We embarked on what we call a Brand-led Transformation of Sun Resorts. It's a process that runs deeper than just another re-branding exercise. It's a genuine process of transformation.

A transformation that will lead to the blooming of a new Sun that shines brilliantly.

Project Brilliant has been about reinvigorating the soul and spirit of Sun Resorts, restoring energy within the organisation so we may rise glorious.

#ComeAlive

We have renamed the master brand ***Sun*life**

The evolution of the Sun Resorts brand name is about injecting new life into a long-established and familiar brand.

The **'Sun'** element maintains equity in a brand name that has been established and trusted for 45 years. Complementing this great recognition, the addition of a meaningful new element will invite people to look again. The **'life'** suffix reflects the energy that the sun provides and all the wonderful life that arises from its light and warmth.

We also chose the term to represent the splendid lifestyle that the company promises, whether during a holiday in one of our resorts or as the owner of one of our residences. It's a lifestyle that's unique to Mauritius. **It's a life led in the Sun, a life enjoyed with style**.

Embracing the warm glow, light and movement of the Sun, our new brand identity pays homage to the effects of the sun – its beams and dappled light.

Crucial to an inside-out Brand-led Transformation of Sun Resorts, Sun*life* has a new Vision, Purpose and Values system.

Our Purpose determines the contribution that we at Sun*life* make to our Vision of a world where Kindness Shines.

Our Purpose is to **Radiate the Magic of Mauritius**. When we say Radiate we mean emitting energy, brightness and positivity. And by Magic of Mauritius, we mean the captivating quality of our island and its irresistible local charm.

Together, the Vision, Purpose and Values define the unique way in which we do things.

These are the organisation's Guiding Lights. Our Vision describes the type of world we see when we look ahead. **At Sun*life*, we see a world where Kindness Shines.** By Kindness, we mean being generous and caring. It is always showing warmth to others. And by Shines, we mean glowing or being bright with emotion.

Our Values support our Vision and anchor our Purpose.

They are the principles that shape our beliefs and daily behaviours. **At Sun*life*, we value Love, Dreams and Thoughtfulness**. Without Love, we cannot show Thoughtfulness and without Thoughtfulness, we cannot realise the Dreams of others. Sun*life*'s new Ideology is a living force that all of us experience and enjoy every day.

Project Brilliant has not just been about reinvigorating the Sun Resorts master brand but it has also been about optimising the Resorts themselves.

For each resort we have developed a new Resort Concept focused on the needs of a discrete traveller tribe.

To create our new resort logos, we cast a sunbeam that interacts with the logo illustrating the dynamic relationship between the Sun*life* brand and the resorts. The Sun*life* brand beaming the warmth and light of the sun onto the hotel.

This also shows a greater and more creative integration of the Sun master brand visual identity with that of the property and reflects its visual endorsement.

SUGAR BEACH MAURITIUS

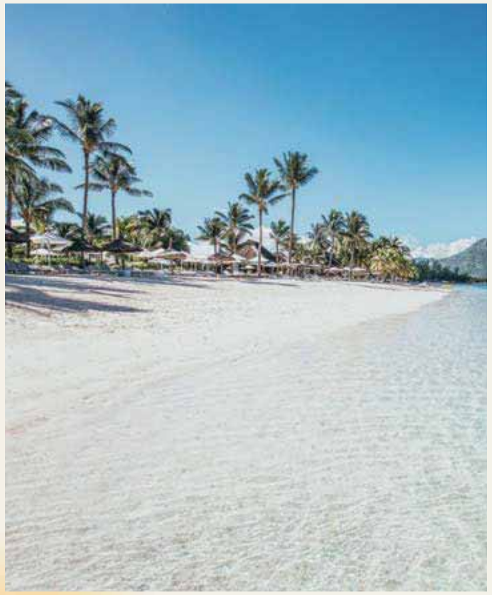
"We have a new logotype with an art deco nod to the glamour of yesteryear.

Sugar Beach boasts a tantalisingly rich highlight colour – Violet Noble – that complements the palette of Sun*life*.

In turn, these Resort Concepts have been expressed in new Visual Identities, which reflect their individual personalities while more clearly indicating their membership of the Sun*life* family.

Whilst their interests and ages are varied, guests at Sugar Beach all share the desire for Opulent Pleasures.

Sugar Beach will see the fusion of the past, future and present. The resort will evoke a sense of sophistication and the stylish tradition of Manor House living. Stately, Graceful and Poised, Tantalising, Indulgent and Captivating.



LA PIROGUE
MAURITIUS

“La Pirogue gets its own new logotype using a painted script similar to the name plaques you can find on the side of a fishing boat.

We have a vibrant new colour palette and highlight colour that celebrates the tropical feel of the resort.

At La Pirogue, while their interests and ages are equally varied, guests share the desire for Diving Deeper.

They are devoted and engaged embracers of local life and the destination they are visiting. We have developed a Resort Concept that celebrates the honest and humble qualities of a traditional fishing village. A village that is at once Cultured, Colourful and Authentic and at the same time buzzing with a new energy that is Fresh, Animated and Exuberant.

LONG BEACH
MAURITIUS

“The new logo for Long Beach is elongated and reflects the modern architecture of the resort itself.

The highlight colour picks up the East coast hue of the lagoon beyond the beach.

At Long Beach, while their interests and ages are varied, guests share a common desire for Novelty.

This is a desire to experience and encounter things that are different to everyday life.

They share a yearning to escape the mundane and express an openness towards new things and possible unexpected happenings.

On a quest to find the best beachside hangout, this traveller tribe is looking for something different.

So at Long Beach, we invite our guests to view Mauritius through a new, contemporary lens.

It’s Mauritius but not as you know it. It’s Original, Imaginative, Bold and Reborn. And it is served with an elegant twist that is Elevated, Entertaining, En Vogue and Energised.

Sun*life* will invite guests to Come Alive.

We want our guests to push the play button and start living, to enjoy invigorating, lively moments at our resorts.

Sun*life* launches the Come Alive Collection, a series of experiences and activities inviting their guests to Come Alive.

The 'Come Alive' Collection introduces new signature experiences that we have purpose designed to bring each Resort Concept vividly to life for our guests during their stay at our resorts.

To name but a few, at Sugar Beach, guests will be invited to spend an afternoon drinking chic cocktails and playing a game of Crazy Croquet.

At Long Beach, mixologist sorcery is conjured up through personalisation and creativity to bring the guests 'Santé'.

At La Pirogue guests are invited to sweat in style with Sega Zoomba.

At La Pirogue and Long Beach, guests can give meaning to their stay whilst participating in our Coral farming program whilst protecting our marine biodiversity.

And at all of our Sun*life* resorts, children will be introduced to our new Sun*life* mascot – Izzy the Bee.

#ComeAlive

SUSTAINABILITY

ALIGNING WITH GLOBAL GOALS

UNITED NATIONS GLOBAL COMPACT

As a signatory to the UN Global Compact (UNGC), we are committed to upholding the UNGC's ten principles and to also supporting broader UN objectives such as the Sustainable Development Goals (SDGs), which are a collection of 17 widely adopted, global goals set by the United Nations General Assembly for realisation by the year 2030.

We have prioritised the following global goals that are most relevant to our business and where we have identified the greatest opportunities to drive measurable results.

SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals (SDGs) are a set of 17 actionable goals that seek to address global challenges and achieve a better and more sustainable future for all. We recognise that all goals are interconnected, and therefore aspire to contribute to all 17 SDGs.

As such, we are working towards incorporating the SDGs into our approach to sustainability. The opportunities that we intend to pursue in our strategy are aimed at making a collective impact and positive contribution toward global goals. We will use the SDGs to help inspire and frame our programs so we can play our role in contributing to the global development agenda.

LIFE BELOW WATER

Prevent and significantly reduce marine pollution, sustainably manage and protect marine and coastal ecosystems and minimize and address the impacts of ocean acidification.

BEYOND ZERO WASTE

A hotel where nothing is wasted; every resource is recirculated and reused. That's the vision we have for Sun Resorts. We're a leader in waste reduction, and we want to use our expertise to tackle not only plastic, but all waste.

WELLBEING & BIODIVERSITY

Sun Resorts is a place where physical and psychological wellbeing of every individual is enhanced. Wellbeing is key to how we engage with our guests, employees, visitors and the local community. Our wellbeing programme includes clear targets for increasing biodiversity, improving air quality and wellbeing of our guest.

RESPONSIBLE BUSINESS

Sun have a 40-year history of positive impact within our community, through support of local business and charities, volunteering in local schools, and delivering projects that create real value for all our stakeholders.

SUSTAINABILITY

We are proud to have been a signatory to the United Nations Global Compact (UNGC) since 2017 and remain deeply committed to the UNGC's Ten Principles as a standard to improve the transparency of corporate reporting in the 4 key areas of Human Rights, Labour, Environment and Anti-Corruption. We shall describe our actions in detail to integrate the Global Compact and its principles into our business strategy, culture and daily operations in our forthcoming sustainability report Feb 2023

We are also committed to share this information with our stakeholders using our primary channels of communication.

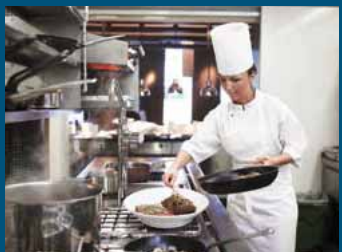
OUR STRATEGIC ESG FRAMEWORK

We are committed to have a robust Corporate Responsibility program that incorporates: environmental, social and governance (ESG) strategic goals into our business to increase both the sustainability and the value of our portfolio. We believe that sustainability should be centered on: People, Communities, Nature and their ability to thrive - all three scales being interdependent and essential to long-term prosperity.

In 2021, we took several important steps to raise our ambition level and further incorporate sustainability into Sun Resorts's offering and operations. This included launching a new strategy for Sun's sustainability initiatives and integrating sustainability in key strategies and processes.

We have a unique opportunity as we come out of the pandemic to revaluate business as usual. We now can work together with our customers, suppliers, stakeholders, and community members to focus on climate change as a community. We are very excited to welcome guest back to our hotels this year and invite you to join us to discover our Sun Sustainability experiences as we build back better and refocus our efforts on tackling the climate and biodiversity crises together.

To achieve this, its actions are carried out under the same three pillars as Ciel Group:



PEOPLE
Foster a vibrant workforce

NATURE
Activate climate response

COMMUNITY
Champion inclusive growth

HIGHLIGHTS

People

SUN GROUP

Total Employees
3034

Gender
32%
68%

42yrs
Average age

9yrs
Average years of service

Employees at top management
15

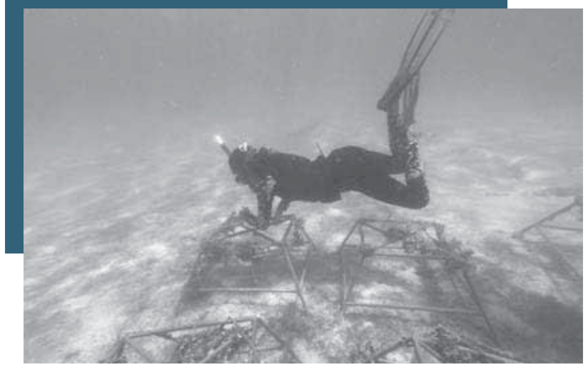
Women at top management
4

24hrs
Average training hours per employee

Nature

This century's biggest battle is undoubtedly climate change. With Environment being one of our main pillars, we are taking action to protect the planet. As a Small Island Nation, Mauritius is at the frontline of climate action. Through SUNCARE we drive impactful, local action on climate change by implementing a strong sustainability policy but also initiatives that promote a sustainable future.

As our hotels were closed for several months during the pandemic, our energy, water and waste data is not representative of progress against the 2019 baseline.



SUSTAINABILITY

Biodiversity

Marine Conservation

Oceans provide food and livelihood for billions of people. Our oceans are what make our planet habitable for mankind. Overfishing, lack of management, pollution, and acidification are deteriorating a habitat we cannot live without. To reverse this trend, SUNCARE is partnering with a range of partners including the University of Mauritius and to educate, raise awareness, and take measurable action.

Sun Resorts has undertaken an ambitious coral farming project at La Pirogue and Long Beach. In the long run, the project will lead to the creation of a protected marine park.

SUNCARE is working on an educational book on local marine species and what small, simple actions can be taken to protect our reefs, oceans, and the millions of species on which our livelihood depends.

Community

Rs **2,500,000**
In kind and in support

670
Number of beneficiaries in the fields of poverty, education, health

One of the main pillars of our overarching sustainability principle is Community Engagement. In this light, we have designed a programme that builds on the philanthropic and children-focused commitment established in 2004 by our Group: Children at Heart.

We believe the path out of poverty begins with equality for all — basic human rights, great education, adequate healthcare. Each of our hotels plays a part in the everyday lives of their neighbouring communities by collaborating with non-profit partners to support the next generation.

Food Waste

What we do

We reduce food waste in a number of ways: improving the way we order and store food, making sure we use every edible part of an ingredient in the kitchen, and recycling food in new dishes.

We partner with local food redistribution charities, as well as community groups to donate surplus food. We recycle food waste whenever possible.

With a view to educating for a better future, we inculcate to our associates and the communities where we operate about the positive impact our actions have on our island and our planet. We are committed to zero food waste to landfill by 2030, and we are working on it everyday.

La Pirogue has successfully achieved 'The Pledge' international certification on food waste in 2022 by recycling their food waste, reducing unnecessary costs and negative impacts on the environment.

Promoting a lasting impact

As community engagement is one of the main pillars of our fundamental principle of sustainability, we have designed a program that is based on philanthropic and child-centered engagement : **"Children at Heart"**, established in 2004 by our group.

We believe that getting out of poverty starts with equality for all: basic human rights, a good education, adequate health care.

The closure of schools and resorts during the pandemic has caused a significant drop in the total number of direct beneficiaries, but we have ensured that each of our hotels participates in the daily life of neighboring communities in different ways.

Sun Children Cancer Trust

Sun Children Cancer Trust has been supporting children with cancer since 2008. Over the past two years, we have had an increase in requests for support and donations. We collected donations through the successful SUNCare Charity Golf Competition.

Along the same lines and to support this dear cause, partnership agreements have also been signed between Sun Resorts Cancer Trust and the two associations "Link to Life" and "Enn Reve Enn Sourir" which ensure the well-being of children with cancer.

The partnership with Link to Life allowed the children to be transported safely from their homes to the hospital, with the vehicle picking them up and dropping them off at home once treatment was complete.

In addition, the partnership with "Enn Reve Enn Sourir" facilitates the care of children with serious illnesses and pathologies requiring treatment abroad or in a private clinic at C-Care for more specialized care.

Come and create unforgettable memories under the tropical sun #ComeAlive

CFO'S REPORT

This Group posted encouraging results with the borders reopening as from 1st October 2021. Tourist arrivals to the island amounted to 546,876 for the nine months to 30 June 2022, representing 51% of the same period in financial year 2019. Correspondingly, seat capacity for the same period was 54% of financial year 2019. Despite the negative impact from the Omicron break out in early December 2021 which resulted in a temporary closure of borders to South Africa and a short ban from France, the Group managed to return to profitability for the financial year ended 30 June 2022.

Our Performance

Year ended 30 June 2022

Results from continuing operations In Rs'm	Revenue	EBITDA*	Operating profit	Profit for the year
Actual	**5,165**	**1,212**	**661**	**200**
vs LY	*↑ 3,969*	*↑ 1,802*	*↑ 1,834*	*↑ 2,032*
vs FY19	*↓ 1,051*	*↓ 242*	*↑ 1*	*↑ 28*

**EBITDA before impairment charges*

- The Group's occupancy reached 48.1% in FY22, 33.7% below FY19 ("pre-Covid comparative year"), whilst ADR was up 27.1% on the same period to reach Rs 11,933. Revenues were Rs 5.2 billion, 17% behind FY19 and a strong EBITDA performance from continuing operations at Rs 1.2 billion compared to Rs 1.5 billion in FY19;
- The depreciation of the MUR exchange rate versus the Euro and the UK Pound improved the ADR of the resorts but the hyperinflation experienced in food and beverage and utilities resulted in increased operation costs;
- The Government Wage Assistance Scheme obtained in the first semester helped in the Q1 closure and the restart of operations in Q2. This support represented 32% of the total employee benefits in the first semester;
- Profit after tax closed at Rs 200 million, 16% higher than FY19.

Our Operating Performance (9 Months to 30 June 2022)

Results from continuing operations In Rs'm	Revenue	EBITDA*	Operating profit	Profit for the year
Actual	4,880	1,478	1,068	656
vs LY	*↑ 3,930*	*↑ 1,857*	*↑ 1,880*	*↑ 1,929*
vs FY19	*↓ 82*	*↑ 115*	*↑ 325*	*↑ 321*

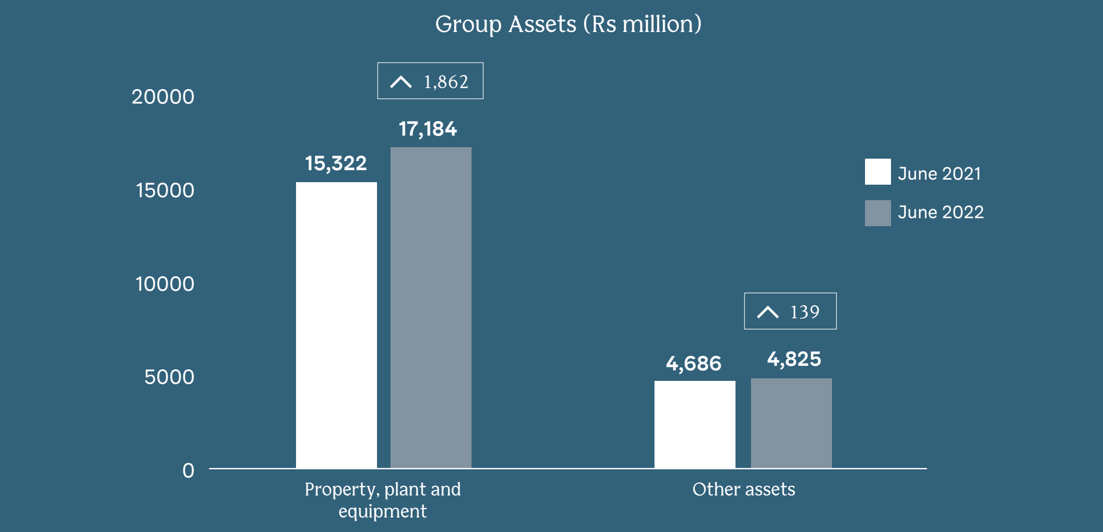
**EBITDA before impairment charges*

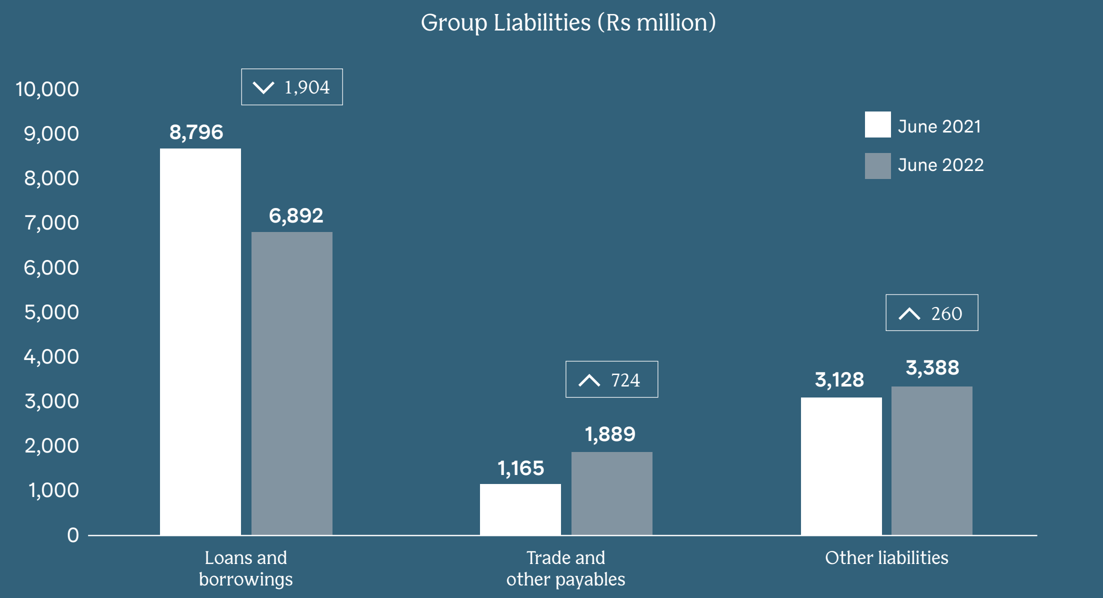
Due to the restart of operations as from 1 October 2021, a more meaningful appreciation of the 9 operating months is commented below:

For the 9 operating months ended 30 June 2022

- Revenue at Rs 4,880 million, almost in line compared to same period in FY19. Occupancy at 55.5%, was 78% achieved on pre-Covid comparable period. ADR was 30% better at Rs 13,453;
- The Group achieved a very good flow-through to operating profit with the productivity and efficiency actions implemented during the Covid period although these were mitigated by the high inflation experienced;
- Profit after tax for the period closed at Rs 656 million, with an increase of Rs 321 million vs pre-Covid comparable period.

Statement of Financial Position



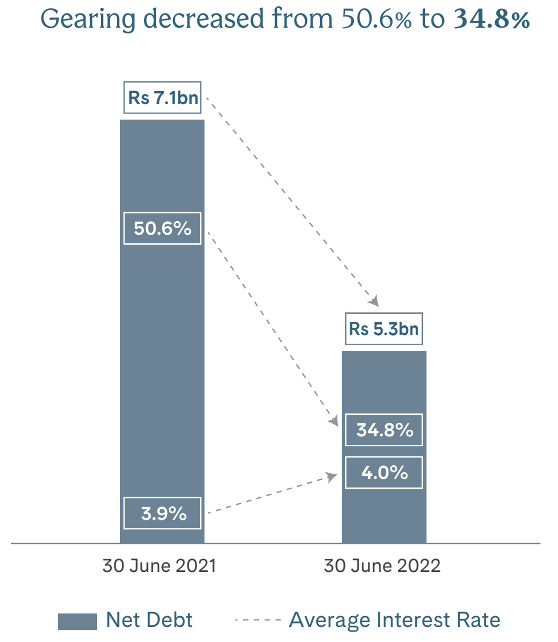


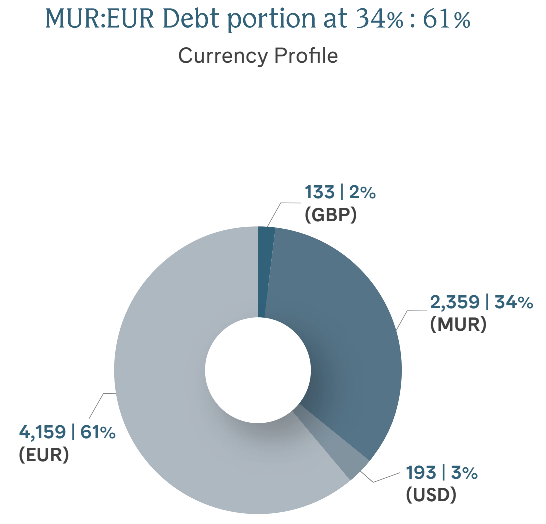
Property, plant and equipment at Rs 17.2 billion, increased due to the revaluation gains on land and buildings of Rs 2.1 billion at 30 June 2022.

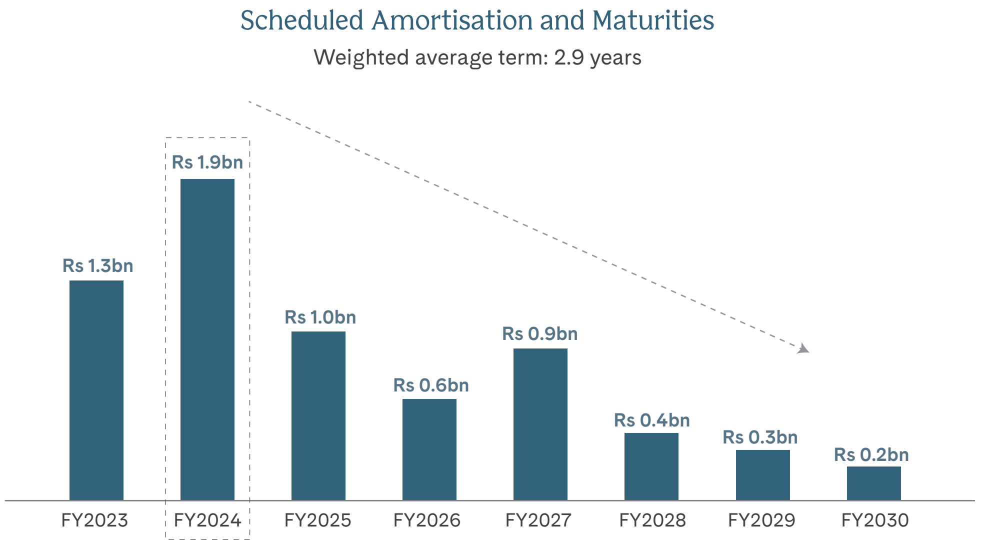
With the second repayment of Sun Limited's bonds (Rs 1.6 billion) effected during the year, the gearing for the Group improved significantly to 34.8% (2021: 50.6%). With a cash balance of Rs 1.6 billion, net debt at 30 June 2022 was at Rs 5.3 billion.

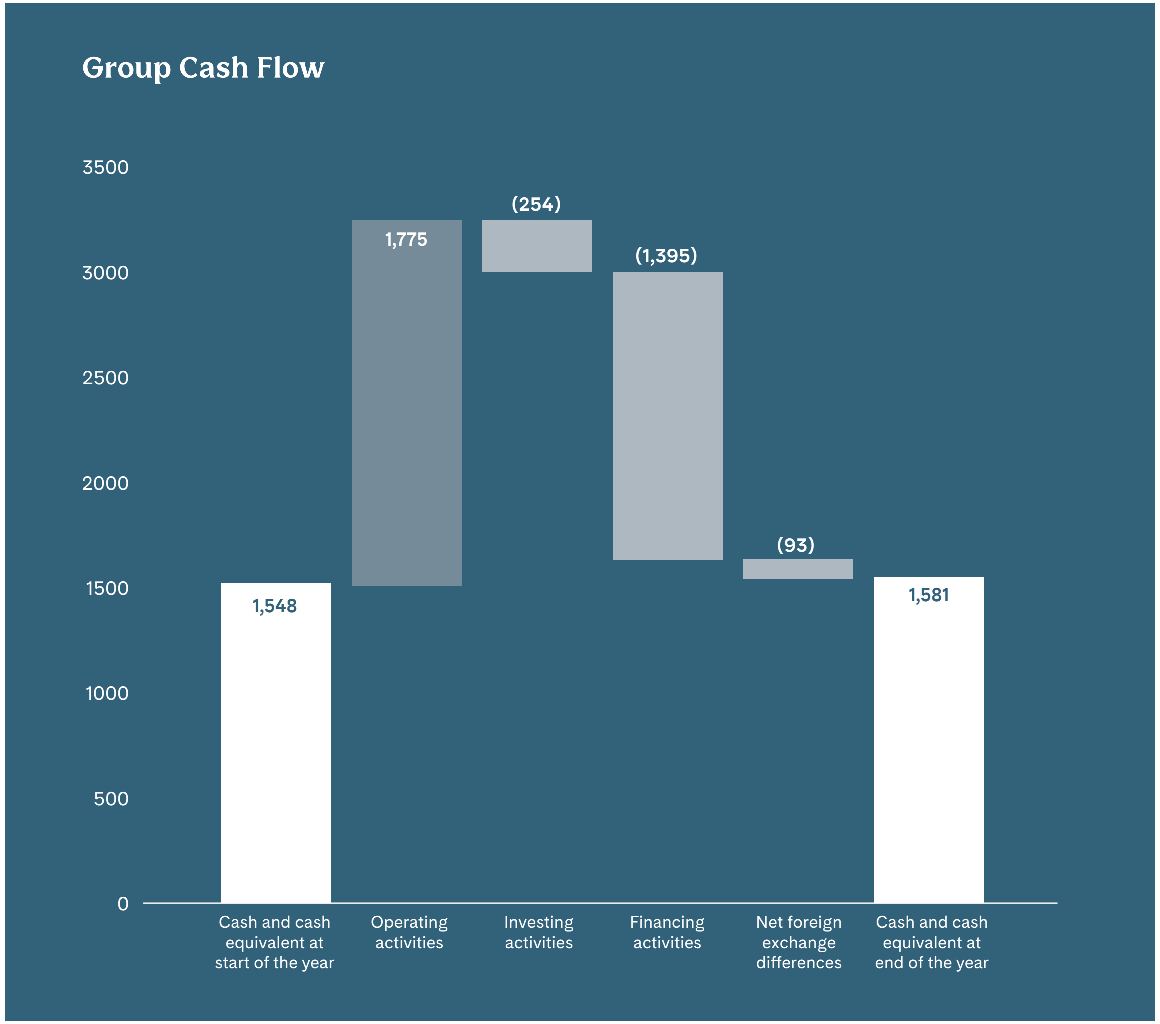
CFO'S REPORT

Net Debt









Net cash generated from operations of Rs 1.8 billion includes non-cash items such as depreciation and amortisation of Rs 562 million, finance costs of Rs 488 million, offset by gains on lease re-assessment of Rs 73 million.

Net cash used in investing activities of Rs 254 million includes mainly capital expenditure in respect of on-going maintenance and renovation of Four Seasons Resort Mauritius at Anahita of Rs 251 million.

Net cash used in financial activities includes net repayment of borrowings of Rs 1.4 billion, interest payment of Rs 423 million, offset by net proceeds from MIC bonds of Rs 550 million.

Renovation Update

The Group continuously invests in the improvement of its resorts. The project undertaken in this financial year was the refurbishment of Four Seasons Resort Mauritius at Anahita (Rs 130 million).

Four Seasons Resort Mauritius at Anahita resumed its operations on 1st October 2021 following a five-month renovation which included a refurbishment of its lobby area with a new sunken bar to bring about an enhanced ambiance and atmosphere, transformation of the beach restaurant and bar through a structural re-build and fresh design concept, and the installation of Tezzaro tiling which offers a more modern and elegant offering.

CFO'S REPORT

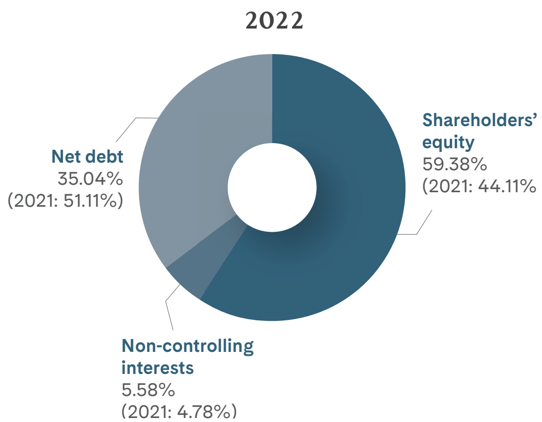
Four-Year Financial Highlights

Statements of Financial Position

	THE GROUP			
	2022	2021	2020	2019
			Restated	Restated
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
Non-current assets	**19,730,693**	17,920,117	19,714,281	18,803,762
Current assets	**2,278,667**	2,088,235	1,489,195	1,526,081
Total assets	**22,009,360**	20,008,352	21,203,476	20,329,843
Equity				
Equity attributable to owners of the Company	**8,995,576**	6,242,028	5,341,637	7,729,466
Non-controlling interests	**844,748**	677,011	765,561	812,512
Total equity	**9,840,324**	6,919,039	6,107,198	8,541,978
Loans and other borrowings	**6,891,965**	8,795,955	9,581,360	8,535,035
Lease liabilities	**1,782,408**	1,790,478	2,221,697	180,430
Interest bearing liabilities	**8,674,373**	10,586,433	11,803,057	8,715,465
Trade and other payables	**1,889,483**	1,165,504	1,584,830	1,425,014
Current tax liability	**13,437**	10,404	9,783	47,379
Deferred tax liability	**1,252,489**	946,728	1,084,079	913,044
Employee benefit liability	**219,672**	266,752	459,068	364,353
Provision	**33,738**	22,989	60,298	91,968
Contract liabilities	**85,844**	90,503	95,163	99,822
Dividend payable	**-**	-	-	130,820
Interest-free liabilities	**3,494,663**	2,502,880	3,293,221	3,072,400
Total Equity and Liabilities	**22,009,360**	20,008,352	21,203,476	20,329,843
Net debt	**5,262,052**	7,087,513	8,778,405	7,907,374

Consolidated Capital Employed

	2022	2021	2020	2019
			Restated	Restated
Shareholders' equity	**59.38%**	44.11%	35.48%	46.99%
Non-controlling interests	**5.58%**	4.78%	5.08%	4.94%
Net debt	**35.04%**	51.11%	59.44%	48.07%
Total capital employed	**100.00%**	100.00%	100.00%	100.00%



Statements of Comprehensive Income

	THE GROUP			
	2022	2021	2020	2019
			Restated	Restated
	Rs'000	Rs'000	Rs'000	Rs'000
Continuing operations:				
Total revenue	**5,164,895**	1,195,415	4,985,564	6,208,193
Earnings before interest, tax, depreciation and amortisation and exceptional items	**1,212,269**	(589,343)	889,736	1,196,430
Exceptional items*	**10,816**	(22,942)	(193,195)	(1,786,035)
Earnings before interest, tax, depreciation and amortisation	**1,223,085**	(612,285)	696,541	(589,605)
Depreciation and amortisation	**(561,719)**	(560,809)	(629,337)	(476,375)
Operating profit/(loss)	**661,366**	(1,173,094)	67,204	(1,065,980)
Net finance costs	**(429,435)**	(875,486)	(972,624)	(371,237)
Share of results of associate	**19,515**	(7,844)	(275)	300
Impairment of investment in associate	**-**	-	(107,044)	-
Profit/(loss) before tax	**251,446**	(2,056,424)	(1,012,739)	(1,436,917)
Income tax (charge)/credit	**(51,366)**	224,637	(27,511)	(101,063)
Profit/(loss) after tax from continuing operations	**200,080**	(1,831,787)	(1,040,250)	(1,537,980)
Loss after tax from discontinued operation	**-**	(244,927)	(778,061)	(342,970)
Non-controlling interests	**(14,376)**	87,682	13,473	553
Profit/(loss) attributable to owners of the Company	**185,704**	(1,989,032)	(1,804,838)	(1,880,397)
Balance at start of year	**(3,646,945)**	(1,813,588)	137,286	2,960,964
Dividends on ordinary shares	**-**	-	-	(130,820)
Adoption of new Accounting Standards	**-**	-	-	(851,759)
Effect of prior year adjustments	**-**	-	-	88,046
Other movements in retained profits	**(35,208)**	155,675	(146,036)	(48,748)
Balance at end of year	**(3,496,449)**	(3,646,945)	(1,813,588)	137,286

**Exceptional items include impairment charges, reorganisation costs, loss on disposal of subsidiary and write off of project costs.*

CFO'S REPORT

Four-Year Financial Highlights (Cont'd)

Ratios and Statistics

		THE GROUP			
		2022	2021	2020 Restated	2019 Restated
Share Performance					
Continuing operations					
Ordinary shares					
- In issue	000's	194,545	194,545	194,545	194,545
- Weighted average	000's	174,427	174,427	174,427	174,427
Earnings/(loss) per share from continuing operations	Rupees	1.06	(10.00)	(5.89)	(10.78)
Dividend declared per ordinary share	Rupees	-	-	-	0.75
Dividend cover (in respect of year)	times	-	-	-	(14.41)
Net worth per ordinary share		51.57	35.79	30.62	44.31
Profitability and Asset Management					
EBITDA margin before exceptional items	%	23.47	(49.32)	17.84	19.05
Operating profit/(loss) margin	%	12.80	(98.16)	1.34	(20.10)
Return on net assets	%	2.03	(30.01)	(29.77)	(22.02)
Return on capital employed	%	4.31	(8.21)	1.73	4.38
Return on investment	%	5.51	(2.95)	4.20	5.89
Net debt to EBITDA	times	4.34	(12.03)	10.06	6.61
Gearing ratio	%	34.80	50.60	59.00	48.10
Total liabilities to total equity	%	105.55	163.30	210.81	135.89
Interest cover	times	1.59	(1.35)	(0.04)	(2.86)
Current ratio	1:	0.68	0.61	0.30	0.57
Employees		3,034	2,817	3,856	4,028
Stock Exchange Performance					
Stock price					
- At 30 June	Rupees	25.75	18.50	14.80	35.00
- Highest	Rupees	32.25	18.50	35.95	52.00
- Lowest	Rupees	15.30	11.20	14.10	34.00
Other					
Resorts Keys at year end		1,373	1,382	1,453	1,473
Rooms night sold	000's	241	87	271	382

Definitions

Earnings/(loss) per share

Earnings/(loss) per share is profit/(loss) 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/(loss) attributable to owners of the Company divided by ordinary dividends.

Gearing

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

Net Worth per Ordinary Share

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

Operating Margin

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

EBITDA Margin

EBITDA margin is earnings/(loss) before interest, tax, depreciation and amortisation expressed as a percentage of total revenue.

Net Assets

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

Return on Net Assets

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

Capital Employed

Capital employed includes all capital, reserves and net debt.

Net Debt

Net debt is defined as total borrowings, excluding lease liabilities and accrued interest, net of cash and short term deposits.

Return on Capital Employed

This is the ratio of operating profit/(loss) before exceptional items to capital employed.

Return on Investment

This is the ratio of EBITDA before exceptional items to total assets.

Total Liabilities

Total liabilities include current, non-current liabilities and exclude lease liabilites.

Interest Cover

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

Current Ratio

This is the ratio of current assets to current liabilities.

Come and feel the sunshine on your face and feel energised #ComeAlive

STATEMENT OF COMPLIANCE

(SECTION 75 (3) OF THE FINANCIAL REPORTING ACT 2004)

Name of Public Interest Entity ("PIE"): Sun Limited ("SUN"/"the Company").

Reporting Period: 30 June 2022

Throughout the financial year ended 30 June 2022, and to the best of the Board of Directors' knowledge, SUN has complied with the National Code of Corporate Governance Mauritius (2016) ("the Code"). SUN has applied the principles set out in the Code and explained how these principles have been applied.

Jean-Pierre Dalais
Chairman

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

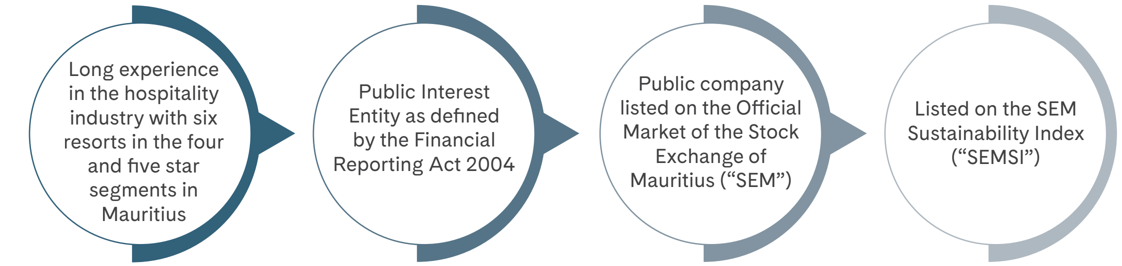
16 September 2022

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2022

Group Profile

Sun Limited ("SUN") at a Glance



The Board of Directors ("the Board") of SUN is committed to maintaining high standard of corporate governance and acknowledges its responsibility for applying and implementing the principles contained in the National Code of Corporate Governance for Mauritius (2016) ("the Code"). Details on how SUN has applied the Code's principles are explained in this report. SUN also uses its website ("SUN's website") for online reporting in accordance with the recommendations of the Code. You may refer to the dedicated governance section on https://www.sunresortshotels.com/en.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2022

Principle 1: Sun's Governance Structure

The Role of the Board

The Board provides effective leadership and direction to enhance the long-term value of the Group, for its shareholders and stakeholders. It assumes its responsibility in (i) overseeing the business affairs of the Group, (ii) reviewing its strategic plans, performance objectives, financial plans, annual budget, key operational initiatives, major funding, investment proposals, financial performance reviews and corporate governance practices. It also ensures that all legal and regulatory requirements are met.

Code of Conduct

SUN operates a Code of Conduct[1] for all its employees, officers, directors and suppliers, which demonstrates, not only its unwavering commitment to provide outstanding service, but ensures that its business is done according to ethical standards.

Responsibilities and Accountabilities

SUN has job descriptions for key senior governance positions[1] to provide a clear definition of their roles and responsibilities. The roles of the Board chairman and that of Chief Executive Officer ("CEO") are held separately. Jean-Pierre Dalais assumes the role of the non-executive chairman and Francois Eynaud that of the CEO.

Board Charter

The Board charter[1], which has been updated during the year, defines, amongst other items, the composition, role and duties of the directors and the chairman, as well as the responsibilities assigned to committees of the Board. A copy of the Board charter is provided to new directors upon their appointment as part of their induction.

Constitution

The constitution of SUN[1] complies with the provisions of the Companies Act 2001 and the Listing Rules of the SEM. There are no clauses of the constitution deemed material enough for special disclosure.

***Note 1**: The above documents are subject to review by the Board as and when necessary and may be consulted on SUN's website.*

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2022

Governance within the Group

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

SUN's Organisational Chart/Leadership and Management Teams/ Statement of Accountabilities

Shareholders of SUN elect the Board

SUN Board

Ultimately accountable and responsible for the performance and affairs of the Group

The Group operates within a defined governance framework through delegation of authorities and clear lines of responsibility while enabling the Board to retain effective control. As such, the Board is ultimately accountable and responsible for the performance and affairs of the Group.

Three Board committees are tasked to provide specialist guidance to its directors. Each committee operates within approved terms of reference which may be consulted on SUN's website. Recommendations from the committees are escalated to the Board.

Corporate Governance, Ethics, Nomination & Remuneration Committee — **Audit & Risk Committee** — **Investment Committee**

Delegates Management

Chief Executive Officer
Francois Eynaud

Accounting & Finance/Asset Management

Chief Finance Officer
Tommy Wong Yun Shing

Group Risk, Compliance & Quality Assurance Manager and Data Protection Officer
Saleem Khadaroo[1]

Supply Chain

Group Supply Chain Manager
Cindy Leung

Commercial

Chief Sales & Marketing Officer
Joelle Edwards - Tonks

VP Sales & Marketing Europe
Alexandre E. Noël

Group Head of Sales & Managing Director World Leisure
Ramesh Jeenarain

VP Revenue Management
Ahzar Nunhuck

Human Ressources

Chief Human Resources Officer
Varuna Ramlagun

Information & Technology

Chief Information Officer
Abdool Kadell

Operations

SUN Managed Resorts

GM Sugar Beach
Jean-Marc Ma-Poon

GM Long Beach
Christian Jaquier

Resort Manager Ambre
Teeshan Gutty

GM La Pirogue
Clency Romeo

GM Ile aux Cerfs
Marc Amelot

GM Washright
Patrick Sin

Group Boutiques Manager (Vacant)

International Hotel Operators[2]
(Indirect Reporting Line to the CEO)

GM Four Seasons Resort Mauritius at Anahita
Sebastien Carre

Shangri-La Le Touessrok, Mauritius
Gregory Coquet

[1] Saleem Khadaroo reports to the Audit & Risk Committee for risk and compliance matters.
[2] Management contracts entered into by SUN with international hotel operators.

Principle 2: Structure of the Board and its Committees

Board Size and Structure as at 30 June 2022

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

Tenure of Directorships

Between 0 and 2 years: 3
Between 2 and 4 years: 1
Between 4 and 6 years: 4
More than 6 years: 6

Areas of expertise

Accounting & Finance, Hospitality, Asset & Risk Management, Textile, Private Equity, Strategic Business Development, Legal, Sales & Marketing.

Type of mandate

Unitary Board of 14 directors

Constitution

Not less than 8 or more than 14 directors

2 Executive directors

9 Non-executive directors, including the chairman

3 Independent non-executive directors

6 Board meetings during the financial year

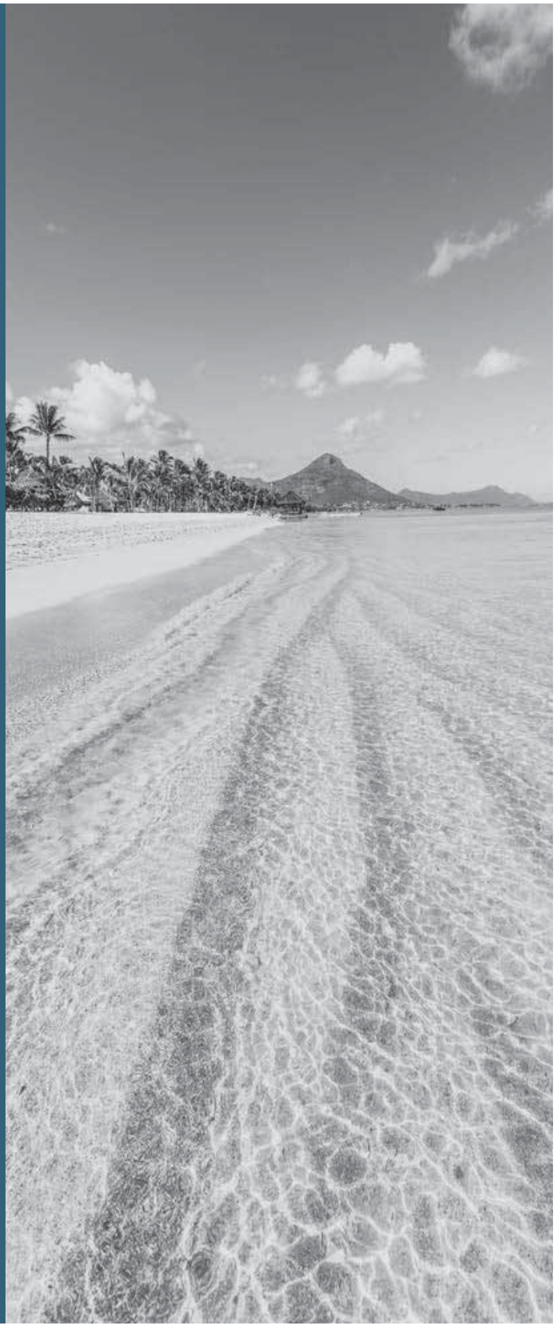
3 Decisions adopted by way of written resolution in lieu of holding Board meetings

Quorum for the Board

Majority of directors and in case of equality of votes, the chairman has a casting vote.

Gender balance

Female 1
Male 13



Directors as at 30 June 2022	Gender	Age as at 30 June 2022	Attendance	Residency	Category
Jean-Pierre Dalais (Chairman)	M	58	6/6	Mauritius	NEC
P. Arnaud Dalais	M	67	6/6	Mauritius	NED
Guillaume Dalais (appointed on 20 September 2021)	M	40	6/6	Mauritius	NED
R. Thierry Dalais	M	63	6/6	Mauritius	NED
L. J. Jérôme De Chasteauneuf	M	55	6/6	Mauritius	NED
Hélène Echevin	F	44	6/6	Mauritius	NED
Francois Eynaud	M	61	6/6	Mauritius	ED
J. Harold Mayer	M	57	6/6	Mauritius	NED
Mushtaq N. Oosman (appointed on 01 October 2021)	M	67	5/5	Mauritius	INED
Olivier Riché	M	66	5/6	France	NED
Jean-Louis Savoye	M	48	5/6	France	NED
Pierre Vaquier	M	65	6/6	France	INED
Naderasen Pillay Veerasamy	M	64	6/6	Mauritius	INED
Tommy Wong Yun Shing	M	55	6/6	Mauritius	ED

NEC - Non-Executive Chairman NED - Non-Executive Director INED - Independent Non-Executive Director
ED - Executive Director

Company Secretary

CIEL Corporate Services Ltd ("CCS"), a wholly owned subsidiary of CIEL Limited, employs qualified chartered secretaries, to provides the services of the company secretary to SUN. Clothilde de Comarmond acts as the Board secretary and is qualified as an associate under the Institute of Chartered Governance. She joined CCS in 2000 and is in charge of the company secretary department at CIEL Head Office.

Time Commitment and Other Directorship Positions

The directors ensure that they devote sufficient time to the Company in the performance of their duties. SUN does not impose over-boarding restrictions to its directors and is satisfied, that its members meet their time commitment expectations in respect of board and committee meetings and that they discharge their responsibilities effectively. The directorships of the directors in listed companies have been disclosed under the directors' profiles section.

Board Processes and Attendance at Board/Committee Meetings

Dates of meetings are planned well in advance by the company secretary for the calendar year (by September).

The Board meets at least 5 times a year. Ad-hoc meetings may also be convened to deliberate on urgent substantive matters. Decisions of the Board are also taken by way of written resolutions.

Documents are circulated in advance through an online portal facilitating the viewing of such papers, in order for the Directors to devote sufficient time towards the reading of these documents.

Focus Areas of the Board During the Year

Recurring Agenda Items

- Declaration of interests
- Minutes of proceedings of meetings
- Reports from chairmen of Board committees
- Quarterly reports/review of operations

Governance and Risk

- Board composition
- Board representatives on subsidiaries of SUN
- Annual report
- Reports from the chairman of the Audit & Risk Committee on internal audit
- Nomination, remuneration and governance matters through the report from the chairman of the Corporate Governance, Ethics, Nomination & Remuneration Committee

Strategy, Performance, Financial Monitoring

- Annual and quarterly financial statements
- Monitoring of bank accounts and signatories
- Financial forecasts
- Bank facilities
- Budget
- SUN properties' project
- Review of operations
- Rebranding strategy
- Resorts' renovations and developments

The Board is of the view that its composition is adequately balanced and that the directors have the range of skills, expertise and experience to carry out their duties properly.

Dedicated Committees Assisting the Board in its Duties

Whilst the Board retains the overall responsibility, committees probe subjects more deeply and report on the matters discussed, decisions taken, and where appropriate, make recommendations on items requiring Board approval. The committees play a key role in supporting the Board. The chairman of each of the committee reports verbally to the Board on their activities. The Board is satisfied that the committees are appropriately structured, skilled and competent to deal with both the Group's existing and emerging issues, and that they have effectively discharged their responsibilities during the year under review according to their terms of reference. The terms of reference of the committees are updated as and when necessary.

Corporate Governance, Ethics, Nomination & Remuneration Committee		
Number of Meetings:	**Members**	**Attendance**
1	Naderasen P. Veerasamy, Chairman	1/1
	Jean-Pierre Dalais	1/1
	P. Arnaud Dalais	1//1
	Olivier Riché	1/1
	Mushtaq N. Oosman	N/A[1]

Note 1: Appointment as director effective after meeting date

Main Terms of Reference

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

Focus Areas during the Year

Corporate governance report | Directors' fees benchmark | Board and committee composition | Board charter amendments | Engagement survey results | Management fees payable to CCS

Investment Committee		
Number of Meetings:	**Members**	**Attendance**
3	Pierre Vaquier, Chairman	3/3
	Jean-Pierre Dalais	3/3
	Francois Eynaud	3/3
	Olivier Riché	3/3

Main Terms of Reference

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

Focus Areas during the Year

SUN Properties' development strategy | Fees payable to consultants | Monitoring of renovations costs

Audit & Risk Committee		
Number of Meetings:	**Members**	**Attendance**
7	L. J. Jérôme De Chasteauneuf (Chairman from 01 July 2021 to 01 October 2021)	7/7
	Mushtaq N. Oosman (Chairman as from 01 October 2021)	3/3
	Jean-Louis Savoye	6/7
	Naderasen P. Veerasamy	7/7

Main Terms of Reference

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

Focus Areas during the Year

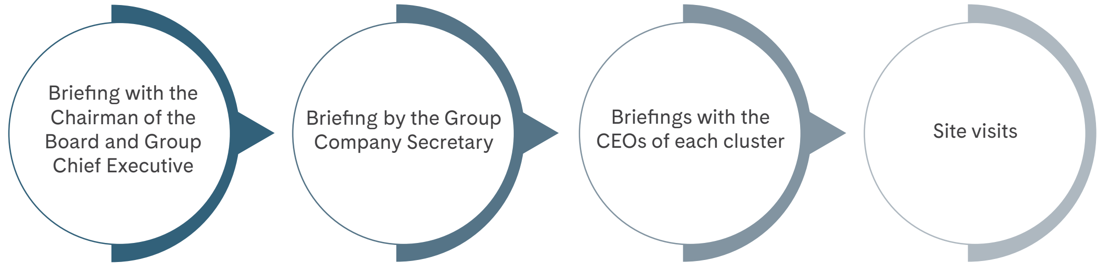
Key audit matters for SUN and its subsidiaries for the FY 30 June 2021 | Proposed strategy for the buy-back of the noteholders of SUN | Internal audit reports (as further detailed under the section Internal Audit)| Revised audit plan for the FY2022 | Risk management & compliance update | Summary of material legal cases | Forecasts FY2022, including cash flow | Audited accounts of the Company and its subsidiaries FY2021 and the abridged version of these accounts | Meeting with external auditors without management's presence (in line with the Code) | Quarterly financial results with their respective abridged versions.

Principle 3: Director Appointment Procedures

Appointment and Re-Election of Directors/Chairman

Step 1	· The Board charter provides that the directors shall be a natural person of not less than 18 years old and not more than 75 years old. · It also provides that the chairman of the Board shall not be older than 70 years old and shall hold office for a period of five years and may, at the term of his office, be re-elected by the Board for a further period of five years or such other term as may be determined by simple majority of the Board. Jean-Pierre Dalais is chairing the Board since 13 February 2017. · The Corporate Governance, Ethics, Nomination & Remuneration Committee recommends all new appointments on the Board and committees. Skills, knowledge, industry experience, diversity and independence are important factors that are being considered prior to recommending any appointment.
Step 2	· Board approval - The directors have power at any time, and from time to time, to appoint any person to-be a director, either to fill a casual vacancy or as an addition to the existing directors but so that the total number of directors shall not at any time exceed the number fixed in accordance with this constitution. · The director appointed to fill up the vacancy or as an addition to the existing directors shall hold office only until the next annual meeting of shareholders and shall then be eligible for re-election.
Step 3	· Induction process.
Step 4	· Board nomination submitted for approval by the shareholders at Annual Meeting ("AM"). · Directors are also re-elected annually at the AM by way of separate resolutions. · Directors over the age of 70 are appointed at the AM in accordance with section 138(6) of the Companies Act 2001.

Induction of the Directors



The Board assumes its responsibility for the appointment of new directors, as well as their induction through a process which is facilitated by the company secretary. All directors have unrestricted access to the Company's records.

Professional Development

As part of their duties as directors, it is critical for Board members to have a thorough knowledge of the environment within which the Group operate. Directors continuously receive information on the industry, benchmarks to industry players, tourism statistics, Tripadvisor's trends etc., as part of their Board packs. Apart from these, no training has been offered to the directors.

Directors' Profiles

Jean-Pierre **Dalais**

Non-Executive Chairman

Appointed Director on 7 April 2010 / Appointed Chairman on 13 February 2017 | Member of the Corporate Governance, Ethics, Nomination & Remuneration Committee | Member of the Investment Committee

With an MBA from The International University of America, San Francisco, Jean-Pierre Dalais acquired working experience from Arthur Andersen (Mauritius and France) before joining the CIEL Group in January 1992. 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, overseeing all its operations.

Directorships in other listed companies: Alteo Limited and CIEL Limited.

Core competencies: Strategy and corporate finance, building business partnership, international development, new business opportunities, hotel & property development.

P. Arnaud **Dalais**

Non-Executive Director

Appointed Director on 3 December 1991 | Member of the Corporate Governance, Ethics, Nomination & Remuneration Committee

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

Directorships in other listed companies: Alteo Limited (Up to 24 June 2022), CIEL Limited (Chairman).

Core competencies: Leadership, entrepreneurship, deal structuring, business management, strategic development, hotel & property development.

Guillaume **Dalais**

Non-Executive Director

Appointed Director on 20 September 2021

Guillaume Dalais holds experience in the investment banking sector by working at Metier Investments & Advisory Services in South Africa and CIEL Capital Limited in Mauritius. He joined the CIEL Textile Group in 2010 and was appointed Executive Director of the Knits Cluster of the CIEL Textile Group in 2012. He was the Chief Executive Officer of the Knitwear cluster of the CIEL Textile Group between July 2016 and June 2020. He is the CEO of CIEL Properties since 01 July 2020. He is also a member of the board of directors of other companies in Mauritius, including those of the CIEL Group.

Directorship in other listed companies: CIEL Limited, C-Care (Mauritius) Ltd.

Core competencies: Private equity, textile, manufacturing, entrepreneurship, strategic business development, deal structuring.

R. Thierry **Dalais**

Non-Executive Director

Appointed Director on 13 February 2017

R. Thierry Dalais has more than 35 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 in numerous private investment programs over the last 30 years. R. Thierry Dalais is a current and former director and trustee on numerous boards, industry bodies, not for profit foundations, including listed companies in Mauritius and abroad. He completed degrees in Commerce and Accounting at the University of the Witwatersrand and qualified as a Chartered Accountant in South Africa.

Directorships in other listed companies: CIEL Limited.

Core competencies: Investment management and corporate finance, entrepreneurship and business development, private equity investment activities across numerous industry sectors.

L. J. Jérôme **De Chasteauneuf**

Non-Executive Director

Appointed Director on 12 November 2014 | Member of the Audit & Risk Committee (Committee he has chaired from 01 July 2021 until 30 September 2021)

L. J. Jérôme De Chasteauneuf is a Chartered Accountant of England and Wales and holds a BSc Econ (Accounting & finance) from the London School of Economics. He holds a former working experience with PriceWaterhouseCoopers in the UK, where he qualified as a Chartered Accountant. He joined CIEL Group in 1993 as Corporate Finance Advisor and became Head of Finance of the CIEL Group in 2000. He is closely involved with the corporate affairs of the CIEL Group and the major financial re-engineering which accompanies the development of the Group. He was nominated CIEL Group Finance Director on 1 January 2017. He represents CIEL on numerous boards of its subsidiaries. He serves as independent non-executive director on the Board of the Stock Exchange of Mauritius Ltd.

Directorships in other listed companies: Alteo Limited (Chairman since 25 March 2022), CIEL Limited, Harel Mallac & Co. Ltd.

Core competencies: Business development and finance, accounting & audit, strategic development, deal structuring.

Francois **Eynaud**

Executive Director

Appointed Director on 19 September 2019

Francois Eynaud is the Chief Executive Officer of SUN since 1 September 2019. Prior to joining SUN, Francois Eynaud was the CEO of Veranda Leisure & Hospitality ("VLH"), managing the Hotels Division of Rogers Group, where he spent 11 years. Before joining VLH, Francois Eynaud had spent 14 years with CIEL Textile where he was Executive Director at Tropic Knits. Francois Eynaud was President of AHRIM (the National Hotel Association) in 2013 and 2014. Prior to returning to Mauritius in 1991, François Eynaud has worked 7 years at SAGEM, France as Export Director, Country Manager in the Caribbean and the UK. He holds a French Business School Diploma (Institut Commercial de Nancy – ICN).

Directorships in other listed companies: None.

Core competencies: Hospitality & leisure, strategic business development, leadership, sales and marketing.

Hélène **Echevin**

Non-Executive Director

Appointed Director on 22 June 2017

Hélène Echevin is the Chief Executive Officer of C-Care Group, since 1 July 2019 which regroups all healthcare activities of the CIEL Group including C-Care (Mauritius) Ltd and C-Care (Uganda) Ltd. She is also the Executive Chairperson of C-Care (Mauritius) Ltd and sits on the Board of Directors of C-Care (International) Ltd (formerly known as CIEL Healthcare Limited) and other subsidiary companies of CIEL Group. She joined CIEL Group in March 2017 as Chief Officer – Operational Excellence and since then has played a key role developing the healthcare portfolio and leading CIEL's operational excellence journey. Hélène Echevin formerly worked for Eclosia Group and Harel Mallac Group and counts 22 years of experience in operations and project management, at both company and corporate levels. She holds a degree in Engineering from Polytech Engineering School, Montpellier, France and followed a Management Executive program at INSEAD. Hélène Echevin was the first lady President of the Mauritius Chamber of Commerce (MCCI) in 2015-2016. She is a board member of CIEL Textile Ltd.

Directorships in other listed companies: C-Care (Mauritius) Limited (Chairman).

Core competencies: Operational excellence, business & management, food production, project management.

J. Harold **Mayer**

Non-Executive Director

Appointed Director on 24 July 2014

J. Harold Mayer holds a bachelor's in commerce and is qualified as Chartered Accountant - South Africa. He joined CIEL Textile in 1990 and has been holding key positions within the Group since then. He started his career as Head of Finance of New Island Clothing and was promoted General Manager of Aquarelle Clothing Ltd in 1995. He was also Chief Operating Officer of the clothing operations. On 30 June 2020, J. Harold Mayer retired as CEO of the CIEL Textile Group. He offers property advisory and transaction services (Horizon Property Partners) and acts as corporate consultant on strategy, finance and operational excellence.

Directorships in other listed companies: Air Mauritius, CIEL Limited, Omnicane Limited (Chairman).

Core competencies: Corporate finance, accounting, operational excellence, textile, entrepreneurship.

Mushtaq N. **Oosman**

Independent Non-Executive Director

Appointed Director on 01 October 2021 | Chairman of the Audit & Risk Committee | Member of the Corporate Governance, Ethics, Nomination & Remuneration Committee

Mushtaq N. Oosman trained and qualified as a Chartered Accountant with Sinclairs in the UK, before returning to Mauritius in 1983, when he joined the audit department of De Chazal Du Mée (at the time representative of Arthur Andersen in Mauritius). He then joined Roger de Chazal & Partners (founders of Price Waterhouse in 1988 in Mauritius) and has been with PwC since then. He is a fellow of the Institute of Chartered Accountants in England and Wales. Mushtaq N. Oosman was appointed a Partner of PwC Mauritius on 01 July 1991. He was primarily an Assurance Partner, also responsible for Business Recovery Services as well as the Chief Operating Partner for Mauritius. He served on the Africa Central Governance Board and is versed with the working and responsibilities of a Governance Board. He has over 25 years professional experience in audit and financial advice, with a diversified portfolio of clients in sectors such as banking, insurance, manufacturing, sugar companies, the hospitality industry, betting operator, textiles and trading. He retired from PwC in November 2015 and serves on the boards of several companies.

Directorships in other listed companies: MUA Ltd, Automatic Systems Ltd, United Docks Ltd, PIM Ltd.

Core competencies: Business development and finance, accounting, audit and financial advice, strategic development, deal structuring, business recovery, governance.

Olivier **Riché**

Non-Executive Director

Appointed Director on 22 June 2017 | Member of the Corporate Governance, Ethics, Nomination and Remuneration Committee | Member of the Investment Committee

Olivier Riché is a member and the President of the Supervisory committee of Dentressangle Foncière Immobilière, a real estate investment company wholly owned by Dentressangle (Holding company of the Dentressangle Family). Prior to joining Dentressangle Foncière Immobilière in 2016, Olivier Riché was the Managing Director of Foncière de Paris for 30 years. He is a member of the Corporate Governance of several companies as Axa Mutuelle Vie and IARD, Mutuelles le Conservatory. Olivier Riché is a graduate in Business and Corporate Law.

Directorships in listed companies: None.

Core competencies: Real estate and property development, corporate law, international business and management.

Jean-Louis **Savoye**

Non-Executive Director

Appointed Director on 22 June 2017 | Member of the Audit & Risk Committee

Jean-Louis Savoye is Deputy General Manager of the Dentressangle, a French société par actions simplifiée which is the investment holding company of the Dentressangle family. He has been instrumental in helping Dentressangle to realise its investment strategy during the last 19 years. Prior to joining Dentressangle in 2003 as CFO, Jean-Louis Savoye, served with PwC and ran due-diligences acquisitions in M&A for various Private Equity firms and French leading industrial companies. Jean-Louis Savoye is a graduate of the Toulouse Business School with a major in Finance.

Directorships in listed companies: CIEL Limited.

Core competencies: Finance, accounting, mergers & acquisition, private equity, international business and management, property investment.

Naderasen Pillay **Veerasamy**

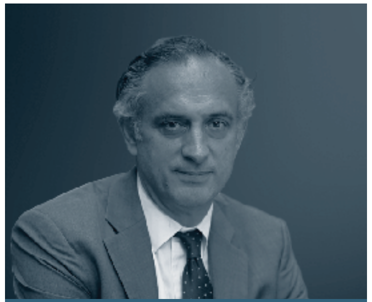
Independent Non-Executive Director

Appointed Director 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

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 practiced 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, now FLV & Associés (aarpi), comprising now of 9 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 residing partner of the local office of FLV & Associés in Mauritius and resuming his practice at the Mauritian Bar on a permanent basis.

Directorships in listed companies: Ascencia Limited.

Core competencies: Corporate and business law, international law, business and management.



Pierre **Vaquier**

Independent Non-Executive Director

Appointed Director on 14 February 2018 | Chairman of the Investment Committee

Pierre Vaquier has more than 41 years principal investment and asset management experience. Having worked since 1980 in financial institutions with global activities, all his career was in business positions held in Europe, the US and Asia. Until recently, he was the Chief Executive Officer of AXA Investment Managers-Real Assets (AXA IM-Real Assets), position he held for 10 years. He chaired the Management Board and Executive Committee of AXA IM-Real Assets and was as well member of the AXA Investment Managers Management Board. His responsibilities included the definition of AXA IM-Real Assets strategy and its implementation. Prior to the launch of AXA IM-Real Assets, he was Director of Business Development at AXA Immobilier. His key assignments were the restructuring of real estate investment generated through the property crisis of the late 80's early 90's, the evaluation of Mergers and Acquisition transaction made by the AXA Group and the governance of Equitable Real Estate Investment. Prior to AXA, he spent 13 years at Paribas in different investment and merchant banking functions.

After two years as an associate at Paribas International Private Banking, he moved to the US to manage real estate investment made for Paribas and its clients. He set- up a real estate investment and advisory platform based in New York, Paribas Properties Inc. At the different stage of the property cycle, he managed opportunistic investments, work out situation and investment banking assignments. He graduated from HEC in 1980. He is the CEO of Real Assets Investment Managers SAS, Global of Real Estate at Tikehau Investment Management SAS and senior advisor of Soposa, the property arm of Tethys.

Directorships in listed companies: None.

Core competencies: Investment and asset management, real estate development, merchant and private banking.

Tommy **Wong Yun Shing**

Executive Director

Appointed Director on 12 November 2014 | Chief Finance Officer

Tommy Wong holds a BSC degree from the London School of Economics and is a fellow member of the Institute of Chartered Accountants of England and Wales. He acquired his working experience as a chartered accountant in UK with Deloitte before returning to Mauritius. Prior to joining SUN, he served as partner in Deloitte Mauritius, where he oversaw 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 the finances, legal and treasury of the group as well as some operational responsibilities. Having held the position of President of the Association des Hoteliers et Restaurateurs de L'ile Maurice (AHRIM) previously, he is still an active Board member and acts as the treasurer and chairman of the finance committee.

Directorships in listed companies: None.

Core competencies: Corporate finance, accounting, audit, legal, treasury, business and management, strategic development.

Senior Leadership Team/Executive Directors

Chief Executive Officer: Please refer to the profile of Francois Eynaud under the Directors' profile section.
Chief Finance Officer: Please refer to the profile of Tommy Wong Yun Shing under the Directors' profile section.

Succession Planning

The Board assumes its responsibility for succession planning which is a systematic effort and process of identifying and developing candidates for key leadership positions over time to ensure the continuity of management and leadership in an organisation. The objective of succession planning is to ensure that the organisation continues to operate successfully when individuals occupying critical positions and hard to replace competencies depart. As part of its terms of reference, the Corporate Governance, Ethics, Nomination & Remuneration Committee has reviewed the succession plan for key executives of the Group. Top 20 roles, the Senior Management team, were, in the first place identified to kick-start the succession planning process as part of a long-term initiative to prepare potential candidates. The job incumbents in the current Top 20 roles (except the new recruits) went through an evaluation exercise in view of assessing their potentials as well as understanding their ambitions to better address their personal/ career development plan. The outcome of this exercise has also been considered.

The following was also carried out:

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

The successors were identified in 4 categories, namely:

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

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2022

Principle 4: Directors' Duties, Remuneration and Performance

Legal Duties

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

Directors' and Officers' Liability Insurance

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

Information, Information Technology and Information Security Governance

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

Information Technology Policy: There are formalised Information Technology and Information Security Policies in place currently at SUN which are updated on an annual basis. An IT Steering Committee ("ITSC") composed of representatives of management ensures that companies within the Group are involved in critical information technology decision-making which are based on organisational goals. The ITSC meets on a half yearly basis, at which, major information technology investments are considered for approval. A budget for information technology is allocated annually, based on business needs for the financial year. A clear process has been determined to drive Information technology projects from start to end, while adopting a cost/time effective approach.

EU General Data Protections Regulations ("EU GDPR"): In compliance with new data protection laws, EU GDPR and the Data Protection Act 2017, SUN has adopted a Group Data Privacy Policy and Personal Data Breach Policy ("the Policies") with a view to promote a privacy culture within the Group and ensures that all clusters, business units and employees protect the privacy of personal information of individuals in their daily operations. The Policies define the Group's requirements regarding the collection, storage, use, transmission, disclosure to third parties and retention of personal information. SUN's Group Risk Compliance & Quality Assurance Manager acts as the Group Data Protection Officer.

Conflict of Interests/Related Party Transactions Policy[1]

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

Share Dealing Policy[1]

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

Note1: These policies can be consulted on SUN's website.

Directors' Interests in the Shareholding of the Company as at 30 June 2022

	Direct Number of Ordinary Shares	Indirect Number of Ordinary Shares
Jean-Pierre Dalais (Chairman)	192,301	222,966
P. Arnaud Dalais	139,273	23,656
Guillaume Dalais	Nil	23,656
R. Thierry Dalais	Nil	Nil
L. J. Jérôme De Chasteauneuf	Nil	Nil
Hélène Echevin	Nil	Nil
Francois Eynaud	1,000	Nil
J. Harold Mayer	349,829	Nil
Mushtaq N. Oosman	Nil	Nil
Olivier Riché	Nil	Nil
Jean-Louis Savoye	Nil	Nil
Pierre Vaquier	Nil	Nil
Naderasen Pillay Veerasamy	Nil	Nil
Tommy Wong Yun Shing	248,000[1]	94,228
Transactions during the FY 30 June 2022	**Number of Ordinary Shares Acquired/ (Disposed of) Directly**	**Number of Ordinary Shares Acquired/ (Disposed of) Indirectly**
Jean-Pierre Dalais	-	200,000
Tommy Wong Yun Shing	(83,048)	83,048

Note 1. 237,500 ordinary shares held under an Executive Share Scheme, pledged in favour of SUN.

Board Evaluation

A board effectiveness survey was launched during the financial year by BDO (in association with Board Benchmarking) following a tender exercise for the selection of the consultant. The answers were benchmarked by their international database and SUN scored a 76% board effectiveness index. The consultant also tracked the progress achieved on past surveys and defined actions have been earmarked for implementation over the next financial year.

Remuneration Policy

The underlying philosophy is to set remuneration at the right level to attract, retain and motivate high caliber 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 Committee. The fees paid to the directors are submitted to the Board's approval upon recommendation from the Corporate Governance, Ethics, and Nomination & Remuneration Committee. There are no established policies for remunerating executive directors approaching retirement. This will be determined by the Board as and when required.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2022

Remuneration of the Directors

The following table depicts the fees paid to Non-Executive Directors for their involvement during the year under review.

Non-Executive Directors	Board Fees (Rs)	Audit & Risk Committee Fees (Rs)	Corporate Governance, Ethics, Nomination & Remuneration Committee Fees (Rs)	Investment Committee Fees (Rs)	Total Fees (Gross – Rs)
Jean-Pierre Dalais (Chairman)	NIL	NIL	NIL	NIL	NIL
P. Arnaud Dalais	150,000	NIL	100,000	NIL	250,000
Guillaume Dalais	150,000	NIL	NIL	NIL	150,000
R. Thierry Dalais	150,000	NIL	NIL	NIL	150,000
L. J. Jérôme De Chasteauneuf	NIL	NIL	NIL	NIL	NIL
Hélène Echevin	150,000	NIL	NIL	NIL	150,000
J. Harold Mayer	150,000	NIL	NIL	NIL	150,000
Mushtaq N. Oosman (pro-rated fee as from date of appointment)	150,000	225,000	75,000	NIL	450,000
Olivier Riché	150,000	NIL	100,000	NIL	250,000
Jean-Louis Savoye	150,000	150,000	NIL	NIL	300,000
Pierre Vaquier	200,000	NIL	NIL	300,000	500,000
Naderasen Pillay Veerasamy	200,000	150,000	200,000	NIL	550,000

The remuneration and benefits paid for the year ended 30 June 2022 to the Executive Directors – namely Mr. Francois Eynaud, CEO and Mr. Tommy Wong Yun Shing – Chief Finance Officer, are made up of the following components: a basic salary representing an average of 71% of the remuneration, a performance bonus representing 14% of same and the difference of 15% comprised pension contributions and other benefits. The total amount paid of Rs. 36.7M is split between the CEO and the Chief Finance Officer 60% and 40% respectively.

To retain and reward its executives while strengthening the mutuality of interests between the latter and the Company, executive directors are entitled to a long-term incentive plan, the details of which are included under note 21(b) of the financial statements.

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

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

None of the Directors of SUN perceived remuneration from subsidiaries of the Company.In addition to directors' fees, directors are encouraged to experience SUN's resorts and quality standards to assess management's performance and receive an annual hotel and golf allowance. Unused allocations during the year are not carried forward to the following year.

Principle 5: Risk Governance and Internal Control

Risk Management

The risk environment of SUN continues to evolve along with the impact of a fading global pandemic, the Russian-Ukraine war and economic challenges in our main source markets. Management continues to closely monitor these developments to proactively identify risks and opportunities and respond with mitigatory actions and risk responses that drive resilience and sustainable value to the stakeholders.

The Group recognises that conducting business carries a level of risk and uncertainty. Effective risk management is vital to deliver SUN's objectives and achieve success through sustainable growth. A risk management framework that clearly defines accountability, and objectives set by the Board including high risk awareness at all levels, helps the Group effectively identifies, measures and monitors risks across its portfolio of resorts and other business units.

Risk Governance

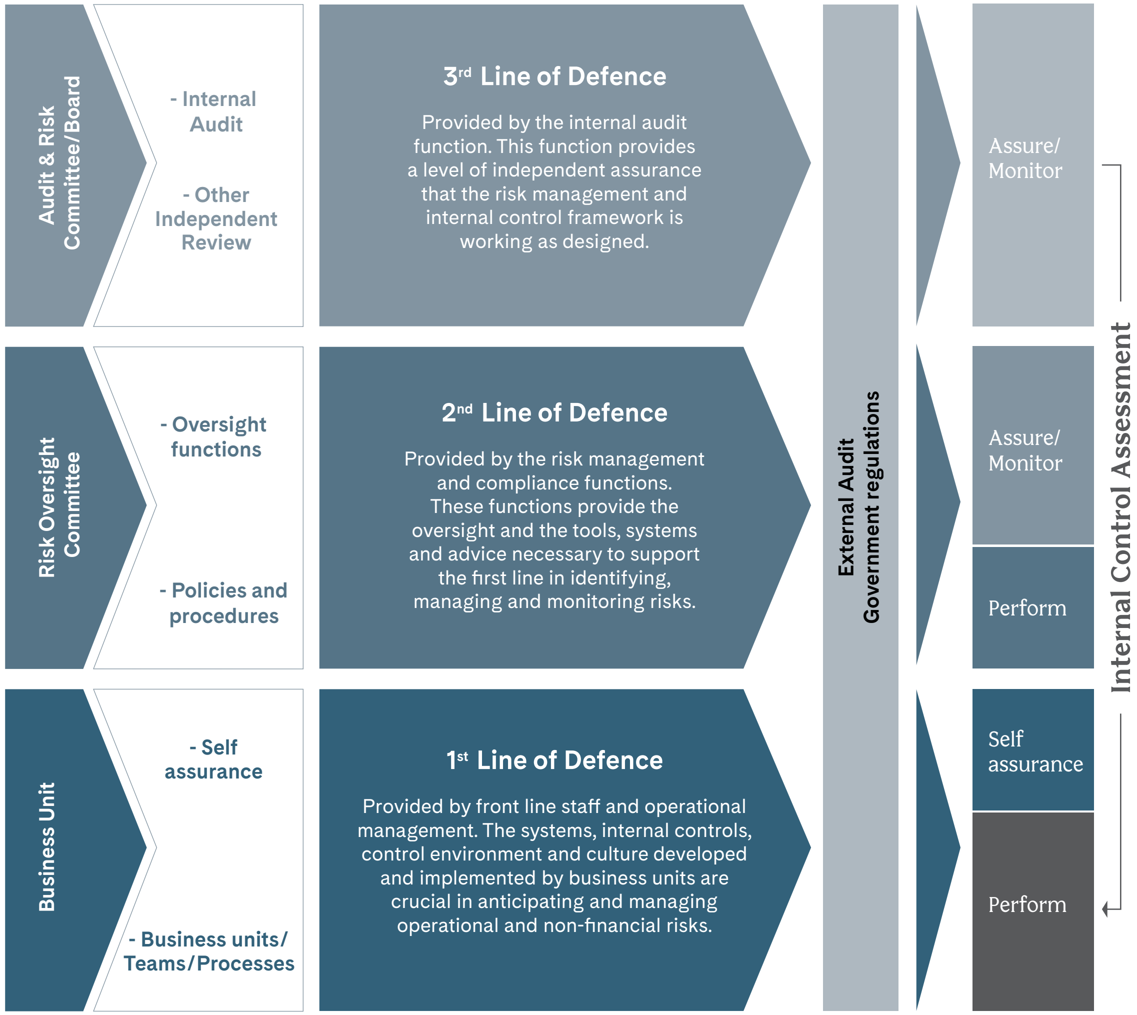
The Board bears ultimate responsibility for managing risks and is assisted in the discharge of duties by the Audit & Risk Committee ("ARC") which has oversight responsibility for matters relating to risk. Outsourced Internal Auditors support the ARC in assessing the effectiveness of the mitigating controls through regular reviews and recommendations. Risk, Compliance and Quality Assurance function enforces the effective execution of risk management in line with the risk management framework.

Risk Management Framework

Risk management is governed by a formal framework made up of a risk policy and risk management methodology and procedures that deliver a consistent approach to risk management across all business units. Ongoing assessment and review by the Risk Compliance and Quality Assurance Team ensures alignment with risk management policies and procedures.

Risk is managed proactively within the Group. The individual business units complete an annual review of the risks relevant to the achievement of their business goals, encompassing strategic, finance, compliance and operational risks. The outcomes of these assessments are fed into a robust risk assessment exercise at Group level, whereby risks deemed critical are consolidated and assessed in light of the risk appetite of the Group. This enables SUN to keep up to date with changes in its risk profile and adapt its response where necessary. Actions required to manage these risks are monitored and reviewed on a regular basis and combined with SUN's three lines of defence framework, this provides reasonable assurance in the effective management of risk.

Three lines of defence framework



Main Risks

The table describes the main risks to which the Group believes it is exposed and the mitigating controls in place to manage these risks. There are other risks that could impact the Group that are not detailed below, either because they are not currently perceived as material or because they are presently unknown.

Risk Description	Mitigation Measures
Strategic	
Volatility in Source Markets due to External Shocks The Group's business will continue to carry a level of uncertainty regarding the impact of the lasting effect of the COVID-19 or any other emerging diseases. The attractiveness of the Mauritian destination faces tough competition with other regional destinations, that could potentially have an adverse impact on the local hospitality sector. Geopolitical tensions are becoming a larger source of disruptions and are expected to impact key source markets. Ukraine -Russia conflict is constraining energy supply and disrupting major transportation routes hence leading to price hikes.	• Diversification of geographical source markets to have a wider mix of nationalities. • Closer collaboration with Government, AHRIM and Tour Operators for timely and up to date information for decision making purposes. • Coordinating SUN's efforts with AHRIM, MTPA and the relevant regulatory authorities to revitalise national marketing strategy. • Agile and lean business model. • Proactively implement strategies to pursue alternate sources of supply hence compensating the impact from Ukraine -Russia conflict.
Socioeconomic Stability The risk that political/social unrest and terrorism incidents in Mauritius or the surrounding region result in missed performance targets.	• Business contingency plans are in place. • Secure adequate insurance cover for political unrest and terrorism for all resorts.
Climatic Conditions The risk that natural disasters and inclement weather adversely affect the sustainability of SUN.	• Securing adequate insurance cover for operating losses resulting from property damage and business interruption. • Regular fire, tsunami and cyclone drills are conducted at business units to ensure readiness. • Business continuity plans are in place.
Reputation The risk that comments made on social media have a significant adverse impact on the Group's reputation and attractiveness to guests.	• Regular monitoring of brand image (social media, reviews, competitor analysis, ...). • Strategies in place for guest engagement and management of their experiences.

Risk Description	Mitigation Measures
Strategic	
Changing needs of Travelers The risk that SUN does not capitalise on rapidly evolving needs of travelers, resulting in loss of market share as travelers increasingly prioritise health, safety and cost-effective holiday experiences.	• Rebranding of all resorts as from Oct 2022 to create unique experiences for guests for each resort. • Respond proactively to changing customer preferences to meets their needs. • Reassure employees, existing and potential guests of the Group's commitment to safety and wellbeing. • Product and rate positioning are refined to correspond with the value proposition of each resort. • Coordinating SUN's efforts with AHRIM, MTPA and regulatory authorities to create new messaging, focus on experiential travelers, meaningful holiday offers, sustainability, increase the range of offerings of Mauritius as a prime tourist destination v/s other resort destinations.

Risk Description	Mitigation Measures
Financial	
Exchange Rate Risk The risk that the continued depreciation of the Rupee creates high sustained inflation leading to increased costs of operations	• Regular monitoring of fluctuations in exchange rates and hedging the exposure by matching foreign currency earnings and payments. • Inclusion of terms in third party agreements to mitigate foreign currency exposure (secure fixed medium-term contracts).
Inflation Risk The risk that inflationary pressures have a significant adverse impact on the Group's business and operational results.	• Cost saving strategies. • Re engineer processes and products (e.g., maximise on local products, menu reengineering, ...). • Supply chain - Lock-in short term and medium-term supplier contracts. • Expand supplier base.
Liquidity Risk The risk that sufficient funds might not be available to meet financial commitments. The Covid 19 lasting impact heightens this risk.	• Pursue long term funding options and optimise capital expenditure. • Renegotiation with our major lenders for restructuring of existing debts. • Support from MIC by way of subscription to redeemable convertible bonds. • Support from Government for Wages Assistance, COVID-19 support program and state land lease waiver. • Negotiation with major suppliers for extended credit terms during crisis and suspension/reduction of existing contracts. • Reducing debt level and strengthening the balance sheet.
Credit Risk The risk of customers defaulting on payments, resulting in losses.	• Stringent credit policy and procedures in place. • Promote e-commerce and improve website to foster on B2C. • Credit insurance being reinforced.

Risk Description	Mitigation Measures
Compliance	
Non-Compliance The risk of non-compliance to regulatory obligations and guidelines, resulting in an adverse impact on the reputation and sustainability of the Group.	• Policies, procedures and controls in place to reduce risk of non-compliance. • Support from legal advisers and insurers. • Implementation of clear framework to manage regulatory issues.
Occupational Health and Safety The risk of non-compliance to health and safety procedures, resulting in an adverse impact on the reputation and sustainability of the Group.	• Ensure that health and safety policies are adequate. • Conduct of independent periodic audits and addressing of gaps identified through training.
Operations	
Attraction and Retention of Skilled Employees The risk of not being able to attract and retain skilled employees, adversely impacting guest experiences and performance. This is an ongoing challenge in the hospitality industry. The younger generations are not keen to join the hospitality sector.	• Communicating SUN Brand Value proposition more effectively through social media to attract talent. • Providing flexible working conditions and a more attractive working environment. • Exploring alternative sources for recruitment and selection of candidates (e.g., foreign labour). • Ongoing investment in talent and competency development. • Connecting with our new talents through a more dynamic onboarding programme. • Mentoring plan for all new recruits.
Technology and Data Risks The risk of cyber-attacks, resulting in disruption to activities, reputation damage and financial losses. This risk has been compounded by the increased level of remote working.	• Third party cyber security assessment conducted. • Well-defined cyber security incident response process in place. • Group level initiatives for training employees and creating staff awareness on the importance of maintaining information security and handling of sensitive information. • Implementation of monitoring tools to monitor network and regular testing.

Opportunities

The recent recovery of tourism in our source markets reflects the pent-up demand and the ability of the industry to recover quickly. SUN is capitalising on the opportunities available in the market to strengthen the recovery of the Group through the following initiatives.

Reimagine SUN Offering

We are creating innovative guest experiences and strong resort concepts to strengthen the recovery of our properties, both on digital and operational mediums. We are adapting our offering to meet with guests' needs in collaboration with our Tour Operator partners.

A Strong Brand Reinforced by Positive Reviews

SUN has a strong brand presence in the market and is renowned for its unique hospitality legacy.

Praise and excellent reviews from guests strengthen SUN's positioning in key markets.

There are opportunities to develop new markets as well as increase market share in existing markets.

SUN is pursuing these by customising offerings that appeal to targeted markets.

Whistle Blowing

Employees and suppliers can confidentially and anonymously raise concerns that relate to fraud, unethical conduct or business practices and other concerns through the whistleblowing mechanism as detailed in the Code of Conduct[1]. Employees may first raise concerns verbally or in writing with their direct manager or the HR department. If for any reason, they feel that it is not appropriate to make such a report to any of the above-mentioned person or department, they may address their report to the CEO. Again, if they believe that in the circumstances, even the CEO is not the appropriate person to whom they can make a report, they may address their report to the chairman of the Corporate Governance, Ethics, Nomination and Remuneration Committee ("CGENRC") through a dedicated email: whistleblowing@sunresorts.mu. The CEO liaises with the chairmen of the CGENRC and Audit & Risk Committee to investigate on matters reported when deemed necessary.

Note 1: Available for consultation on SUN's website.

Principle 6: Reporting with Integrity

The directors affirm their responsibilities in preparing the annual report (which is published on the Company's website) and the financial statements of the Company and its subsidiaries which comply with International Financial Reporting Standards and the Mauritius Companies Act 2001. The Board also considers that taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders and other stakeholders to assess SUN's position, performance and outlook. Please refer to the Statement of Directors' Responsibilities.

Charitable and Political Contributions

	Subsidiaries		The Company	
	FY 30 June 2022	FY 30 June 2021	FY 30 June 2022	FY 30 June 2021
	Rs'000	Rs'000	Rs'000	Rs'000
Political Donations	-	-	-	-
Other	-	-	-	175

Sustainability

SUN has long been conscious of its responsibility towards the environment and the communities in which its hotels operate. By virtue of the resorts' locations on some of the most coveted beaches in Mauritius, the Group has endeavoured to play an integral role in protecting the ecosystems that have enabled it to thrive. This commitment took the form of SUNCARE, a sustainability programme that aims to safeguard the island's natural, cultural and historical heritage for both current and future generations.

Mauritius, by its nature as a small island state, has not been left untouched by the effects of climate change. Never has this been more obvious than in recent years, as evidenced by increased levels of beach erosion, coral bleaching and the growing frequency and intensity of rains. In parallel, the pandemic has disproportionately threatened the security of already vulnerable and disadvantaged populations, exposing the underlying fragilities of our social systems. With this in mind, SUN has pledged to take its sustainability commitments further than just compliance, donations or a tick-the-box exercise.

To achieve this, its actions are carried out under the same three pillars as CIEL Group:

- Champion inclusive growth
- Activate climate response
- Foster a vibrant workforce

Besides aiming to simply reduce its impact, SUNCARE sets out ambitious goals that will drive meaningful and far-reaching impacts on the environment and all the stakeholders who live in and around our resorts. The very first project borne from this desire was the SUN Children Cancer Trust, set-up in 2008 following the diagnosis of one of the employees' children. To this day, providing adequate healthcare and treatment to children suffering from cancer became the Group's North Star.

Other long-term projects were set up to empower our communities. Coral farming and endemic tree-planting are only a few examples of how Sun Resorts is trying to restore our ecosystems to their former glory. Similarly, Smart Climate Agriculture is one of many projects that encourages neighbouring communities to pursue farming as a major source of food and income, paving the way for our resilience.

To engender lasting change, SUNCARE embeds sustainable practices into all aspects of the business, from its strategy and decision-making to the workforce's daily behaviours and interactions with guests. As members of the UN Global Compact and the CEO Water Mandate, our practices adhere to the highest international standards, including the 17 SDGs.

Recognising that sustainability is a continuous journey, Sun Resorts is committed to continue playing its part in building a greener, more inclusive world.

Principle 7: Audit

External Audit

Upon the recommendation of the Audit & Risk Committee ("ARC"), the Board nominated PricewaterhouseCoopers Ltd ("PwC") as external auditor of the Company, in replacement of BDO & Co, for approval at the Annual Meeting of shareholders ("AMS") of the Company held in December 2017. In accordance with Section 200 of the Companies Act 2001, PwC was re-appointed external auditor of the Company for the financial year ended 30 June 2022 at the last AMS of the Company held in December 2021. The automatic reappointment of PwC as auditor of the Company for the financial year ending 30 June 2023 will be submitted for approval by the shareholders at the forthcoming AMS in December 2022.

The ARC monitors and approves the fees paid to the external auditor for all audit and non-audit services. The ARC gives the adequate comfort to the Board that PwC has the relevant policies in place with clear guidelines to ensure that its independence and objectivity as external auditor of the Company/Group is preserved. In that respect, the external auditor limits the scope of services it may provide to the Company and its subsidiaries, stipulating certain permissible types of audit-related and non-audit services, including tax services and other services that have been agreed by management and validated by the ARC. A separate team of PwC ensures the non-auditing services extended to SUN for transparency and governance best practices.

The external auditor, whose audit report is included in the financial statements of SUN, is responsible for providing an independent opinion on these financial statements. The external audit function offers reasonable assurance on the fair presentation of the financial statements. Pursuant to the revised International Standards on Auditing, ISA 701, the auditor's report also includes the key audit matters which are those matters that, in their professional judgement, are of the most significance in the audit of the financial statements.

These key audit matters, including any change in accounting principles, have been discussed and reviewed at a special ARC meeting of SUN in August 2022 with the members of the ARC in the presence of the management team, to ensure that there was a mutual understanding between SUN's team and PwC's team as to the relevant accounting treatments/principles, prior to finalising the audited accounts.

The external auditor is then invited to present its final report as well as to brief the members on the management letter points and the key audit matters at the ARC meeting convened for the review of the final draft of the audited accounts of SUN. The external auditor is also present at the annual meeting of shareholders of SUN for any queries from the shareholders.

Internal Audit

The internal audit function is performed by Ernst & Young ("EY") which supports SUN in achieving its objectives, identifying, and managing major risks; and complying with policies, laws, and regulations. EY reports directly to the ARC and administratively to management. It prepares an annual plan of its activities that is reviewed and approved by the ARC to ensure the inclusion of material risk areas and acceptable coverage of the business processes. The ARC also oversees the appointment, performance and independence of the internal audit function, as well as the completion of the approved internal audit plan. The ARC is a recipient of the reports that detail the outcomes of the internal audit assignments, with a view to overseeing that the gaps identified are effectively remediated on a timely basis by management to contain risks. In addition to areas covered by the annual internal audit plan, the ARC may request the internal audit function to review other areas it requires insights on.

The internal auditor has unrestricted access to the Company's records and information, as well as to employees and the management team of SUN to enable it to deliver effectively.

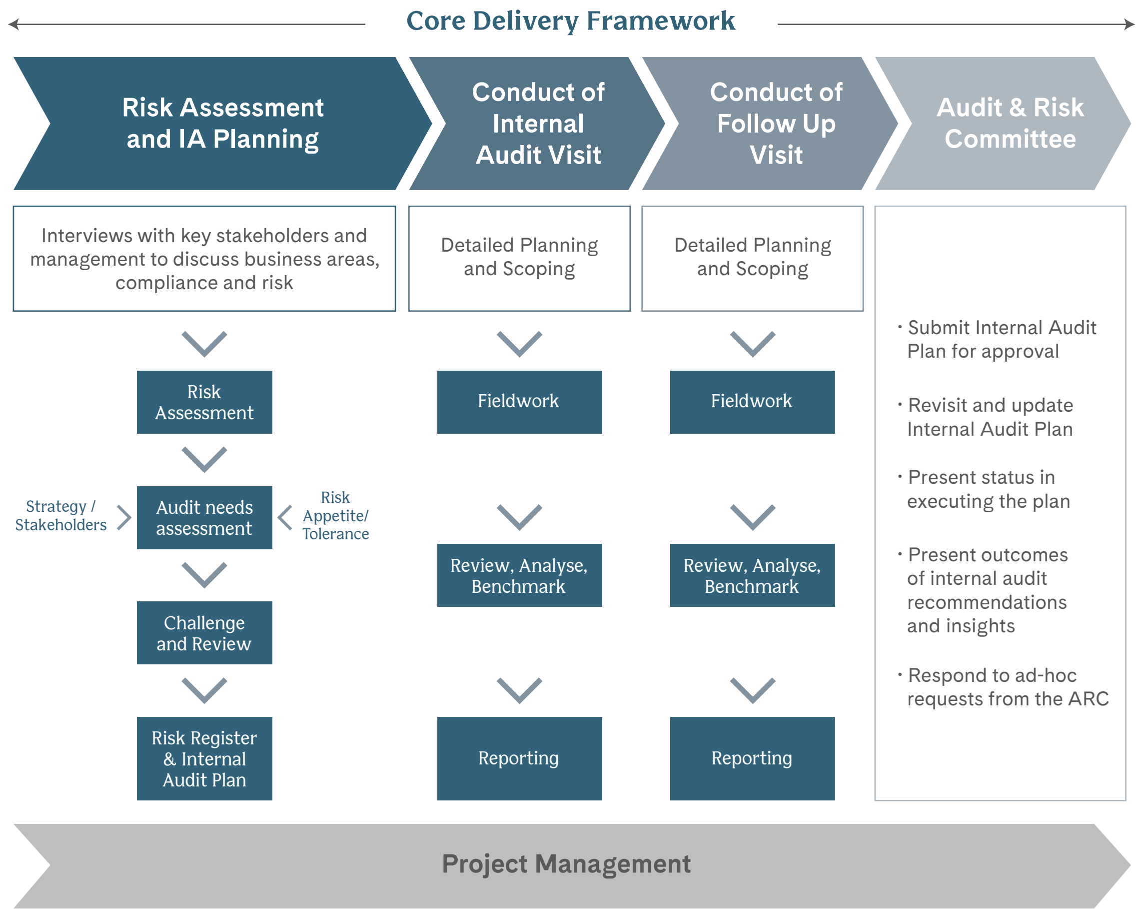
CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2022

The internal audit function adds value to SUN by helping management answer the following key questions related to the areas reviewed by the internal auditors:

- What risks are we exposed to?
- How effective are our controls in containing the key risks?
- What are the root causes of the control gaps observed?
- What do we need to do to better contain these risks?
- How can we make better use of what we have?
- How can we do things better?
- How can we build resilience?
- How do we compare to others?
- What are the leading practices we could adopt?

The framework adopted by the internal audit function is summarised as below:



Preparation of the internal audit plan involves conducting a risk assessment exercise at Group and entity levels in order to identify and rank the main risks they are exposed to, and thereby identify what areas need to be audited and in what order of priority. Highly ranked risks that have corresponding auditable controls are typically prioritized for being audited. This exercise involves collaboration amongst the members of the ARC, the internal audit function and management to draw out consensus on what are material risks areas that warrant attention from the internal auditors.

The internal audit function typically executes its internal audit assignments through the following 5 main phases consistent with its methodology, which is simultaneously aligned to the Institute of Internal Auditors (IIA) standards and leading internal audit practices.

	Plan and Scope	Conduct Fieldwork	Review Findings	Issue Report	Conduct Follow-up
Approach	· Meet with appointed contact person to agree on audit project scope, objective and communication protocols · Confirm appropriate resources required to execute the audit program · Agree audit timelines	· Conduct understanding interviews and review key business documentation · Formulate audit programs including risk and control matrices (RACM) · Assess the design of controls through interviews with relevant personnel, review of process documentation and 'walkthrough' of the control · Assess the effectiveness of controls in operation via execution of the test work program	· Review and analyse findings from fieldwork conducted · For issues identified, perform root cause analysis and impact analysis to understand the materiality and 'why' the issue has occurred · Identify any compensating controls associated with the preliminary findings · Draft the report in a pre-agreed format and structure · Submit draft report to management for preliminary comments and validation	· Close comments and agree with management on content of draft report · Collect management comments and remediation actions, and include these in the internal audit report · Finalise the report and release	· Agree with management timing for follow-up audits · Agree which remediation actions have been implemented to date and plan to independently confirm that these are operating effectively · Interview relevant management for status update inquiry and determine required test · Verify that action plans for each finding have been implemented · Verify reasons for failing to implement any action plans and recommend way forward to close out any remaining issues
Deliverables	· Mobilize the project team and assign roles · Confirmed scope and objectives · Project schedule, plan and timelines	· Audit program including RACM · Audit Working Papers and supporting documents	· Preliminary List of Issues · Draft Audit Report	· Final Audit Report including management actions	· Follow-up Report including the status for each action plan within the issued reports

Continuous project management and status updates as agreed in communication protocol

Remedial actions to address findings are identified with the relevant management teams, who assign responsibility and a deadline to each action in order to enforce accountability for remediating these gaps. The internal auditor also conducts desktop follow-up reviews on those audit exercises conducted to ensure that the necessary remedial actions have been duly and effectively implemented.

CORPORATE GOVERNANCE REPORT

EY has a specialist team of internal auditors in Mauritius who are part of a larger multi-disciplinary consulting team, which it leverages to ensure that the internal audits conducted at SUN are resourced with the appropriate mix of experience, knowledge and skills. Members of this team are university graduates who hold recognised international qualifications in their respective fields (e.g., ACCA, Institute of Chartered Accountants of England & Wales, Certified Internal Auditors (CIA), Certified Information Systems Auditor (CISA), Certified in Risk and Information Systems Control (CRISC)). This team is able to advise SUN on improvements needed, and share leading practices based on first-hand experience of working across many geographies for EY clients. Members of this specialist team are continuously trained in leading practices related to internal audit.

EY maintains the independence and objectivity of its staff who are part of the internal audit team through strict EY independence related policies that apply to all staff, regular training and awareness raising on these subjects, as well as regular verification of the compliance of partners and executives with EY independence related policies.

The internal auditor introduced surprise spot checks in its audit plan for the FY 30 June 2022 to assess the extent to which control owners were operating baseline controls effectively following a long period of relative inactivity due to closed borders and pandemic related lockdowns.

The following audit reviews were carried out and analysed at the ARC meetings during the year under review:

- Review of the IT disaster recovery plan
- Spot check review of the inventory process at Long Beach Resort
- Spot check review of the payroll process at Head Office
- Spot check review of the procurement process at Head Office and Sugar Beach Resort
- Spot check review of the cash handling process at Long Beach Resort/ Sugar Beach Resort/La Pirogue Resort and Ambre Resort

Principle 8: Relations with Shareholders and Other Key Stakeholders

Shareholding Structure as at 30 June 2022

Issued share capital as at 30 June 2022: 194,545,072 no par value ordinary shares, including 20,118,546 treasury shares.

Substantial Shareholders as at 30 June 2022

Shareholders holding more than 5% of the stated capital of SUN as at 30 June 2022 were:

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

Common Directors within the Holding Structure as at 30 June 2022

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

**Chairman*

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' Agreements

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

Related Party Agreements

- SUN holds an agreement with CCS (a subsidiary of CIEL Limited) for the provision of strategic support & group strategy harmonisation, legal and company secretarial to the companies of the Group. An amount of Rs. 8m was paid to CCS for the financial year. This fee also covers the time allocation dedicated to SUN by Jean-Pierre Dalais and L. J. Jérôme De Chasteauneuf, who are currently employed by CCS. No Directors fees are paid to them by SUN.
- SUN holds a treasury agreement with Azur Financial Services Ltd (a subsidiary of CIEL Limited) for the provision of cash management services, treasury advisory services and foreign exchange & money market brokerage services to the Group. SUN pays a fixed monthly fee for the cash management together with a variable fee, based on the volume of intercompany transactions processed by Azur Financial Services Ltd for SUN. An amount of Rs. 2.04m was paid to Azur Financial Services Ltd for the financial year.

Shareholders' Information and Calendar of Events

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

During the financial year, shareholders were convened at the annual meeting on 16 December 2021. The notices, including the agenda, were published in the press, in line with statutory requirements. The resolutions submitted to the approval of the shareholders were all approved by the requisite majority.

Group Structure as at 30 June 2022

Sun

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

Note: SRL Touessrok IHS Villas Ltd (held 100% by SRL Touessrok Hotel Ltd) was incorporated on 26 July 2022.

Key Stakeholders

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

Shareholders	SUN communicates to its shareholders through its annual report, annual meeting of shareholders ("AMS"), press announcements, publication of unaudited quarterly, audited abridged financial statements and its website hosted at https://www.sunresortshotels.com/en. 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. Notices of shareholders' meetings are posted/emailed to the shareholders within 21 days of holding the meetings and include the resolutions to be transacted at the said meetings. Notices are also published in the press by virtue of Listing Rule 11.16 and Rule 14(a) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007. The notice for the AMS held on 16 December 2021 was included in the annual report, itself posted on the Company's website. The minutes of proceedings of the last AMS are available for inspection by the shareholders who may also opt for a copy by written request to the Company Secretary, CIEL Corporate Services Ltd, 5th Floor, Ebène Skies, Rue de l'Institut, Ebène.
Financial Partners	Communication with financial institutions and the financial community in general usually takes places through investor meetings on a semi-annual basis following the publication of the quarterly abridged results. The main recurring topic of discussion is financial performance.
Regulators	SUN's business activities are conditional on regulatory requirements meaning that regulators have a high level of influence and interest in the Company's operations. The Company ensures that it complies with regulatory provisions and guidelines in the conduct of its activities.
Employees of the Group	SUN recognises that its workforce is key to its performance and development. During the year, an employee engagement survey has been launched within specific clusters of the Group which provides the basis for improvements in some areas.

Dividend

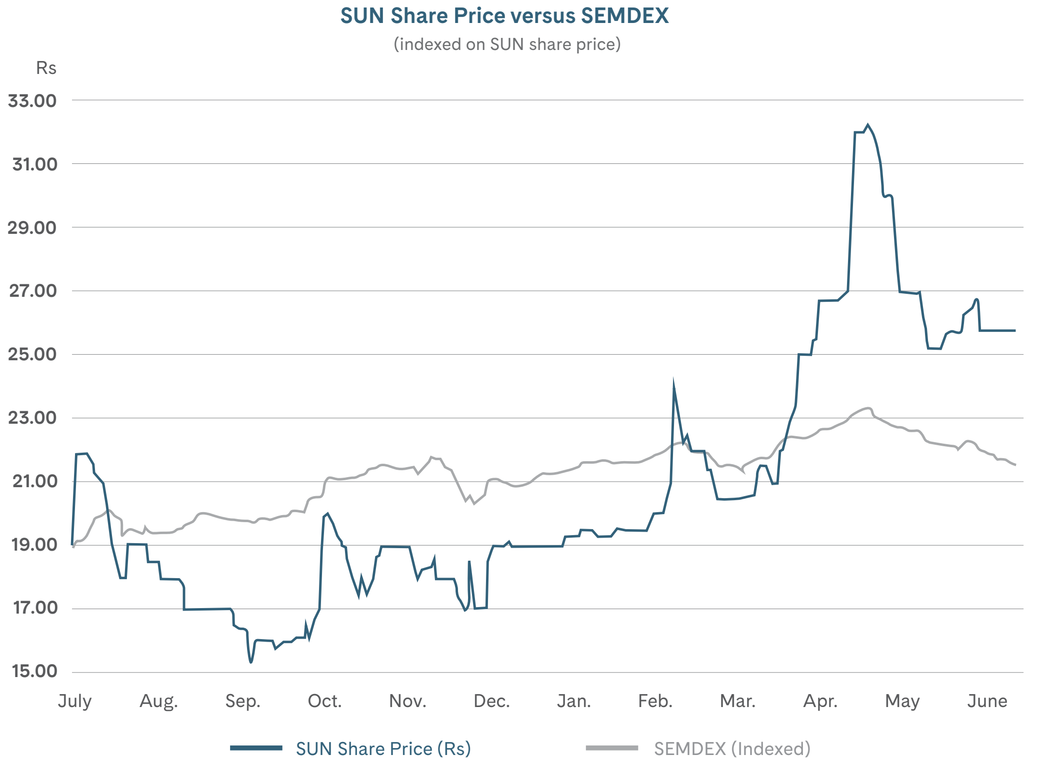
No dividend was declared during this financial year.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2022

Share Price Information

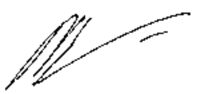
The evolution of SUN's share price versus SEMDEX - indexed on share price of Rs. 19.00 on 1 July 2021.



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

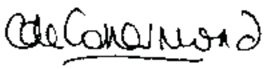
Jean-Pierre Dalais

Chairman



Naderasen Pillay Veerasamy

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



Clothilde de Comarmond, ACG

Group Company Secretary,

For and on behalf of CIEL Corporate Services Ltd

16 September 2022

OTHER STATUTORY DISCLOSURES

(SECTION 221 OF THE MAURITIUS COMPANIES ACT 2001)

Principal Activity and History

The Company was incorporated as a limited company on 10 February 1983 under the name Sun Resorts Limited and changed its name to Sun Limited 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. SUN is the holding company of an established hotel group in the Indian Ocean ("SUN Group"), owning and/or managing six resorts in Mauritius (5* Luxury Four Seasons Resort Mauritius at Anahita, 5* Luxury Shangri-La Le Touessrok, Mauritius, 5* Long Beach Golf & Spa Resort, 5* Sugar Beach Golf & Spa Resort, 4* La Pirogue Resort & Spa, and 4* Ambre Resort & Spa). The Company also holds marketing offices in London, Paris and Frankfurt and representations in Milan, Madrid, Russia, Middle East, India, China, and Japan. SUN also owns two in-house tour operators, namely Soléa, in France and World Leisure Holidays (Pty) Ltd, in South Africa.

Directors' Service Contracts

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

Shareholding Profile

Ownership by Size of Shareholding	Ordinary Shares		
	Shareholder Count	Number of Shares	Percentage Held
1 - 500	8,111	1,195,912	0.6856
501 - 1,000	1,448	1,027,138	0.5889
1,001 - 5,000	1,522	3,442,003	1.9733
5,001 - 10,000	358	2,522,878	1.4464
10,001 - 50,000	342	7,249,639	4.1563
50,001 - 100,000	51	3,485,987	1.9985
100,001 - 250,000	34	5,199,347	2.9808
250,001 - 500,000	8	2,575,162	1.4764
Over 500,001	18	147,728,460	84.6938
Total	**11,892**	**174,426,526**	**100**

Ownership by Category of Shareholding	Ordinary Shares		
Category	Shareholder Count	Number of Shares	Percentage Held
Individuals	11,292	16,301,341	9.3457
Insurance and Assurance companies	14	8,619,787	4.9418
Investments and Trust companies	73	4,628,188	2.6534
Pensions and Provident funds	55	22,002,465	12.6142
Other Corporate Bodies	458	122,874,745	70.4450
Total	**11,892**	**174,426,526**	**100**

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 2022 was 11,892.

Directors of Subsidiaries as at 30 June 2022

Directors of subsidiaries as at 30 June 2022 are listed in Annexure A.

Audit Fees as at 30 June 2022

	The Company		Subsidiaries	
	FY 30 June 2022 Rs'000	FY 30 June 2021 Rs'000	**FY 30 June 2022 Rs'000**	FY 30 June 2021 Rs'000
Local External Auditors				
Audit Fees	**1,050**	725	**5,549**	4,077
Other Services*	**43**	42	**504**	477
Local Internal Auditors				
Audit Fees	**120**	120	**1,058**	864
Other Services	**-**	-	**1,305**	1,563
Foreign External Auditors				
Audit Fees	**-**	-	**2,473**	2,613
Other Services*	**-**	-	**157**	213

* The current year fees in respect of other services from external auditors pertain to tax advisory services.

Major Transactions under the Mauritius Companies Act 2001

SUN did not enter into any major transaction during the financial year under review.

Share Registry & Transfer Office

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

MCB Registry & Securities Ltd, Ground Floor, Raymond Lamusse Building 9-11 Sir William Newton Street, Port Louis, Tel: +230 202 5640

On Behalf of the Board,

Jean-Pierre Dalais
Chairman

Mushtaq N. Oosman
Chairman of the Audit & Risk Committee

16 September 2022

Annexure A - Directorships of Subsidiaries - 30 June 2022

	Ambre Resort Ltd	Anahita Hotel Ltd	City & Beach Hotels (Mtius) Ltd	CTL Retail Ltd	Greensun Management Ltd	Loisirs des Iles Ltd	Long Beach IHS Ltd (In the process of being wound up)	Long Beach Resort Ltd	Solea Vacances SA	SRL Property Ltd	SRL FS, Ltd	SRL Kanuhura Ltd	SRL Maldives Ltd	SRL Management Ltd	SRL Marketing Ltd	SRL Touessrok Hotel Ltd	SRL Touessrok IHS Villas Ltd (Incorporated on 26 July 2022)
ABITBOL Arnaud									✓								
ABITBOL Laurent									✓								
AGGARWAL Kapil																✓	
AMELOT Marc					✓												
AUFORT Aurélien									✓								
BISSESSUR, Jitendra		A						A									
COQUET, Gregory Michel																	A
DALAIS, Joseph Francois																	A
DALAIS Jean-Pierre		✓							✓							✓	
DE CHASTEAUNEUF Jérôme		✓														✓	
DURR Elaine Mercia																	
ESPITALIER-NOEL Alexandre									✓								
EYNAUD Francois	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	A
FONTANILLE Arnaud									✓								
GERMAIN Stephanie													✓	✓			
HOAREAU Daniella													AD	AD			
JEENARAIN Rameswarsingh																	
JULIE Bernardette Suzanne													✓	✓			
KOA WING Jane								✓		✓							
KHADAROO Saleem								✓		✓							
RAMLAGUN Neelmanee																	
WONG YUN SHING Tommy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		A

	SRL Touessrok Residences & Villas Ltd	Sun Centralised Services Ltd (Wound up on 11 May 2022)	Sun Hotel Holdings Ltd	Sun Hotel & Resorts GMBH	Sun International Management Ltd	Sun Leisure Hotels Ltd	Sun Leisure Investments Ltd	Sun Logistics Ltd	Sun Resorts CSR Fund Ltd (In process of being wound up)	Sun Resorts France Sarl	Sun Resorts Hotel Management Ltd	Sun Resorts International Ltd	Sun Styled Boutiques Ltd	Sun Support Ltd	Sun Training Institute Ltd	Supply Chain Experts Ltd	Washright Services Ltd	Wolmar Sun Hotels Ltd	World Leisure Holidays (Pty) Ltd
ABITBOL Arnaud																			
ABITBOL Laurent																			
AGGARWAL Kapil	✓																		
AMELOT Marc																			
AUFORT Aurélien																			
BISSESSUR, Jitendra																			
COQUET, Gregory Michel																			
DALAIS, Joseph Francois																			
DALAIS Jean-Pierre																			
DE CHASTEAUNEUF Jérôme																			
DURR Elaine Mercia																			✓
ESPITALIER-NOEL Alexandre																			
EYNAUD Francois	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
FONTANILLE Arnaud																			
GERMAIN Stephanie																			
HOAREAU Daniella																			
JEENARAIN Rameswarsingh																			✓
JULIE Bernardette Suzanne																			
KOA WING Jane							✓								✓				
KHADAROO Saleem						✓												✓	
RAMLAGUN Neelmanee															✓				
WONG YUN SHING Tommy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

A- Appointed as director during the year
R - Resigned as director during the year
AD - Alternate Director

Come and discover our shores sustainably #ComeAlive

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Approved by the Board of directors on 16 September 2022.

On behalf of the Board,

Jean-Pierre Dalais	Mushtaq N. Oosman
Chairman	Chairman of the Audit & Risk Committee
16 September 2022	

CERTIFICATE FROM THE COMPANY SECRETARY

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 2022, all such returns as are required for a company in terms of the Mauritius Companies Act 2001, and that such returns are true, correct and up to date.

Clothilde de Comarmond, ACG

Per CIEL Corporate Services Ltd

Group Company Secretary

16 September 2022

Report on the Audit of the Consolidated and Separate Financial Statements

Our Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Sun Limited (the "Company") and its subsidiaries (together the "Group") and of the Company standing alone as at 30 June 2022, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

Sun Limited's consolidated and separate financial statements set out on pages 93 to 161 comprise:

- The statements of financial position as at 30 June 2022;
- The statements of profit or loss for the year then ended;
- The statements of comprehensive income for the year then ended;
- The statements of changes in equity for the year then ended;
- The statements of cash flows for the year then ended; and
- The notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Fair value of land and buildings (see note 4 to the financial statements) – Consolidated financial statements	
As at 30 June 2022, the Group had land and buildings carried at fair value of MUR 16.5 billion (2021: MUR 14.5 billion), included as part of its property, plant and equipment in the consolidated statement of financial position. The fair value gain recorded in the current financial period amounts to MUR 2.1 billion (2021: MUR 945.9 million). It is the Group's policy that land and buildings are stated at fair value based on periodic valuations, conducted by an independent external valuer, less subsequent depreciation and impairment of buildings. The fair value was determined in line with IFRS 13 to which certain valuation methods are subscribed to determine the fair value. The fair values are computed by the external valuer using factual information and professional judgement concerning market conditions and factors impacting the individual properties.	We evaluated the design effectiveness of the Group's key controls to address the risk over the valuation of land and buildings. We assessed the competence, experience, independence and integrity of the external valuation experts. We assessed the appropriateness of the valuation methodology used by the external valuers for determining the fair value of land and buildings of the Group by comparing it to similar valuations in the market. We discussed and challenged key inputs and assumptions used by the external valuers, paying particular attention to the level of judgement applied as a result of COVID-19.

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Fair value of land and buildings (see note 4 to the financial statements) (Continued) – Consolidated financial statements	
The fair value of land and buildings was considered to be a key audit matter due to its significance on the consolidated statement of financial position and also due to the fact that it is inherently subjective as it involves a number of significant estimates and judgement which might materially affect the carrying value of the revalued assets.	With the assistance of our internal specialists, we assessed the reasonableness of the fair values attributed to the different properties of the Group and the significant assumptions used by the external independent valuer in this exercise by benchmarking against relevant available industry data related to the increase in construction costs and inflation. We evaluated whether disclosures in the financial statements relating to the fair value of land and buildings were in accordance with International Financial Reporting Standards.
Impairment of goodwill (see note 7 to the financial statements) – Consolidated financial statements	
The Group has goodwill for which indicators of impairment exist as at 30 June 2022. The Directors determined that there was no impairment on the carrying amount of the Group's goodwill as at 30 June 2022 (2021: MUR Nil). The Directors assessed the recoverable amount of goodwill as at 30 June 2022 using the discounted cash flow model to determine the recoverable amount of the cash generating units (CGU) to which the goodwill relates. This requires the use of a number of key assumptions and judgements, including the estimated future cash flows, long-term growth rates, profitability levels and discount rates applied. This was an area of focus in light of the amounts involved and the level of judgement and estimation required from the Directors.	As part of our planning procedures, we obtained an understanding of and evaluated the key controls relating to the impairment review process. We also obtained the Directors' assessment of the recoverable amounts of the different CGUs. We assessed the validity of the assumptions used in the cash flow models by comparing these assumptions to our independently derived expectations, based on independent external market data and forecasts. This included specific consideration of the expected rate of recovery of passenger numbers subsequent to the lifting of travel restrictions in the recent months. In order to address management bias in the forecasted cash flows, the budgeted figures of the CGUs that were used in the previous year were back tested to the actual experience. We also considered reasonably possible changes in key assumptions, including making allowance for the near-term weaker trading from the impact of COVID-19. Terminal growth rates have been assessed for reasonableness based on market expected long-term growth rates. In order to determine the reasonableness of the discount rates, the rates used in the cash flow models (on a sample basis) were compared to a range of discount rates independently calculated by us, with the support of our internal valuation specialists, based on the markets in which the CGU operate and taking into account the nature of the CGUs. We also verified the mathematical accuracy of the models. We assessed whether appropriate disclosures were made by the Directors in the financial statements.

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Fair value of investments in subsidiaries (see note 8 to the financial statements) – Separate financial statements	
Investments in subsidiaries are carried at fair value in the separate financial statements. The fair values of the unquoted investments are determined by applying valuation methodologies which include the discounted cash flow approach and the net asset value approach. The fair value was determined in line with IFRS 13 to which certain valuation methods are subscribed to determine the fair value. The fair values are computed by the external valuer using factual information and professional judgement concerning market conditions and factors impacting the individual companies. The fair value of investments in subsidiaries was a key area of audit focus owing to their magnitude, the estimation uncertainties in the assumptions, and the degree of judgement required from management.	We evaluated the design effectiveness of the key controls put in place to address the risk over the fair value of the investment in subsidiaries. We assessed the appropriateness of the valuation methodologies and models used. With the assistance of our internal valuation specialists, we assessed the reasonableness of the assumptions underlying the cash flow models used to determine the recoverable amount of the investments, by comparing these assumptions to our independently derived expectations, based on independent external market data and forecasts. We assessed whether appropriate disclosures were made by the Directors in the financial statements.

Other Information

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

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

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

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

In addition to the responsibilities described above and our work undertaken in the course of the audit, the Mauritian Financial Reporting Act 2004 requires us to report certain matters as described below

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

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

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITOR’S REPORT

TO THE SHAREHOLDERS OF SUN LIMITED

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

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

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

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

(c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Mauritian Financial Reporting Act 2004

Our responsibility under the Mauritian Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance (“Code”) disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Company has, pursuant to section 75 of the Mauritian Financial Reporting Act 2004, complied with the requirements of the Code.

Other Matter

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

PricewaterhouseCoopers

Olivier Rey, licensed by FRC

16 September 2022

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2022

		THE GROUP		THE COMPANY	
	Note	2022	2021	2022	2021
		Rs’000	Rs’000	Rs’000	Rs’000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	17,183,844	15,321,636	8,209	11,131
Right-of-use assets	5	1,625,698	1,518,315	-	-
Operating equipment	6	15,923	9,061	-	-
Intangible assets	7	237,087	269,394	7,792	38,737
Interest in subsidiaries	8	-	-	18,057,235	18,761,367
Interest in associate	9	285,207	392,645	285,207	392,645
Interest in joint venture	10	63,693	49,277	-	-
Deferred tax assets	19	101,906	172,490	33,058	31,523
Employee benefit asset	20	34,913	-	5,014	-
Other investments	11	165,502	170,379	-	5,550
Other financial assets	12	16,920	16,920	1,750,237	2,178,368
		19,730,693	17,920,117	20,146,752	21,419,321
CURRENT ASSETS					
Inventories	13	103,563	97,022	-	-
Trade and other receivables	14	591,713	424,397	574,132	469,895
Current tax asset	24	558	1,752	-	-
Cash and short-term deposits	34(ii)	1,582,833	1,565,064	769,565	897,039
		2,278,667	2,088,235	1,343,697	1,366,934
TOTAL ASSETS		22,009,360	20,008,352	21,490,449	22,786,255
EQUITY AND LIABILITIES					
Capital and reserves (attributable to owners of the parent)					
Stated capital	15	1,945,451	1,945,451	1,945,451	1,945,451
Share premium	15	3,138,833	3,138,833	3,138,833	3,138,833
Convertible bonds	16	2,812,392	2,264,792	-	-
Reserves	17	6,046,738	3,991,286	8,624,303	9,506,538
(Accumulated losses)/Retained profits		(3,496,449)	(3,646,945)	2,954,997	2,736,759
		10,446,965	7,693,417	16,663,584	17,327,581
Treasury shares	15	(1,451,389)	(1,451,389)	(1,451,389)	(1,451,389)
Equity attributable to owners of the Company		8,995,576	6,242,028	15,212,195	15,876,192
Non-controlling interests		844,748	677,011	-	-
TOTAL EQUITY		9,840,324	6,919,039	15,212,195	15,876,192
NON-CURRENT LIABILITIES					
Loans and other borrowings	18	5,555,645	6,686,989	3,052,965	3,052,635
Lease liabilities	5	1,664,674	1,648,043	-	26,782
Deferred tax liability	19	1,252,489	946,728	-	-
Provision	22	33,738	9,913	15,373	9,913
Contract liabilities	23	85,844	90,503	-	-
Employee benefit liability	20	219,672	266,752	4,212	23,983
		8,812,062	9,648,928	3,072,550	3,113,313
CURRENT LIABILITIES					
Loans and other borrowings	18	1,336,320	2,108,966	692,545	1,753,106
Lease liabilities	5	117,734	142,435	26,782	102,865
Provision	22	-	13,076	-	13,076
Trade and other payables	21	1,889,483	1,165,504	2,479,753	1,921,079
Current tax liability	24	13,437	10,404	6,624	6,624
		3,356,974	3,440,385	3,205,704	3,796,750
TOTAL LIABILITIES		12,169,036	13,089,313	6,278,254	6,910,063
TOTAL EQUITY AND LIABILITIES		22,009,360	20,008,352	21,490,449	22,786,255

Approved by the Board of Directors and authorised for issue on 16 September 2022

Jean-Pierre Dalais
Chairman

Mushtaq N. Oosman
Chairman of the Audit & Risk Committee

The notes set out on pages 99 to 161 form an integral part of the financial statements. Auditors’ report on pages 88 to 92.

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	THE GROUP 2022 Rs'000	THE GROUP 2021 Rs'000	THE COMPANY 2022 Rs'000	THE COMPANY 2021 Rs'000
Continuing operations					
Revenue	25	4,840,319	527,901	264,195	205,393
Other income	27	324,576	667,514	1,638	3,445
Total revenue		5,164,895	1,195,415	265,833	208,838
Operating expenses	26	(3,952,626)	(1,784,758)	(120,114)	(92,395)
Earnings before interest, tax, depreciation and amortisation and exceptional items		1,212,269	(589,343)	145,719	116,443
Impairment reversals/(charges) on non-financial assets	30(a)	11,671	(4,705)	-	-
Impairment of financial assets	30(b)	(855)	(18,237)	113,268	135,535
Earnings/(loss) before interest, tax, depreciation and amortisation		1,223,085	(612,285)	258,987	251,978
Depreciation and amortisation	28	(561,719)	(560,809)	(34,154)	(12,781)
Operating profit/(loss)		661,366	(1,173,094)	224,833	239,197
Finance costs:	31	(487,709)	(883,548)	(196,098)	(625,748)
- Cash flow hedges		(44,836)	(229,879)	(6,400)	-
- Other finance costs		(442,873)	(653,669)	(189,698)	(625,748)
Finance income	32	58,274	8,062	270,190	177,136
Share of result of joint venture	10	19,515	(7,844)	-	-
Impairment of investment in associate	9(a)	-	-	(107,438)	(103,346)
Profit/(loss) before tax from continuing operations		251,446	(2,056,424)	191,487	(312,761)
Income tax (charge)/credit	24(b)	(51,366)	224,637	5,822	8,521
Profit/(loss) for the year from continuing operations		200,080	(1,831,787)	197,309	(304,240)
Loss for the year from discontinued operation	29	-	(244,927)	-	-
Profit/(loss) for the year		200,080	(2,076,714)	197,309	(304,240)
Profit/(loss) attributable to:					
Owners of the Company		185,704	(1,989,032)	197,309	(304,240)
Non-controlling interests		14,376	(87,682)	-	-
		200,080	(2,076,714)	197,309	(304,240)
Earnings/(loss) per share for profit/(loss) from continuing operations attributable to the equity holders of the Company:					
Basic and diluted earnings/(loss) per share (Rs.)	33	1.06	(10.00)		
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company:					
Basic and diluted earnings/(loss) per share (Rs.)	33	1.06	(11.40)		

Note: Comparison to 2021 is not relevant as normal operations did not resume until 1 October 2021.

The notes set out on pages 99 to 161 form an integral part of the financial statements. Auditors' report on pages 88 to 92.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Note	THE GROUP 2022 Rs'000	THE GROUP 2021 Rs'000	THE COMPANY 2022 Rs'000	THE COMPANY 2021 Rs'000
Profit/(loss) for the year		200,080	(2,076,714)	197,309	(304,240)
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Revaluation of land and buildings	4	2,101,852	945,873	-	-
Revaluation of interest in subsidiaries	8	-	-	(882,235)	5,094,392
Revaluation of other investments	11	(244)	7,507	-	-
Remeasurements of retirement benefit obligations	20	49,799	211,772	25,216	45,714
Income tax relating to these items	19	(329,895)	(123,024)	(4,287)	(7,771)
		1,821,512	1,042,128	(861,306)	5,132,335
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		(5,910)	1,252	-	-
Share of other comprehensive income of joint venture	10	(5,099)	6,018	-	-
Gains/(losses) on cash flow hedges		440,505	(410,802)	-	-
		429,496	(403,532)	-	-
Other comprehensive income for the year, net of tax		2,251,008	638,596	(861,306)	5,132,335
Total comprehensive income for the year		2,451,088	(1,438,118)	(663,997)	4,828,095
Total comprehensive income attributable to:					
Owners of the Company		2,283,451	(1,349,568)	(663,997)	4,828,095
Non-controlling interests		167,637	(88,550)	-	-
		2,451,088	(1,438,118)	(663,997)	4,828,095
Total comprehensive income attributable to:					
Continuing operations		2,451,088	(1,183,689)	(663,997)	4,828,095
Discontinued operation		-	(254,429)	-	-
		2,451,088	(1,438,118)	(663,997)	4,828,095

The notes set out on pages 99 to 161 form an integral part of the financial statements. Auditors' report on pages 88 to 92.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

THE GROUP

		Attributable to owners of the Company										
	Note	Stated capital	Share premium	Convertible bonds	Revaluation reserve	Foreign currency translation reserve	Cash flow hedge reserve	Accumulated losses	Treasury shares	Total	Non-controlling interests	Total equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2020		1,945,451	3,138,833	-	3,103,481	562,332	(143,483)	(1,813,588)	(1,451,389)	5,341,637	765,561	6,107,198
Other comprehensive income for the year		-	-	-	851,516	7,270	(389,830)	170,508	-	639,464	(868)	638,596
Loss for the year		-	-	-	-	-	-	(1,989,032)	-	(1,989,032)	(87,682)	(2,076,714)
Total comprehensive income for the year		-	-	-	851,516	7,270	(389,830)	(1,818,524)	-	(1,349,568)	(88,550)	(1,438,118)
Total transactions with owners of the Company	16	-	-	2,264,792	-	-	-	(14,833)	-	2,249,959	-	2,249,959
At 30 June 2021		**1,945,451**	**3,138,833**	**2,264,792**	**3,954,997**	**569,602**	**(533,313)**	**(3,646,945)**	**(1,451,389)**	**6,242,028**	**677,011**	**6,919,039**
Other comprehensive income for the year		-	-	-	1,647,823	(11,009)	418,441	42,492	-	2,097,747	153,261	2,251,008
Profit for the year		-	-	-	-	-	-	185,704	-	185,704	14,376	200,080
Total comprehensive income for the year		-	-	-	1,647,823	(11,009)	418,441	228,196	-	2,283,451	167,637	2,451,088
Total transactions with owners of the Company	16	-	-	547,600	197	-	-	(77,700)	-	470,097	100	470,197
At 30 June 2022		**1,945,451**	**3,138,833**	**2,812,392**	**5,603,017**	**558,593**	**(114,872)**	**(3,496,449)**	**(1,451,389)**	**8,995,576**	**844,748**	**9,840,324**

The notes set out on pages 99 to 161 form an integral part of the financial statements. Auditors' report on pages 88 to 92.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

THE COMPANY

	Stated capital	Share premium	Investment revaluation reserve	Retained profits	Treasury shares	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2020	1,945,451	3,138,833	4,412,146	3,003,056	(1,451,389)	11,048,097
Other comprehensive income for the year	-	-	5,094,392	37,943	-	5,132,335
Loss for the year	-	-	-	(304,240)	-	(304,240)
Total comprehensive income for the year	-	-	5,094,392	(266,297)	-	4,828,095
At 30 June 2021	**1,945,451**	**3,138,833**	**9,506,538**	**2,736,759**	**(1,451,389)**	**15,876,192**
Other comprehensive income for the year	-	-	(882,235)	20,929	-	(861,306)
Profit for the year	-	-	-	197,309	-	197,309
Total comprehensive income for the year	-	-	(882,235)	218,238	-	(663,997)
At 30 June 2022	**1,945,451**	**3,138,833**	**8,624,303**	**2,954,997**	**(1,451,389)**	**15,212,195**

The notes set out on pages 99 to 161 form an integral part of the financial statements. Auditors' report on pages 88 to 92.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	THE GROUP 2022 Rs'000	THE GROUP 2021 Rs'000	THE COMPANY 2022 Rs'000	THE COMPANY 2021 Rs'000
OPERATING ACTIVITIES					
Profit/(loss) before tax from continuing operations		251,446	(2,056,424)	191,487	(312,761)
Loss before tax from discontinued operation		-	(294,504)	-	-
Adjustment for:					
Depreciation and amortisation	28	561,719	604,109	34,154	12,781
Write off of intangible assets	7	209	777	-	-
Write off of property, plant and equipment	4	2,701	-	-	-
Write off of right-of-use assets	5	(201)	-	-	-
Operating equipment usage	6	3,901	6,750	-	-
Finance costs	31	487,709	943,916	196,098	625,748
Finance income	32	(58,274)	(8,062)	(270,190)	(177,136)
Movement in provisions		10,749	(37,309)	(7,616)	(6,591)
(Profit)/loss on disposal of property, plant and equipment		(1,788)	(29,148)	169	(3)
Share of results of joint venture	10	(19,515)	7,844	-	-
Impairment of non-financial assets	30(a)	(11,671)	396,754	-	-
Impairment of financial assets	30(b)	855	18,237	(113,268)	(135,535)
Impairment of investment in associate	9	-	-	107,438	103,346
Gain on lease re-assessment	27	(73,226)	-	-	-
Write off of investment in subsidiaries	8	-	-	20	-
Amortised cost on borrowings	34(iii)	17,376	17,061	8,777	15,188
Investment income	25	-	-	(107,438)	(103,346)
Unrealised exchange differences		148,634	(15,697)	89,506	(64,362)
Land lease concession	27	13,802	(99,053)	-	-
Movement in employee benefit liability		(32,194)	19,456	431	3,714
OPERATING CASH FLOWS BEFORE WORKING CAPITAL CHANGES		1,302,232	(525,293)	129,568	(38,957)
Movement in working capital	34(i)	474,092	(246,875)	548,885	2,040,847
CASH GENERATED FROM/(USED IN) OPERATIONS		1,776,324	(772,168)	678,453	2,001,890
Income taxes (paid)/received	24	(1,576)	7,359	-	-
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		1,774,748	(764,809)	678,453	2,001,890
INVESTING ACTIVITIES					
Finance income	32	8,382	8,062	-	-
Purchase of property, plant and equipment		(250,648)	(248,267)	(608)	(598)
Proceeds from disposal of property, plant and equipment		2,412	1,629,644	152	1,056
Purchase of intangible assets	7	(1,300)	(2,334)	-	(195)
Purchase of operating equipment	6	(11,857)	(4,971)	-	-
Loan (granted)/repaid		(917)	(1,957)	408,221	648,562
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		(253,928)	1,380,177	407,765	648,825
FINANCING ACTIVITIES					
Proceeds from borrowings	34	830,000	3,583,063	780,000	2,700,025
Repayment of borrowings	34	(2,243,793)	(5,008,272)	(1,690,118)	(4,246,660)
Net proceeds from convertible bonds	16	550,000	2,261,192	-	-
Lease payments	34	(107,755)	(61,077)	-	-
Interest paid		(423,495)	(469,419)	(242,287)	(302,328)
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		(1,395,043)	305,487	(1,152,405)	(1,848,963)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		125,777	920,855	(66,187)	801,752
Cash and cash equivalents at 1 July		1,547,858	587,041	894,553	80,930
Net foreign exchange difference		(92,921)	39,962	(58,801)	11,871
CASH AND CASH EQUIVALENTS AT 30 JUNE	34(ii)	1,580,714	1,547,858	769,565	894,553

The notes set out on pages 99 to 161 form an integral part of the financial statements. Auditors' report on pages 88 to 92.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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 currently owns and/or manages seven properties in the Republic of Mauritius: Shangri-La Le Touessrok Mauritius, Four Seasons Resort Mauritius at Anahita, Long Beach, Sugar Beach, La Pirogue, Ambre and Ile aux cerfs. The Company operates as an investment holding company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Sun Limited and its subsidiaries. The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRSs adopted in the year commencing 1 July 2021.

2.1 Basis of preparation

(a) Compliance with IFRS

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).

(b) Historical cost convention

The financial statements are prepared under the historical cost basis, except for certain financial assets and liabilities (including derivative financial instruments), certain classes of property, plant and equipment measured at revalued amount, and plan assets measured at fair value. The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs'000) except where otherwise indicated. Where necessary, the comparative figures have been amended to conform with change in presentation in the current year.

(c) New and amended standards adopted by the Group

The Group has considered the following amendments for the first time for their annual reporting period commencing 1 July 2021:

- Amendment to IFRS 16, 'Leases' – COVID-19 - Related rent concessions extension of the practical expedient (effective for periods beginning on or after 1 April 2021) extends the date of the practical expedient under IFRS 16 in relation to COVID-19 - Related rent concessions from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. The practical expedient was applied on only the lease of Loisirs des Iles - refer to note 5(ii).
- Interest Rate Benchmark Reform – Phase 2 (effective for periods beginning on or after 1 January 2021) introduces a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the interbank offered rate (IBOR) reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition. The amendment did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

The amendments listed above are not expected to significantly affect the current or future periods, except for the amendment to IFRS 16 Leases - refer to note 5 for the impact.

(d) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of Sun Limited and its subsidiaries as at 30 June 2022.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Foreign currency

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

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

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

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

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

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. GOING CONCERN

The Group made a profit for the year ended 30 June 2022 from continuing operations of Rs 0.20 billion (2021: loss of Rs 1.83 billion) and the Company made a profit for the year ended 30 June 2022 of Rs 0.20 billion (2021: loss of Rs 0.30 billion). The Group and Company had accumulated losses of Rs 3.50 billion (2021: Rs 3.65 billion) and accumulated profits of Rs 2.95 billion (2021: Rs 2.74 billion) as at 30 June 2022 respectively. The Group's and the Company's current liabilities exceeded the current assets by Rs 1.08 billion (2021: Rs 1.35 billion) and Rs 1.86 billion (2021: Rs 2.43 billion) respectively at 30 June 2022.

The COVID-19 pandemic still had subdued impact on the tourism industry worldwide, including Mauritius, in the financial year ended 30 June 2022. Although Mauritian borders re-opened officially after 15 months closure on 15 July 2021, tourist arrivals were minimal as strict sanitary restrictions still applied. It was only after the full opening of the borders as from 1 October 2021 that there was a gradual increase in the number of tourist arrivals on the island and the Group proceeded with a phased re-opening approach to match the growing demand in the high and peak seasons. For the nine months to 30 June 2022, tourist arrivals were 546,876, representing 49% of the corresponding pre-covid financial year. Business from the main traditional markets have recovered well and the Group has been able to capitalise on the pent-up demand from certain markets to record a commendable performance.

3. GOING CONCERN (CONT'D)

As part of its annual budget, Management has prepared forecasted cash flows for the financial year ending 30 June 2023 based on projections from the resorts, in order to assess the cash availability to meet the operational and financial commitments and operate as a going concern. The cash flow projections were derived considering the following key assumptions:

- The Russian-Ukraine war will not have a major impact on the tourism industry
- The current MUR exchange rate with the major trading currencies will remain stable
- No sanitary protocols will be in force for tourists
- The pent-up demand from the major source markets will still remain until 2022 and the room nights for the Group are targeted at around 90% of pre-COVID level

Although there are still some uncertainties with regards to some fading effect of the pandemic and the on-going Russian-Ukraine war, the removal of all sanitary restrictions as from 1 July 2022 for all incoming tourists will bring more momentum to the tourism industry. With cash and cash equivalents at year end of Rs 1.6bn and undrawn overdraft facilities, the Group should be able to manage through the most pessimistic scenario, if any, for the coming financial year. The Directors consider the Company to have sufficient and adequate financial resources of cash balances, undrawn overdraft facilities and convertible bonds in order to meet any short-term external obligations.

Based on the cash flow forecast projections for the next 12 months and the funding obtained so far, the Directors are of the view that the Group and Company will be able to meet their financial obligations in the next financial year. Accordingly, they continue to adopt the going concern basis in preparing the Group and the Company's Financial Statements.

4. PROPERTY, PLANT AND EQUIPMENT

Accounting policies

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 market value derived using the Sales Comparison Approach and the Depreciated Replacement Cost Approach and independent valuers are used for such exercises. Any revaluation surplus is credited to other comprehensive income, except to the extent that it reverses a revaluation deficit for the same asset previously recognised in profit or loss, in which case the surplus is credited to profit or loss to the extent of the deficit previously charged. A decrease in an asset's carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

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

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

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

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

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

Accounting policies (cont'd)

The annual rates are as follows:-

Buildings, improvements to leasehold land and sites	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%
Operating equipment	20% to 33%

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

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

Impairment testing, including recognition and measurement of an impairment charge

See "Impairment Testing" in note 7 for our policies relating to impairment testing and the related recognition and measurement of impairment charges. The impairment policies for property, plant and equipment are similar to the impairment policies for intangible assets with finite useful lives.

Significant judgements

Property, plant and equipment are depreciated over their useful lives. The actual lives of the assets are assessed annually and may vary depending on a number of factors. In reassessing assets' lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. The Directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets.

Sources of estimation uncertainty

The Group accounts for land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged an independent valuation specialist to determine the fair value as at 30 June 2022.

In determining the recoverable amount of property, plant and equipment, the Group used estimates which has been disclosed in note 7.

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

(a) **THE GROUP**

	Land and buildings, Improvements to leasehold land and sites	Capital work in progress	Plant and machinery	Hotel furniture and soft furnishings	Motor vehicles and boats	Computers and telecommunica-tion equipment	Total
COST OR VALUATION	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 1 July 2020	16,835,088	82,381	2,032,461	2,271,008	97,650	220,963	21,539,551
Additions	148,755	369	37,503	76,163	598	3,288	266,676
Transfers	54,009	(60,866)	1,690	5,132	-	35	-
Disposals	(2,770,491)	(484)	(332,813)	(268,393)	(25,428)	(19,184)	(3,416,793)
Revaluation adjustment	884,519	-	-	-	-	-	884,519
Retranslation difference	30,808	5	3,948	3,994	243	2,011	41,009
At 30 June 2021	15,182,688	21,405	1,742,789	2,087,904	73,063	207,113	19,314,962
Additions	29,571	133,014	32,430	7,716	969	16,900	220,600
Transfers	123,434	(146,961)	655	22,171	-	701	-
Disposals	-	-	(400)	(3,374)	(431)	-	(4,205)
Revaluation adjustment	1,397,366	-	-	-	-	-	1,397,366
Assets written off	-	(45)	(85)	(3,578)	-	-	(3,708)
Retranslation difference	(8)	-	(199)	(394)	-	(732)	(1,333)
At 30 June 2022	**16,733,051**	**7,413**	**1,775,190**	**2,110,445**	**73,601**	**223,982**	**20,923,682**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 July 2020	1,418,786	-	1,473,822	1,752,393	50,993	187,528	4,883,522
Charge for the year	280,474	-	104,525	103,288	12,361	16,045	516,693
Disposals	(1,326,098)	-	(226,681)	(171,329)	(18,629)	(19,005)	(1,761,742)
Revaluation adjustment	(61,354)	-	-	-	-	-	(61,354)
Impairment charges (note 30)	392,049	-	-	-	-	-	392,049
Retranslation difference	16,521	-	2,745	2,790	193	1,909	24,158
At 30 June 2021	720,378	-	1,354,411	1,687,142	44,918	186,477	3,993,326
Charge for the year	253,843	-	85,541	100,796	8,756	10,949	459,885
Disposals	-	-	(97)	(3,374)	(110)	-	(3,581)
Revaluation adjustment	(704,486)	-	-	-	-	-	(704,486)
Impairment charges (note 30)	(3,179)	-	-	-	-	-	(3,179)
Assets written off	-	-	(23)	(984)	-	-	(1,007)
Retranslation difference	-	-	(151)	(341)	-	(628)	(1,120)
At 30 June 2022	**266,556**	**-**	**1,439,681**	**1,783,239**	**53,564**	**196,798**	**3,739,838**
NET BOOK VALUE							
At 30 June 2022	**16,466,495**	**7,413**	**335,509**	**327,206**	**20,037**	**27,184**	**17,183,844**
At 30 June 2021	14,462,310	21,405	388,378	400,762	28,145	20,636	15,321,636

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

(b) THE COMPANY

	Plant and machinery	Furniture and soft furnishings	Motor vehicles	Computers and telecommunication equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At 1 July 2020	14,021	35,428	15,369	19,917	84,735
Additions	-	-	598	-	598
Disposals	-	-	(1,689)	-	(1,689)
At 30 June 2021	**14,021**	**35,428**	**14,278**	**19,917**	**83,644**
Additions	-	-	-	608	608
Disposals	-	-	(431)	-	(431)
At 30 June 2022	**14,021**	**35,428**	**13,847**	**20,525**	**83,821**
ACCUMULATED DEPRECIATION					
At 1 July 2020	11,931	33,684	5,542	17,688	68,845
Charge for the year	1,117	329	2,186	672	4,304
Disposals	-	-	(636)	-	(636)
At 30 June 2021	**13,048**	**34,013**	**7,092**	**18,360**	**72,513**
Charge for the year	151	310	2,187	561	3,209
Disposals	-	-	(110)	-	(110)
At 30 June 2022	**13,199**	**34,323**	**9,169**	**18,921**	**75,612**
NET BOOK VALUE					
At 30 June 2022	**822**	**1,105**	**4,678**	**1,604**	**8,209**
At 30 June 2021	973	1,415	7,186	1,557	11,131

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

	THE GROUP	
	2022	2021
	Rs'000	Rs'000
Net book value	9,757,005	9,857,851

(d) The Group's policy is to revalue its freehold land and buildings at least every three years and the preceeding revaluation was conducted on 30 June 2021. In the aftermath of COVID-19, a revaluation exercise was carried out as at 30 June 2022 to determine if there have been any significant changes to the fair values of the property, plant and equipment. The Chartered Valuers, Elevante Property Services Ltd revalued the freehold land and buildings and revaluation adjustment was accounted for those properties where there is no indication of impairment of the cash generating units.

Freehold land was valued taking into consideration comparable sales evidences. Sales prices of comparable land in close proximity were adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre. 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 Financial Reporting Standards (IFRSs) 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. This method of valuation is based on the theory of substitution and is used in situations where it is difficult to estimate inputs to be used to calculate value due to volatile market factors. The most significant input into this method of valuation is the replacement cost per square metre.

(e) Management assessed the recoverable amount of assets for which indicators of impairment exists as at 30 June 2022 and details of assessment have been disclosed under note 30.

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

(f) **Hierarchy level**

Details of the Group's freehold land and buildings and site improvements and information about the fair value hierarchy are as follows:

	THE GROUP		
	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000
2022			
Freehold land	-	**3,544,983**	-
Buildings and improvement to leasehold land	-	-	**12,324,180**
Site improvements	-	-	**597,332**
	-	**3,544,983**	**12,921,512**
2021			
Freehold land	-	3,293,300	-
Buildings and improvement to leasehold land	-	-	10,577,779
Site improvements	-	-	591,231
	-	3,293,300	11,169,010

There were no transfers from one level to another during the year.

(g) Bank borrowings are secured on fixed and floating charges on property, plant and equipment of the Group and the Company. Further details are disclosed in Note 18(g).

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

	Valuation technique and key inputs	Sensitivity used	Effect on fair value Increase/(decrease)	
			2022	2021
			Rs'000	Rs'000
Buildings and improvement to leasehold land	Depreciated replacement cost approach	1% increase in current cost of replacing property	**123,242**	105,778
		1% decrease in current cost of replacing property	**(123,242)**	(105,778)
Site improvements	Depreciated replacement cost approach	1% increase in current cost of replacing property	**5,973**	5,912
		1% decrease in current cost of replacing property	**(5,973)**	(5,912)

5. LEASES

Accounting policies

(i) The Group as a lessee

On inception of a contract, the Group assesses whether it contains a lease. A contract contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to use the asset and the obligation under the lease to make payments are recognised in the Group statement of financial position as a right-of-use asset and a lease liability.

Lease contracts may contain both lease and non-lease components. The Group allocates payments in the contract to the lease and non-lease components based on their relative stand-alone prices and applies the lease accounting model only to lease components.

The right-of-use asset recognised at lease commencement includes the amount of lease liability recognised and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the asset's estimated useful life or lease term whichever is lower. Right-of-use assets are also adjusted for any re-measurement of lease liabilities and are subject to impairment testing.

5. LEASES (CONT'D)

Accounting policies (cont'd)

(i) The Group as a lessee (cont'd)

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including 'in-substance fixed' payments) and variable lease payments that depend on an index or a rate, less any lease incentives receivable. 'In-substance fixed' payments are payments that may, in form, contain variability but that, in substance, are unavoidable. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. All other variable lease payments are not included in the lease liability measurement and are charged to profit or loss.

The lease term includes periods subject to extension options which the Group is reasonably certain to exercise and excludes the effect of early termination options where the Group is not reasonably certain that it will exercise the option. Minimum lease payments include the cost of a purchase option if the Group is reasonably certain it will purchase the underlying asset after the lease term.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the 'in-substance fixed' lease payments or as a result of a rent review or change in the relevant index or rate.

The Group has opted not to apply the lease accounting model to intangible assets, leases of low-value assets or leases which have a term of less than 12 months. Costs associated with these leases are recognised as an expense on a straight-line basis over the lease term.

(ii) The Company as a sublessor

For subleases classified as finance lease, the Company derecognises the right-of-use asset and recognises a finance lease receivable (net investment in the lease). The non-current portion of the finance lease receivable is presented within "Other financial assets" under note 12 and the current portion is presented under "Trade and other receivables" under note 14.

Any difference between the right-of-use assets and the net investment in the finance sublease is recognised in profit or loss. At the commencement date, net investment in the finance lease is measured at an amount equal to the present value of the lease payments for the underlying right-of-use assets during the lease term. The Company recognises a finance income over the lease term, based on a pattern reflecting a constant period rate of return on the lessor's net investment in the lease.

(iii) Sale and leaseback

A sale and leaseback transaction is where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer. A sale occurs when control of the underlying asset passes to the buyer. A lease liability is recognised, the associated property, plant and equipment asset is derecognised, and a right of use asset is recognised at the proportion of the carrying value relating to the right retained. Any gain on the sale is deferred and recognised as income over the lease term. Any loss on the sale is immediately recognised as an impairment loss when the sale occurs.

Significant judgements

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination, including: whether there are significant penalties to terminate (or not extend); whether any leasehold improvements are expected to have a significant remaining value; historical lease durations; the importance of the underlying asset to the Group's operations; and the costs and business disruption required to replace the leased asset. The lease term is reassessed if a significant event or a significant change in circumstances occurs which affects the assessment of reasonable certainty.

The Group is also required to determine its incremental borrowing rate (IBR) to measure lease liabilities. Judgement is applied in determining the components of the IBR used for each lease including risk-free rates, the Group's credit risk and any lease-specific adjustments. IBRs are determined bi-annually and depend on the term, country and start date of the lease. The IBR is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; and a credit risk adjustment based on the average credit spend of entities with similar ratings to the Group.

5. LEASES (CONT'D)

(a) THE GROUP

This note provides information where the Group is a lessee.

Amounts recognised in the Statements of Financial Position

(i) *Right-of-use assets*

	Leasehold Land and buildings	Others	Total
	Rs'000	Rs'000	Rs'000
At 1 July 2020	1,844,285	29,219	1,873,504
Additions	38,916	-	38,916
Disposals	(338,577)	-	(338,577)
Depreciation	(50,162)	(9,079)	(59,241)
Exchange differences	3,713	-	3,713
At 30 June 2021	1,498,175	20,140	1,518,315
Additions	2,087	5,254	7,341
Assets written off	(3,421)	(1,571)	(4,992)
Depreciation	(55,547)	(9,630)	(65,177)
Lease re-assessment	170,211	-	170,211
At 30 June 2022	**1,611,505**	**14,193**	**1,625,698**

(ii) *Lease liabilities*

	Leasehold Land and buildings	Others	Total
	Rs'000	Rs'000	Rs'000
At 1 July 2020	2,190,088	31,609	2,221,697
Additions	38,916	-	38,916
Derecognition on disposal of right-of-use assets	(393,132)	-	(393,132)
Interest expense (note 31)	157,135	1,572	158,707
Payments	(154,012)	(10,411)	(164,423)
Amount waived[(1)]	(99,053)	-	(99,053)
Exchange differences	27,766	-	27,766
At 30 June 2021	1,767,708	22,770	1,790,478
Additions	2,087	5,254	7,341
Assets written off	(3,587)	(1,606)	(5,193)
Interest expense (note 31)	110,631	1,128	111,759
Payments	(203,937)	(11,256)	(215,193)
Lease re-assessment	96,985	-	96,985
Reversal of amount waived	13,802	-	13,802
Exchange differences	(17,571)	-	(17,571)
At 30 June 2022	**1,766,118**	**16,290**	**1,782,408**

[(1)]Amount waived relates to the waiver received in 2020 on leasehold land from the Government and other entities.

	2022	2021
	Rs'000	Rs'000
Current liabilities	117,734	142,435
Non-current liabilities	1,664,674	1,648,043
	1,782,408	1,790,478

Lease liabilities relate to:

- Leased vehicles with an average duration varying between 4 and 5 years and for which the Group has the option to purchase the asset for a nominal amount at the expiry of the lease arrangements;
- Leases of rooms under the Invest Hotel Scheme which run for a period between 52 and 59 years; and
- Other leasehold land and buildings which run for a period between 25 to 60 years.

The Group's leases are secured by the lessors' title to the leased assets and carry average interest rate ranging from 2.20% to 7.05% (2021: 5.00% to 7.05%) per annum.

5. LEASES (CONT'D)

(a) THE GROUP (CONT'D)

(ii) Lease liabilities (cont'd)

Effective 1 July 2021, the Government amended the State Lands Act to change the timing of payment of annual rental for hospitality operators from 1 July of each year (payable in advance) to 30 June of each year (payable in arrear). This amendment resulted in a decrease in the present value of future cashflows recognised under lease liabilities (IFRS 16). Lease liabilities were subsequently adjusted and the impact of the re-assessment was credited to profit or loss as a gain under other income (note 27).

Minimum lease payments and present value of minimum lease payments are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Repayable:				
Within one year	224,359	246,253	117,734	142,435
After one year but before two years	147,197	149,865	42,904	49,734
After two years but before three years	134,418	120,601	32,033	22,081
After three years but before five years	265,478	229,946	65,227	36,267
After five years	4,248,261	4,216,493	1,524,510	1,539,961
	4,795,354	4,716,905	1,664,674	1,648,043
	5,019,713	4,963,158	1,782,408	1,790,478
Less: Future finance charges	(3,237,305)	(3,172,680)	-	-
	1,782,408	1,790,478	1,782,408	1,790,478

(iii) The statement of profit or loss shows the following amounts relating to leases:

	2022	2021
	Rs'000	Rs'000
Gain on lease reassessment (note 27)	73,226	-
Depreciation charge of right-of-use assets (note 28)	(65,177)	(59,241)
Interest expense (included in finance costs) (note 31)	(111,759)	(158,707)
Expense relating to leases of low-value assets and short term leases	(20,424)	(29,483)
Lease concessions (included in other income) (note 27)	-	(99,053)

(b) THE COMPANY

(i) Right-of-use assets

At 1 July 2019, the lease of Ambre Resort by Sun Limited from Armand Apavou & Co Ltd was recognised as a right-of-use asset. Sun Limited subsequently subleased the Ambre Resort to its subsidiary company, Ambre Resort Ltd up to September 2022, which resulted in a derecognition of the right-of-use asset in 2020 and recognition of a finance lease receivables (refer to note 12). A proposal for the two year lease rental has been made by the Company to the lessee and is in the process of finalisation.

(ii) Lease liabilities

	Leasehold building	
	2022	2021
	Rs'000	Rs'000
At 01 July	129,647	223,588
Interest expense	4,573	9,405
Payments*	(107,438)	(103,346)
At 30 June	26,782	129,647
Current liabilities	26,782	102,865
Non-current liabilities	-	26,782
	26,782	129,647

Payment is considered as a non-cash transaction in the statements of cash flows.*

5. LEASES (CONT'D)

(b) THE COMPANY (CONT'D)

(ii) Lease liabilities (cont'd)

Minimum lease payments and present value of minimum lease payments are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Repayable:				
Within one year	27,118	107,438	26,782	102,865
After one year but before two years	-	27,118	-	26,782
	27,118	134,556	26,782	129,647
Less: Future finance charges	(336)	(4,909)	-	-
	26,782	129,647	26,782	129,647

(iii) The statement of profit or loss shows the following amounts relating to leases:

	2022	2021
	Rs'000	Rs'000
Interest expense (included in finance costs)	(4,573)	(9,405)
Expense relating to leases of low-value assets that are not shown above as short-term leases	(2,969)	(2,825)

6. OPERATING EQUIPMENT

Accounting policies

Operating equipment is shown at cost less amounts written off for usage, breakages and losses. Operating equipment arising from renovation projects are capitalised and amortised over a period of 3 to 5 years depending on the nature of assets. All other operational replacement are expensed in the profit or loss at the time of replacement.

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	9,061	22,294	-	-
Additions	11,857	4,971	-	-
Transfer from inventories	2,271	2,943	-	-
Charge for the year	(3,365)	(14,397)	-	-
Usage	(3,901)	(6,750)	-	-
At 30 June	15,923	9,061	-	-

7. INTANGIBLE ASSETS

Accounting policies

Upon initial recognition, intangible assets are measured at cost unless acquired through a business combination, in which case they are measured at fair value. Intangible assets are amortised with finite useful lives when the asset is ready for its intended use. Subsequently, the asset is carried at cost less accumulated amortisation and accumulated impairment losses.

Computer software is amortised on a straight-line basis over its estimated useful life of 4 to 8 years. Any impairment in value is recognised in profit or loss.

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

Goodwill arising on the acquisition of subsidiaries is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

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

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

7. INTANGIBLE ASSETS (CONT'D)

Accounting policies (cont'd)

Impairment testing

Intangible assets with finite useful lives are tested for impairment whenever an event or change in circumstances indicates that their carrying amounts may not be recoverable. Indefinite-life intangible assets and goodwill are tested for impairment annually as at 30 June, or more frequently if there are indicators of impairment.

If the recoverable amount of an individual intangible asset cannot be estimated because it does not generate independent cash inflows, the entire cash-generating unit (CGU) to which it belongs is tested for impairment.

Goodwill is allocated to CGUs (or groups of CGUs) based on the level at which management monitors goodwill, which cannot be higher than an operating segment. The allocation of goodwill is made to CGUs (or groups of CGUs) that are expected to benefit from the synergies and future growth of the business combination from which the goodwill arose.

Recognition and measurement of an impairment charge

An intangible asset or goodwill is impaired if the recoverable amount is less than the carrying amount. The recoverable amount of a CGU or asset is the higher of its fair value less cost to sell and value in use.

If the asset's or CGU's recoverable amount is less than its carrying amount, its carrying amount is reduced to the recoverable amount and an impairment charge is recognised immediately.

A previously recognised impairment loss, except in respect of goodwill, is reversed if the estimate of the recoverable amount of a previously impaired asset or CGU has increased such that the impairment recognised in a previous year has reversed. The reversal is recognised by increasing the asset's or CGU's carrying amount to the new estimate of its recoverable amount. The carrying amount of the asset or CGU subsequent to the reversal cannot be greater than its carrying amount had an impairment loss been recognised in previous years.

Sources of estimation uncertainty

Impairment of goodwill and assets

Estimations have been used in determining the recoverable amount of goodwill and long-lived assets. The determination of the recoverable amount for the purpose of impairment testing requires the use of significant estimates, such as:

- future cash flows;
- terminal growth rates; and
- discount rates

The value in use for impairment tests is estimated by discounting estimated future cash flows to their present value. The discounted future cash flows are estimated for periods of up to ten years, depending on the CGU, and a terminal value. The future cash flows are based on our estimates and expected future operating results of the CGU after considering economic conditions and a general outlook for the CGU's industry. Our discount rates consider market rates of return, debt to equity ratios, and certain risk premiums, among other things. The terminal value is the value attributed to the CGU's operations beyond the projected time period of the cash flows using a perpetuity rate based on expected economic conditions and a general outlook for the industry.

When deriving expected future cash flows, certain assumptions are made which may include assumptions pertaining to discount and terminal growth rates. These assumptions may differ or change quickly depending on economic conditions or other events. It is therefore possible that future changes in assumptions may negatively affect future valuations of CGUs and goodwill, which could result in impairment losses.

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

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

The Group's cash flow projections and key assumptions have been revised to cater for the expected recovery following the impact of COVID-19.

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FOR THE YEAR ENDED 30 JUNE 2022

7. INTANGIBLE ASSETS (CONT'D)

Significant judgements

Judgements were made in determining CGUs and the allocation of goodwill to CGUs or groups of CGUs for the purpose of impairment testing.

ANNUAL IMPAIRMENT TESTING

For purposes of testing goodwill and assets for impairment, our CGUs, or groups of CGUs, correspond to the operating segments as disclosed in note 42.

Below is an overview of the methods and key assumptions used at the end of the reporting period, to determine recoverable amounts for CGUs or groups of CGUs.

		2022		2021	
		Sun managed resorts*	Resorts managed by external operators**	Sun managed resorts*	Resorts managed by external operators**
Carrying value of Goodwill	Rs'000	-	223,689	-	223,689
Carrying value of property, plant and equipment	Rs'000	8,396,191	8,514,657	6,594,571	7,344,170
Recoverable amount method		Value in use and market value	Value in use	Value in use	Value in use
Period of projected cash flows	Years	10	10	5 - 7	7 - 10
Terminal capitalisation rate	%	9.50%	9.00%	6.00%	6.00% - 7.25%
Discount rates	%	12.00%	11.50%	10.80%	10.80% - 11.25%

**Sun managed resorts refer to Wolmar Sun Hotels Limited, Long Beach Resort Ltd, City and Beach Hotels (Mauritius) Limited and Loisirs des Iles Ltée.*

Wolmar Sun Hotels Limited, Long Beach Resort Ltd and City and Beach Hotels (Mauritius) Limited was valued based on projected cash flows and Loisirs des Iles Ltée was valued based on sales comparison approach.

***Resorts managed by external operators refer to Anahita Hotel Limited and SRL Touessrok Hotel Ltd, of which Sun Limited owns 100% and 74% respectively. These resorts were valued based on present value of projected cash flows.*

For those assets and goodwill where the carrying values of the CGUs, or groups of CGUs, exceeded their recoverable amounts, an impairment charge was accounted for and disclosed under note 30.

The recoverable amounts of the CGUs would equal their carrying amounts if the key assumption, i.e. discount rate, was to change as follows:

	2022		2021	
	From	To	From	To
Change in discount rate				
Anahita Hotel Limited	11.50%	16.16%	10.80%	14.13%
City and Beach Hotels (Mauritius) Limited	12.00%	26.57%	10.80%	22.53%
Long Beach Resort Ltd	12.00%	22.91%	10.80%	11.80%
Wolmar Sun Hotels Limited	12.00%	24.23%	10.80%	26.23%
SRL Touessrok Hotel Ltd	11.50%	15.60%	11.25%	11.98%

Refer to note 8 for the sensitivity analysis on the key estimates used.

7. INTANGIBLE ASSETS (CONT'D)

(a) THE GROUP

	Goodwill	Computer software	Total
	Rs'000	Rs'000	Rs'000
COST			
At 1 July 2020	225,016	180,783	405,799
Additions	-	2,334	2,334
Write off	-	(2,255)	(2,255)
Retranslation difference	-	1,400	1,400
At 30 June 2021	**225,016**	**182,262**	**407,278**
Additions	-	1,300	1,300
Write off	-	(209)	(209)
Retranslation difference	-	(542)	(542)
At 30 June 2022	**225,016**	**182,811**	**407,827**
ACCUMULATED AMORTISATION			
At 1 July 2020	-	124,572	124,572
Charge for the year	-	13,778	13,778
Write off	-	(1,478)	(1,478)
Retranslation difference	-	1,012	1,012
At 30 June 2021	**-**	**137,884**	**137,884**
Charge for the year	-	33,292	33,292
Retranslation difference	-	(436)	(436)
At 30 June 2022	**-**	**170,740**	**170,740**
NET BOOK VALUE			
At 30 June 2022	**225,016**	**12,071**	**237,087**
At 30 June 2021	225,016	44,378	269,394

(b) Goodwill has been allocated for impairment testing purposes to the following CGUs:

	THE GROUP	
	2022	2021
	Rs'000	Rs'000
Hotel property CGU - Anahita Hotel Limited	223,689	223,689
Tour operator CGU	1,327	1,327
	225,016	225,016

(c) THE COMPANY

	Computer software	
	2022	2021
	Rs'000	Rs'000
COST		
At 1 July	117,703	117,508
Additions	-	195
At 30 June	117,703	117,703
ACCUMULATED AMORTISATION		
At 1 July	78,966	70,489
Charge for the year	30,945	8,477
At 30 June	109,911	78,966
NET BOOK VALUE		
At 30 June	7,792	38,737

8. INTEREST IN SUBSIDIARIES

Accounting policies

In the Company's separate financial statements, interest in subsidiaries are classified at fair value through other comprehensive income and are carried at fair value. The investment in subsidiaries are not quoted in an active market and are determined using valuation techniques including net asset value or discounted cash flows, whichever is considered to be appropriate.

Significant judgements

The Company exercises 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.

THE COMPANY	2022	2021
	Rs'000	Rs'000
At valuation		
At 1 July,	18,761,367	14,966,975
Additions	178,123	-
Amount received during the year	-	(1,300,000)
Write off during the year	(20)	-
Fair value adjustments accounted as other comprehensive income	(882,235)	5,094,392
At 30 June	18,057,235	18,761,367

The interest in subsidiaries are measured at fair value by an independent valuation specialist and are classified under level 3 of the fair value hierarchy.

The Group has fair valued its investment in subsidiaries as follows:

- Investment in companies holding the resorts - based on an income approach using discounted cash flow method which Management believes to be the best valuation technique for these resorts. The discounted cash flows approach includes some assumptions that are not supportable by observable market prices or rates.
- Investment in other companies - being on the net assets approach, as the net assets are deemed to approximate the fair value;

The table below depicts the sensitivity analysis of the key estimates used in deriving the fair value of the investment in subsidiaries:

Fair value movement of investment in subsidiaries:	Decrease of 0.5% in discount rate	Increase of 0.5% in terminal value	Increase of 1% in occupancy rate
	Rs'000	Rs'000	Rs'000
2022	**1,010,004**	**619,724**	**423,724**
2021	1,760,984	851,079	890,683

8. INTEREST IN SUBSIDIARIES (CONT'D)

(a) Unquoted Investments, at valuation

				Stated capital	2022 Proportion of ownership interest and voting rights held			Proportion of ownership interests held by non-controlling interests	
					Direct		Indirect		
	Country of incorporation and operation	Business Activity	Period end	30 June 2022	Ordinary shares	Preference shares	Ordinary shares	Ordinary shares	Preference shares
				Rs'000	%	%	%	%	%
Ambre Resort Ltd	Mauritius	Resort	30 June	10	-	-	100.00	-	-
Anahita Hotel Limited	Mauritius	Resort	30 June	1,060,443	100.00	-	-	-	-
City and Beach Hotels (Mauritius) Limited	Mauritius	Resort	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	Resort	30 June	10	-	-	100.00	-	-
CTL Retail Ltd(4)	Mauritius	Retail	30 June	10,001	-	-	100.00	-	-
SRL Kanuhura Ltd(3)	BVI / Maldives	Resort	31 December	1,403	-	-	100.00	-	-
SRL Maldives Ltd	Seychelles	Hotel Investment	30 June	1,262,250	-	-	100.00	-	-
SRL Management Ltd	Seychelles	Management	30 June	589,050	-	-	100.00	-	-

8. INTEREST IN SUBSIDIARIES (CONT'D)

				Stated capital	2022 Proportion of ownership interest and voting rights held			Proportion of ownership interests held by non-controlling interests	
(a) Unquoted Investments, at valuation					Direct		Indirect		
	Country of incorporation and operation	Business Activity	Period end	30 June 2022	Ordinary shares	Preference shares	Ordinary shares	Ordinary shares	Preference shares
				Rs'000	%	%	%	%	%
SRL Marketing Ltd	UK	Marketing Office	30 June	64	-	-	100.00	-	-
SRL Property Ltd*	Mauritius	Non-trading	30 June	**	100.00	-	-	-	-
SRL Touessrok Hotel Ltd	Mauritius	Hotel	30 June	3,327,500	74.00	-	-	26.00	-
Sun Centralised Services Ltd(2)	Mauritius	Non-trading	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 International Management Ltd	Mauritius	Investment	30 June	36	-	-	100.00	-	-
Sun Leisure Hotels Limited	Mauritius	Property	30 June	25	100.00	-	-	-	-
Sun Leisure Investments Limited(1)	Mauritius	Non-trading	30 June	14,264	99.89	-	-	0.11	-
Sun Logistics Ltd	Mauritius	Logistics	30 June	10	-	-	100.00	-	-
Sun Resorts (Seychelles) Limited(1)	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	Hotel Management	30 June	10	100.00	-	-	-	-
Sun Resorts International Limited	Mauritius	Investment	30 June	1,522,624	100.00	-	-	-	-
Sun Styled Boutiques Ltd	Mauritius	Retail	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 Limited	Mauritius	Laundry	30 June	10,000	100.00	-	-	-	-
Wolmar Sun Hotels Limited	Mauritius	Resort	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(1)	Mauritius	Non-trading	30 June	10	100.00	-	-	-	-

(1) These companies were non-trading as at 30 June 2020, 30 June 2021 and 30 June 2022.

(2) This company was wound up during the year ended 30 June 2022.

(3) The assets of SRL Kanuhura Ltd were disposed on 3 May 2021 and the company is in the process of being wound up at 30 June 2022.

(4) Effective 30 June 2022, the Management has taken the decision to close out the retail outlet, CTL Retail Ltd, in order to focus on the hotel retail operations and the brand-led transformation strategy.

***: 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

					2021				
				Stated capital	Proportion of ownership interest and voting rights held			Proportion of ownership interests held by non-controlling interests	
					Direct		Indirect		
Unquoted Investments, at valuation	Country of incorporation and operation	Business Activity	Period end	30 June 2021	Ordinary shares	Preference shares	Ordinary shares	Ordinary shares	Preference shares
				Rs'000	%	%	%	%	%
Ambre Resort Ltd	Mauritius	Resort	30 June	10	-	-	100.00	-	-
Anahita Hotel Limited	Mauritius	Resort	30 June	1,060,443	100.00	-	-	-	-
City and Beach Hotels (Mauritius) Limited	Mauritius	Resort	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	Resort	30 June	10	-	-	100.00	-	-
CTL Retail Ltd	Mauritius	Retail	30 June	10,001	-	-	100.00	-	-
SRL Kanuhura Ltd[3]	BVI / Maldives	Resort	31 December	1,403	-	-	100.00	-	-
SRL Maldives Ltd	Seychelles	Hotel 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 Ltd	Mauritius	Hotel	30 June	3,327,500	74.00	-	-	26.00	-
Sun Centralised Services Ltd[1]	Mauritius	Non-trading	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[2]	Mauritius	Non-trading	30 June	10	100.00	-	-	-	-
Sun International Management Ltd	Mauritius	Investment	30 June	36	-	-	100.00	-	-
Sun Leisure Hotels Limited	Mauritius	Property	30 June	25	100.00	-	-	-	-
Sun Leisure Investments Limited[1]	Mauritius	Non-trading	30 June	14,264	99.89	-	-	0.11	-
Sun Logistics Ltd	Mauritius	Logistics	30 June	10	-	-	100.00	-	-
Sun Resorts (Seychelles) Limited[1]	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	Hotel Management	30 June	10	100.00	-	-	-	-
Sun Resorts International Limited	Mauritius	Investment	30 June	1,522,624	100.00	-	-	-	-
Sun Styled Boutiques Ltd	Mauritius	Retail	30 June	600	100.00	-	-	-	-
Sun Support Ltd	Mauritius	Investment	30 June	10	100.00	-	-	-	-

8. INTEREST IN SUBSIDIARIES (CONT'D)

(a)

					2021				
				Stated capital	Proportion of ownership interest and voting rights held			Proportion of ownership interests held by non-controlling interests	
					Direct		Indirect		
Unquoted Investments, at valuation	Country of incorporation and operation	Business Activity	Period end	30 June 2021	Ordinary shares	Preference shares	Ordinary shares	Ordinary shares	Preference shares
				Rs'000	%	%	%	%	%
Supply Chain Experts Ltd	Mauritius	Procurement	30 June	10	-	-	100.00	-	-
Washright Services Limited	Mauritius	Laundry	30 June	10,000	100.00	-	-	-	-
Wolmar Sun Hotels Limited	Mauritius	Resort	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[1]	Mauritius	Non-trading	30 June	10	100.00	-	-	-	-

[1] These companies were non-trading as at 30 June 2019, 30 June 2020 and 30 June 2021.
[2] This company was wound up during the year ended 30 June 2021.
[3] The assets of SRL Kanuhura Ltd were disposed on 3 May 2021 and the company was in the process of being wound up at 30 June 2021.
***: Represents investment amounting to Rs 100 which is not shown due to rounding off to the nearest thousand.*

(b) **Subsidiaries with material non-controlling interests**

Details of the subsidiary that has non-controlling interest that is material to the entity:

Name	Principal place of business	Proportion of interest held by NCI	Profit/(loss) allocated to non-controlling interest during the year		Accumulated non-controlling interest at	
			2022	2021	2022	2021
			Rs'000	Rs'000	Rs'000	Rs'000
SRL Touessrok Hotel Ltd	Mauritius	26%	14,205	(87,453)	848,373	701,531

8. INTEREST IN SUBSIDIARIES (CONT'D)

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

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

Name	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit/(Loss) from continuing operations	Other comprehensive income for the year	Total comprehensive income for the year	Dividend paid to non-controlling interest
SRL Touessrok Hotel Ltd	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
30 June 2022	**151,315**	**4,970,692**	**366,784**	**1,492,249**	**925,194**	**54,634**	**587,720**	**642,354**	**-**
30 June 2021	53,346	4,450,081	351,307	1,453,925	60,084	(336,356)	(4,700)	(341,056)	-

(ii) Summarised cash flow information:

Name	Operating activities	Investing activities	Financing activities	Net increase/(decrease) in cash and cash equivalents
SRL Touessrok Hotel Ltd	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
30 June 2022	**350,621**	**(15,997)**	**(234,985)**	**99,639**
30 June 2021	(182,150)	(15,718)	106,154	(91,714)

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

9. INTEREST IN ASSOCIATE

Accounting policies

Separate financial statements

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

Consolidated financial statements

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

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

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

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

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

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.

9. INTEREST IN ASSOCIATE (CONT'D)

Accounting policies (cont'd)

(a)

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**392,645**	495,991	**392,645**	495,991
Dividend income	**(107,438)**	(103,346)	**-**	-
Impairment charges (note 9(e))	**-**	-	**(107,438)**	(103,346)
At 30 June	**285,207**	392,645	**285,207**	392,645

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

Name	Period end	Nature of business	Principal place of business	Proportion of ownership interest and voting rights held	
2022 & 2021				**Direct**	**Indirect**
EastCoast Hotel Investment Ltd	31 December	Investment holding	Mauritius	30%	-

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

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

(c) Summarised financial information

	EastCoast Hotel Investment Ltd	
	2022	2021
	Rs'000	Rs'000
Statement of financial position		
Net assets	**950,690**	1,308,817
Statement of profit or loss and other comprehensive income		
Revenue	**-**	-
Dividends received during the year	**107,438**	103,346

9. INTEREST IN ASSOCIATE (CONT'D)

(d) Reconciliation of summarised financial information

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

	EastCoast Hotel Investment Ltd	
	2022	2021
	Rs'000	Rs'000
Net assets	950,690	1,308,817
Ownership interest	30%	30%
Interest in associate	285,207	392,645

(e) At 30 June 2022, no impairment was recognised for the Group (2021: Rs Nil) while an impairment charge of Rs 107.4m was recognised for the Company (2021: Rs 103.3m) due to recoverable value being lower than its carrying value. The recoverable amount of the associate is determined based on the value-in-use calculations. These calculations are determined by discounting future dividend income from its associate at a discount rate of 10.42% (2021: 8.23%) until financial year 2023. The discount rates which represents the current market assessment of the risk specific to the associate taking into consideration the time value of money and the weighted average cost of capital (WACC) is a key assumption.

If the pre-tax discount rate applied to the cash flow projections had been 1% higher than management's estimates, the Group's and Company's recoverable amount would have decreased by Rs 3.6m (2021: Rs 8.5m).

10. INTEREST IN JOINT VENTURE

Accounting policies

The Group has an interest in a joint venture which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The Group recognises its interest in the joint venture using the equity method.

Under the equity method, the interest in joint venture is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The statement of profit or loss reflects the share of the results of operations of the joint venture.

Where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture. The financial statements of the joint venture are prepared for the same reporting period as the Company.

(a)

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	49,277	51,103	-	-
Share of results after income tax	19,515	(7,844)	-	-
Share of other comprehensive income	(5,099)	6,018	-	-
At 30 June	63,693	49,277	-	-

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

Name	Period end	Nature of business	Principal place of business	Proportion of ownership interest and voting rights held	
				Direct	Indirect
Solea Vacances SA	30 June	Investment holding	France	-	50%

10. INTEREST IN JOINT VENTURE (CONT'D)

(c) Summarised financial information

	Solea Vacances SA	
	2022	2021
	Rs'000	Rs'000
Statement of financial position		
Current assets	316,680	287,868
Non-current assets	4,936	2,009
Current liabilities	235,324	236,238
Non-current liabilities	-	-
Statement of profit or loss and other comprehensive income		
Revenue	1,223,148	106,063
Profit/(loss) for the year	39,030	(15,688)

(d) Reconciliation of summarised financial information

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

	Solea Vacances SA	
	2022	2021
	Rs'000	Rs'000
Net assets	43,146	26,820
Goodwill	20,547	22,457
Interest in joint venture	63,693	49,277

11. OTHER INVESTMENTS

Accounting policies

The fair value of securities not quoted in an active market is determined using the net asset value.

Sources of estimation uncertainty

Fair value of securities not quoted in an active market

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. Refer also to note 40.7.

AT VALUATION	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Fair value through other comprehensive income				
Listed equity investments				
At 1 July	3	3	3	3
Impairment charges	(3)	-	(3)	-
At 30 June	-	3	-	3
Unlisted equity investments				
At 1 July	170,376	158,897	5,547	5,547
Transfer from other financial assets	917	3,972	-	-
Impairment charges	(5,547)	-	(5,547)	-
Fair value adjustments	(244)	7,507	-	-
At 30 June	165,502	170,376	-	5,547
Total	165,502	170,379	-	5,550

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

Included in unlisted equity, is an amount of Rs 5.5m representing unquoted investments which the Directors have fully impaired during the year ended 30 June 2022 as the fair values cannot be reliably measured. All unquoted investments are classified under level 3 of the fair value hierarchy.

The investments are denominated in Mauritian Rupee.

The fair value of investments would be estimated to be Rs 16.6m (2021: Rs 17.0m) lower/higher following a 10% change in the net asset values.

12. OTHER FINANCIAL ASSETS

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Loans under Executive Share Scheme (note 12(a))	16,920	16,920	16,920	16,920
Finance lease receivables (note 12(b))	-	-	-	19,910
Loans to subsidiaries (note 36(i))	-	-	1,733,317	2,141,538
	16,920	16,920	1,750,237	2,178,368

(a) Loans under Executive Share Scheme

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

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

The scheme was discontinued on 30 June 2016 and replaced by the Phantom Share Option Scheme (see Note 21(b)).

(b) Finance lease receivables

Finance lease receivables for the Company relate to leasehold land subleased to Ambre Resort up to September 2022.

	THE COMPANY	
	2022	2021
	Rs'000	Rs'000
Receivable:		
Within one year	20,160	80,640
After one year but before two years	-	20,160
Total undiscounted cash flows	20,160	100,800
Effect of discounting	(249)	(3,660)
Total finance lease receivables	19,911	97,140
Included in the financial statements as:		
Non-current assets	-	19,910
Current assets (note 14)	19,911	77,230
Total finance lease receivable from subsidiary company	19,911	97,140

(c) Loans to subsidiaries

The loans to subsidiaries are unsecured with no fixed term of repayment and are interest bearing at 6.25% per annum (2021: 6.25%).

13. INVENTORIES

Accounting policy

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.

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Food and beverages	55,692	37,876	-	-
Operating supplies	20,378	14,349	-	-
Spare parts	3,812	2,851	-	-
Fabric and linen	7,878	10,654	-	-
Retail products	15,803	31,292	-	-
	103,563	97,022	-	-

(a) The inventories' pledged as security for the debts of the Group have been disclosed under note 18(g). Write downs of inventories for the current year amount to Rs Nil (2021: Rs 4.7m).

(b) Cost of inventories expensed in food and beverages amounts to Rs 475.8m for the Group (2021: Rs 144.6m).

14. TRADE AND OTHER RECEIVABLES

Accounting policies and significant judgements

Refer to note 40 on accounting policies and significant judgements on financial assets

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Trade receivables	345,180	111,800	-	-
Less: provision for impairment (note (iv))	(21,996)	(38,848)	-	-
Trade receivables - net	323,184	72,952	-	-
Prepayments	181,198	114,374	-	-
Other receivables	76,697	71,989	12,931	-
VAT recoverable	-	92,543	2,733	18,970
Finance lease receivables (note 12(b))	-	-	19,911	77,230
Amounts due by related parties, net of provision for impairment (note 36(i))	10,634	72,539	538,557	373,695
	591,713	424,397	574,132	469,895

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

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

(ii) The Group and the Company do not hold any collateral over these balances but have an insurance cover for some major trade tour operators to mitigate the risks of 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 through its credit insurer to check and monitor regularly the creditworthiness of the customer.

(iii) Ageing of past due trade debtors

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Within 31 - 60 days	55,298	29,115	-	-
Within 61 - 90 days	44,468	9,136	-	-
Over 90 days	38,434	55,720	-	-
Total	138,200	93,971	-	-

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

(iv) Movement in provision for impairment

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	38,848	64,708	-	-
Movement in impairment loss recognised on trade receivables:				
- Provision for receivable impairment	(4,695)	18,237	-	-
- Impairment loss reversed	(2,464)	(750)	-	-
Receivable written off during the year as uncollectible	(9,693)	(43,347)	-	-
At 30 June	21,996	38,848	-	-

14. TRADE AND OTHER RECEIVABLES (CONT'D)

(v) The provision for impairment on amount receivables from related parties for the Company has been disclosed under note 36(i).

Other than trade receivables and receivables from related parties, the other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the end of the reporting period is the carrying value of each class of receivable mentioned above.

		Trade receivables - days past due				
		Current	Within 31 - 60 days	Within 61 - 90 days	Over 90 days	Total
(i)	**The Group**					
	30 June 2022					
	Expected credit loss rate (%)	1.9%	7.3%	1.4%	34.7%	
	Gross carrying amount (Rs'000)	206,980	55,298	44,468	38,434	
	Loss allowance (Rs'000)	4,018	4,039	601	13,338	**21,996**
	30 June 2021					
	Expected credit loss rate (%)	0.0%	2.4%	11.0%	66.6%	
	Gross carrying amount (Rs'000)	17,829	29,115	9,136	55,720	
	Loss allowance (Rs'000)	-	706	1,008	37,134	**38,848**

(d) The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are reviewed annually or when there is a significant increase in external factors, potentially impacting credit risk and are updated where management's expectations of credit losses change. As at 30 June 2022, management has assessed the expected credit loss for trade receivables. With the COVID-19 subsiding, management has decreased the expected credit loss for trade receivables based on their judgement as to the impact on the trade receivables portfolio. In addition, management has adopted a conservative approach by increasing provision on trade receivables that are due for more than 180 days.

15. STATED CAPITAL

Accounting policies

(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*

When 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.

	THE GROUP AND THE COMPANY				
	Number of shares	Ordinary shares	Share premium	Treasury shares	Total
		Rs'000	Rs'000	Rs'000	Rs'000
Issued and fully paid ordinary shares					
At 1 July 2021 and at 30 June 2022	**194,545,072**	**1,945,451**	**3,138,833**	**(1,451,389)**	**3,632,895**

In the issued and fully paid ordinary shares above, the Company held 20,118,546 treasury shares (2021: 20,118,546), for which the Company has the right to reissue these shares at a later date. Fully paid up ordinary shares have a par value of Rs 10 each, carry one voting right and a right to dividend.

16. CONVERTIBLE BONDS

Accounting policy

A policy choice is available for the treatment of the convertible bonds, that is, the Group can either treat the convertible bonds as equity or compound financial instrument with an embedded derivative. The Directors have opted to treat the convertible bonds as equity where both the principal and interest components have been classified as equity on initial recognition based on the subscription proceeds received, net of transaction costs, and is not subsequently remeasured.

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**2,264,792**	-	-	-
Additions	**550,000**	2,275,000	-	-
Front-end fee paid	-	(12,300)	-	-
Front-end fee transferred (from)/to prepayment	**(2,400)**	3,600	-	-
Legal fees	-	(1,508)	-	-
At 30 June	**2,812,392**	2,264,792	-	-
Interest accrued accounted under Statements of changes in equity at 30 June	**77,403**	14,833	-	-

During the financial year ended 30 June 2021, the Group, through two of its wholly owned subsidiaries namely Long Beach Resort Ltd and Anahita Hotel Limited, contracted with the Mauritius Investment Corporation Ltd ("MIC"), a wholly owned subsidiary of the Bank of Mauritius to issue redeemable convertible bonds for a total amount of Rs 3.1 billion comprising 310 bonds of Rs 10 million each.

One of the main objectives of the MIC was to provide financial support to companies impacted by the COVID-19 pandemic and in particular to the tourism sector which had the worst impact due to the full border closure. The MIC support is in the form of redeemable convertible bonds to companies which required urgent working capital to sustain its viability.

Key terms and conditions of the funding arrangements are as follows:

- The bonds shall be issued in four equal tranches.
- The maturity date is 9 years from first disbursement of the first tranche of the subscription proceeds being on 14 December 2029.
- The conversion has been pre-determined prior to the subscription.
- All outstanding bonds will be converted into ordinary shares at a pre-agreed formula and price on maturity date.
- The interest rates ranges between 3.00% to 3.25% p.a. over the duration of the bonds (from issue date to the earlier of the redemption date or the conversion date). On maturity date, any unpaid capital and interest is converted into ordinary shares in accordance with the predetermined conversion price.
- The conversion price is subject to certain adjustments such as capitalisation of profit or reserves, capital distribution, rights issues, share split, amongst others.
- Redemption of the bonds shall be at the option of the issuer. The issuer may redeem some or all the bonds, any time prior to the maturity date. The option price shall be determined as follows:
  - if redemption happens before the 4th anniversary of the first subscription, the redemption price shall be the nominal amount,
  - if redemption happens after the 4th anniversary of the first subscription, the redemption amount shall be 100.5% of the nominal amount.

17. RESERVES

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Property revaluation (note (a))	5,583,894	3,935,828	-	-
Investment revaluation (note (b))	19,123	19,169	8,624,303	9,506,538
Cash flow hedge reserve (note (c))	(114,872)	(533,313)	-	-
Foreign currency translation (note (d))	558,593	569,602	-	-
	6,046,738	3,991,286	8,624,303	9,506,538

(a) Property revaluation reserve arises 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.

(b) The investment revaluation reserve represents accumulated gains and losses arising on the revaluation of financial assets at fair value through comprehensive income.

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

(d) Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the 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.

18. LOANS AND OTHER BORROWINGS

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current liabilities				
Bank loans (note (a))	3,259,025	3,907,287	1,058,665	1,758,335
Bonds (note (b))	2,296,620	2,779,702	1,294,300	1,294,300
Loan from subsidiary (note (d) and note 36(i))	-	-	700,000	-
	5,555,645	6,686,989	3,052,965	3,052,635
Current liabilities				
Bank loans (note (a))	922,641	392,171	670,990	115,692
Bonds (note (b))	364,480	1,556,211	-	1,556,211
Bank overdrafts (note (c) and note 34)	2,119	17,206	-	2,486
	1,289,240	1,965,588	670,990	1,674,389
Accrued interests	47,080	143,378	21,555	78,717
	1,336,320	2,108,966	692,545	1,753,106
Total loans and other borrowings	6,891,965	8,795,955	3,745,510	4,805,741

The maturity of the loans and other borrowings ranges between years 2022 - 2030.

18. LOANS AND OTHER BORROWINGS (CONT'D)

(a) **Bank loans**

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Repayable:				
Within one year	922,641	392,171	670,990	115,692
After one year but before two years	662,855	962,931	312,156	575,895
After two years but before three years	672,316	688,464	232,245	295,699
After three years but before five years	1,154,189	1,398,703	255,301	523,823
After five years	769,665	857,189	258,963	362,918
Non-current liabilities	3,259,025	3,907,287	1,058,665	1,758,335
Total	4,181,666	4,299,458	1,729,655	1,874,027
Included in the above loans are:				
US Dollar loans	192,630	385,564	182,667	175,770
Euro loans	2,792,643	3,262,191	1,131,601	1,363,586
Great Britain Pound loans	133,461	147,410	-	-
Mauritian Rupee loans	1,062,932	504,293	415,387	334,671
Total	4,181,666	4,299,458	1,729,655	1,874,027

The average interest rate on loans as at the end of the reporting period was as follows:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	%	%	%	%
Average interest rate	3.81%	3.61%	3.64%	3.63%

(b) **Bonds**

The bonds' repayment are between financial year 2020 to 2030. The bonds are arranged at floating and fixed interest rates and the average interest as at the end of reporting period was 4.28% per annum (2021: 4.6%).

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Repayable:				
Within one year	364,480	1,556,211	-	1,556,211
After one year but before two years	1,294,300	389,802	1,294,300	-
After two years but before three years	387,260	1,294,300	-	1,294,300
After three years but before five years	387,260	423,300	-	-
After five years	227,800	672,300	-	-
Non-current liabilities	2,296,620	2,779,702	1,294,300	1,294,300
Total	2,661,100	4,335,913	1,294,300	2,850,511

18. LOANS AND OTHER BORROWINGS (CONT'D)

(c) **Bank overdrafts**

The average interest rate of bank overdrafts was as follows:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	%	%	%	%
Average interest rate	4.16	4.10	4.16	4.10

(d) The loan from subsidiary is unsecured, repayable after more than 12 months, denominated in Mauritian Rupee and carries interest at a rate of 3.25% per annum.

(e) The carrying amounts of borrowings are not materially different from the fair value. The borrowings are accounted for under amortised cost and there is a commitment for repayment.

(f) 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 40.6.

(g) The carrying amount of assets pledged as security for current and non-current borrowings are:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
Current				
Fixed and floating charges				
Cash and cash equivalents	1,280,133	1,415,456	769,565	897,039
Trade and other receivables	258,914	102,306	12,930	240
Inventories	85,182	71,822	-	-
Total current assets pledged as security	1,624,229	1,589,584	782,495	897,279
Non-current				
First Mortgage				
Freehold land and buildings	16,357,844	13,993,089	-	-
Fixed and floating charges				
Property, plant and equipment	324,065	367,639	818	969
Intangible assets	10,930	42,142	7,792	38,737
Investment in subsidiaries	-	-	18,057,235	18,761,367
Investment in associates	285,207	392,645	285,207	392,645
	620,202	802,426	18,351,052	19,193,718
Total non-current assets pledged as security	16,978,046	14,795,515	18,351,052	19,193,718
Total assets pledged as security	18,602,275	16,385,099	19,133,547	20,090,997

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

19. DEFERRED TAX

Accounting policy

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.

Significant judgements

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The outcome of their actual utilisation may be different. Judgements made in the recoverability of the deferred tax asset are aligned to those made in the going concern note 3 where considerations of the future profitability of the group have been made.

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

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax assets	101,906	172,490	33,058	31,523
Deferred tax liabilities	(1,252,489)	(946,728)	-	-
	(1,150,583)	(774,238)	33,058	31,523

Deferred tax assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax assets not recognised was Rs 139.7m (2021: Rs 153.1m) for the Group due to uncertainty of future profit streams. The tax losses due to operations expire on a rolling basis over 5 years whereas capital allowances can be utilised indefinitely.

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

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	774,238	927,781	(31,523)	(30,773)
Recognised in profit or loss (note 24(b))	45,629	(275,315)	(5,822)	(8,521)
Recognised in other comprehensive income	329,895	123,024	4,287	7,771
Exchange difference	821	(1,252)	-	-
At 30 June	1,150,583	774,238	(33,058)	(31,523)

19. DEFERRED TAX (CONT'D)

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

(i) **THE GROUP**

	At 30 June						
	As previously reported	Effect of prior year adjusment	**As restated**	Recognised in profit or loss	Recognised in other comprehensive income	Exchange difference	**At 30 June**
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	**Rs'000**
2022							
Temporary differences:							
Accelerated capital allowances	768,308	-	768,308	17,512	-	2	**785,822**
Employee benefit liability	(42,436)	-	(42,436)	3,710	8,484	-	**(30,242)**
Revaluation of property, plant and equipment	577,090	-	577,090	-	321,411	-	**898,501**
Other provisions	(11,475)	-	(11,475)	(6,214)	-	1,614	**(16,075)**
Contract liabilities	(10,539)	-	(10,539)	216	-	-	**(10,323)**
Right-of-use assets	(63,516)	-	(63,516)	4,343	-	-	**(59,173)**
Unused tax losses and credits	(443,194)	-	(443,194)	26,062	-	(795)	**(417,927)**
	774,238	**-**	**774,238**	**45,629**	**329,895**	**821**	**1,150,583**
2021							
Temporary differences:							
Accelerated capital allowances	726,762	15,803	742,565	21,706	-	4,037	768,308
Employee benefit liability	(78,043)	-	(78,043)	2,525	33,082	-	(42,436)
Revaluation of property, plant and equipment	552,289	-	552,289	(61,818)	89,942	(3,323)	577,090
Other provisions	(8,846)	-	(8,846)	(1,575)	-	(1,054)	(11,475)
Contract liabilities	(10,755)	-	(10,755)	216	-	-	(10,539)
Right-of-use assets	(57,219)	-	(57,219)	(6,199)	-	(98)	(63,516)
Unused tax losses and credits	(212,210)	-	(212,210)	(230,170)	-	(814)	(443,194)
	911,978	**15,803**	**927,781**	**(275,315)**	**123,024**	**(1,252)**	**774,238**

(ii) **THE COMPANY**

	At 1 July	Recognised in profit or loss	Recognised in other comprehensive income	**At 30 June**
	Rs'000	Rs'000	Rs'000	**Rs'000**
2022				
Temporary differences:				
Accelerated capital allowances	(27,446)	(5,749)	-	**(33,195)**
Employee benefit liability	(4,077)	(73)	4,287	**137**
	(31,523)	**(5,822)**	**4,287**	**(33,058)**
2021				
Temporary differences:				
Accelerated capital allowances	(16,803)	(10,643)	-	(27,446)
Employee benefit liability	(11,217)	(631)	7,771	(4,077)
Unused tax losses and credits	(2,753)	2,753	-	-
	(30,773)	**(8,521)**	**7,771**	**(31,523)**

20. EMPLOYEE BENEFIT LIABILITY

Accounting policies

(a) *Career Average Revalued Earnings (CARE)*

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

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

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

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

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

(b) *Other retirement benefits*

The present value of other retirement benefits in respect of the Workers' Rights Act 2019 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 20(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 Workers' Rights Act 2019 is calculated by a qualified actuary and provided for. The obligations arising under this item are not funded.

(c) *State plan*

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

(d) *Share based payments*

Share-based compensation benefits are provided to employees via the Company's Phantom Share Option Scheme. Information relating to this scheme is set out in note 22.

(e) *Severance Commitment*

Benefits arising from the termination of employment are paid if an employee is laid off by the Group before normal retirement age. The Group pays severance commitments if it is under an obligation to terminate the employment of current employees in accordance with a detailed formal plan that cannot be revoked or if it is under an obligation to pay compensation in the event of employment being terminated voluntarily by the employee. Payments that are due for settlement in more than twelve months after the date of the financial statements are discounted to calculate their present value.

Sources of estimation uncertainty

The cost of defined benefit pension plans and related provisions 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 2022 is Rs 184.8m for the Group (2021: Rs 266.8m) and Rs (0.8)m for the Company (2021: Rs 24.0m).

20. EMPLOYEE BENEFIT PLANS (CONT'D)

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Pension plan (note (a))	(34,913)	45,150	(5,014)	17,419
Other retirement benefits (note (b))	219,672	221,602	4,212	6,564
	184,759	266,752	(802)	23,983
Analysed as follows:				
Employee benefit asset	(34,913)	-	(5,014)	-
Employee benefit liability	219,672	266,752	4,212	23,983
At 30 June	184,759	266,752	(802)	23,983

(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 MUA Pension 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 2022 by Aon Solutions 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:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	45,150	186,404	17,419	57,060
Amount recognised in profit or loss	27,257	32,030	6,974	8,902
Amount recognised in other comprehensive income	(35,973)	(149,262)	(22,483)	(41,933)
Contributions from employer	(71,347)	(24,022)	(6,924)	(6,610)
At 30 June	(34,913)	45,150	(5,014)	17,419

Amounts recognised in the statements of financial position:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of funded obligations	786,772	731,992	242,504	239,319
Fair value of plan assets	(821,685)	(686,842)	(247,518)	(221,900)
At 30 June	(34,913)	45,150	(5,014)	17,419

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

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	731,992	801,691	239,319	263,926
Current service cost	26,918	25,146	6,300	6,770
Contributions from employees	6,099	3,678	1,052	961
Interest cost	35,668	31,387	11,698	10,342
Liability experience gains	18,115	(18,835)	-	(5,226)
Liability losses/(gains) due to change in financial assumptions	1,408	(82,223)	(5,007)	(26,620)
Benefits paid	(33,428)	(28,852)	(10,907)	(13,200)
Transfer from subsidiary company	-	-	49	2,366
At 30 June	786,772	731,992	242,504	239,319

20. EMPLOYEE BENEFIT PLANS (CONT'D)

(a) Pension plan (cont'd)

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

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	686,842	615,287	221,900	206,866
Interest income	35,329	24,503	11,024	8,210
Gains on plan assets excluding interest	55,496	48,204	17,476	10,087
Contributions from employer	71,347	24,022	6,924	6,610
Contributions from employees	6,099	3,678	1,052	961
Benefits paid	(33,428)	(28,852)	(10,907)	(13,200)
Transfer from subsidiary company	-	-	49	2,366
At 30 June	821,685	686,842	247,518	221,900

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

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost	26,918	25,146	6,300	6,770
Net interest on net defined benefit asset	339	6,884	674	2,132
Total included in employee benefits	27,257	32,030	6,974	8,902

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

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Losses on plan assets excluding interest	(55,496)	(48,204)	(17,476)	(10,087)
Liability experience gains/(losses)	18,115	(18,835)	-	(5,226)
Liability gains/(losses) due to change in financial assumptions	1,408	(82,223)	(5,007)	(26,620)
Total	(35,973)	(149,262)	(22,483)	(41,933)

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

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Local quoted equity instruments	98,602	219,789	89,106	71,008
Overseas quoted equity instruments	369,758	151,105	27,227	48,818
Overseas quoted debt instruments	123,253	27,474	9,901	8,876
Local quoted debt instruments	115,036	212,921	96,532	68,789
Cash and others	115,036	75,553	24,752	24,409
Total	821,685	686,842	247,518	221,900

At 30 June 2022, approximately 2% (2021: 2%) of the fund was invested in the shares of Sun Limited.

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

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
(Surplus)/deficit arising on pension plan	(34,913)	45,150	(5,014)	17,419
Experience (losses)/gains on plan liabilities	(18,115)	18,835	-	5,226
Experience gains on plan assets	55,496	48,204	17,476	10,087

20. EMPLOYEE BENEFIT PLANS (CONT'D)

(a) Pension plan (cont'd)

(ix) Sensitivity analysis on defined benefit obligation

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Decrease in defined benefit obligations due to 1% increase in discount rate	131,543	117,702	34,425	34,865
Increase in defined benefit obligations due to 1% decrease in discount rate	104,383	94,515	28,109	28,382

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.

(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.

Investment risk (where the plan is funded): The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Longevity risk (where the plan is funded and an annuity is paid over life expectancy): The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

(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 73.4m (2021: Rs 24.6m) and the Company of Rs 7.1m (2021: Rs 6.8m) to the defined benefit plans during the next financial year.
- The weighted average duration of the defined benefit obligation is 15.6 years (2021: 16.3 years) for the Group and 13 years (2021: 13 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 Workers Rights Act (WRA) 2019.

(i) Reconciliation of other retirement benefits:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	221,602	272,664	6,564	8,923
Amount recognised in profit or loss (note 26)	27,808	50,944	381	3,917
Amount recognised in other comprehensive income	(13,826)	(62,510)	(2,733)	(3,781)
Benefits paid	(15,912)	(39,496)	-	(2,495)
As at 30 June	219,672	221,602	4,212	6,564

20. EMPLOYEE BENEFIT PLANS (CONT'D)

(b) Other retirement benefits (Cont'd)

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

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	221,602	272,664	6,564	8,923
Current service cost	17,153	18,620	485	494
Interest cost	10,655	9,998	318	308
Past service cost	-	5,582	(422)	1,155
Liability experience gains	(16,489)	(57,509)	(2,733)	(3,729)
Liability losses/(gains) due to change in financial assumptions	2,663	(5,001)	-	(52)
Settlement gain	-	16,744	-	1,960
Benefits paid	(15,912)	(39,496)	-	(2,495)
At 30 June	219,672	221,602	4,212	6,564

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

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost	17,153	18,620	485	494
Past service cost	-	5,582	(422)	1,155
Settlement gain	-	16,744	-	1,960
Interest on defined benefit liability	10,655	9,998	318	308
Total	27,808	50,944	381	3,917

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

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Liability experience losses	(13,826)	(62,510)	(2,733)	(3,781)

(v) Sensitivity analysis on defined benefit obligations:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Decrease in defined benefit obligations due to 1% increase in discount rate	30,320	35,615	454	768
Increase in defined benefit obligations due to 1% decrease in discount rate	25,187	29,293	393	654

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 weighted average duration of the defined benefit obligations is 15 years (2021: 15 years) for the Group and 11 years (2021: 11 years) for the Company.

(c) Actuarial assumptions

The principal actuarial assumptions used for accounting purposes were:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
Discount rate - %	5.0	5.0	5.0	5.0
Future salary increases - %	3.0	2.9	3.0	2.9
Future pension increases - %				
Average retirement age (ARA) - Years	65.0	65.0	65.0	65.0
Average life expectancy for under the pension plan:				
: Male at ARA - Years	20.0	19.5	20.0	19.5
: Female at ARA - Years	24.0	24.2	24.0	24.2

21. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	389,602	179,390	4,228	20,269
Capital creditors	25,319	62,717	-	-
Client advances	513,635	287,720	-	-
Other creditors and accruals	882,444	618,437	132,660	124,380
Contract liabilities (note 23)	4,659	4,659	-	-
Amounts due to related parties (note 36(i))	73,824	12,581	2,342,865	1,776,430
	1,889,483	1,165,504	2,479,753	1,921,079

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

(b) Share based payments

Accounting policy

Share-based payment comprises cash-settled liability awards which are measured at fair value at each balance sheet date until settlement and are classified under 'Trade and other payables' based on vesting conditions. The profit/(loss) of the period equals the addition to and/or the reversal of the provision during the reporting date.

Included in other creditors and accruals are share based payments liabilities of Rs Nil (2021: Rs 1.2m) for the Group and Company relating to the Phantom Share Option Scheme for executives of the Company and its subsidiaries. In accordance with the terms of the plan, executives are granted an option over a number of phantom shares at a base option price which is equal to the market value of the share at the date of the grant of the option. On exercise date, the holder of the options is entitled to a cash or share bonus, which subject to the rules of the plan, is equivalent to the increase of the Group's share price between the grant date and the exercise date. Bonus may be paid either in cash or shares at discretion of the Board. However, the bonus will be primarily be in cash as the coversion of part of the bonus is only retained by the Board as an option. Thus, it is unlikely that any shares if issued, will have a dilutive effect.

Under the plan, participants are granted options which only vest if certain performance standards are met. The option is exercisable:

(a) After three years, but before expiry of four years from the Award date, for a maximum of 70% of the Phantom Share option issued and

(b) After four years, but before the expiry of five years from Award Date, for the remaining share options that have not been exercised.

The rights must be exercised on the vesting date and will expire if not exercised on that date.

The number of phantom shares granted is calculated based on a percentage of their annual basic salary and after recommendation by the Corporate Governance, Ethics and the Remuneration and Nomination committee.

- improvement in share price
- improvement in net profit

Set out below are summaries of options granted under the plan:

	Number of options	
	2022	2021
As at 1 July	522,047	522,047
Forfeited during the year	(104,765)	-
Expired during the year	(280,740)	-
As at 30 June	136,542	522,047
Vested and exercisable at 30 June	91,647	306,856

Share options outstanding at the end of the year have the following expiry dates:

Grant Date	Expiry date	Grant Date Fair value	Number of options 2022	2021
1 July 2016	30 June 2021	34.25	-	190,690
1 July 2017	30 June 2022	41.00	-	165,952
1 July 2018	30 June 2023	51.25	136,542	165,405
As at 30 June			136,542	522,047

21. TRADE AND OTHER PAYABLES (CONT'D)

(b) Share based payments (cont'd)

The fair value of the cash settled share based payment arrangements was determined using the Black-Scholes model using the following inputs as at 30 June 2022:

Share price at measurement date	Rs 25.75
Expected volatility	26.55%
Dividend yield	0.00%
Risk-free interest rate	4.45%

None of the options granted has been exercised as at 30 June 2021 and 30 June 2022.

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

22. PROVISION

Accounting policy

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.

Sources of estimation uncertainty

As disclosed below, the Company has recognised a provision in respect of claims for additional duty on the sale of St Géran and the purchase of Anahita Four Seasons. The crystalisation of such claims is inherently uncertain and as such management has fully provided for the claims.

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Le St Geran Hotel (note (b))	12,373	19,989	12,373	19,989
Anahita Hotel Ltd (note (c))	3,000	3,000	3,000	3,000
Disputes with employees (note (d))	18,365	-	-	-
	33,738	22,989	15,373	22,989
Included in the financial statements as:				
Non-current liabilities	33,738	9,913	15,373	9,913
Current liabilities	-	13,076	-	13,076
	33,738	22,989	15,373	22,989

(a) Movement in provision:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	22,989	60,298	22,989	29,580
Provisions for the year	18,365	-	-	-
Payment during the year	(7,616)	(6,591)	(7,616)	(6,591)
Unutilised amount reversed	-	(30,718)	-	-
At 30 June	33,738	22,989	15,373	22,989

(b) Judgement was obtained on 12 July 2021 for claims on additional duty in respect of the sale of Le St Geran Hotel by Sun Leisure Investments Ltd. The provision was reduced with the settlement of part of the claims.

(c) This represents provision for legal charges for the appeal to the Assessment Review Committee in respect of the additional duty being claimed by the Registrar General on the purchase of Four Seasons Resort (Anahita Hotel Ltd) by Sun Limited.

(d) The provision is in respect of claims lodged by former employees who were dismissed for gross misconduct.

23. CONTRACT LIABILITIES

	THE GROUP	
	2022	2021
	Rs'000	Rs'000
Invest Hotel Scheme (note (a))	60,718	61,990
Golf membership fees (note (b))	29,785	33,172
	90,503	95,162
Non-current liabilities	85,844	90,503
Current liabilities (note 21)	4,659	4,659
	90,503	95,162

(a) **Invest Hotel Scheme**

In 2018, the remaining 14 rooms under the Long Beach Invest Hotel Scheme (IHS) were sold generating a revenue of Rs 134.8m. A net profit before tax of Rs 46.6m were realised on the transaction. The rooms were sold by Long Beach IHS to investors with a contract to lease back the rooms to Long Beach Resort Ltd as the operator of the resort, for a period until the end of the Government Lease (i.e) 2070.

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

The profit generated on the sale and leaseback transactions between Long Beach IHS to investors have been deferred over the period until the end of the Government lease (i.e.) 2070.

Significant judgements

Considering the terms and conditions of the sale and leaseback of the IHS rooms, the leaseback transaction is considered to be a lease liability. Accordingly, the profit on sale of the IHS rooms is deferred and amortised to profit or loss over the lease period.

	THE GROUP	
	2022	2021
	Rs'000	Rs'000
At 1 July	61,990	63,262
Release to profit or loss	(1,272)	(1,272)
At 30 June	60,718	61,990
Non-current liabilities	59,446	60,718
Current liabilities	1,272	1,272
	60,718	61,990

(b) **Golf Membership fees**

	THE GROUP	
	2022	2021
	Rs'000	Rs'000
At 1 July	33,172	36,559
Release to profit or loss	(3,387)	(3,387)
At 30 June	29,785	33,172
Non-current liabilities	26,398	29,785
Current liabilities	3,387	3,387
	29,785	33,172

This relates to Golf membership fees not recognised as revenue but deferred and amortised over an estimated player's career of 15 years.

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24. TAXATION

Accounting policy

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.

Income Tax

Income tax is calculated at the rate of 0% to 33% (2021: 0% to 33%) for the Group and 17% (2021: 17%) for the Company on the profit for the period as adjusted for income tax purposes.

(a) **Current tax liability**

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	8,652	(475)	6,624	6,002
Translation difference	66	45	-	-
(Payment)/receipt during the year	(1,576)	7,359	-	-
(Over)/underprovision in previous year	(740)	546	-	-
Tax deducted at source	-	622	-	622
Provision for the year	6,477	555	-	-
At 30 June	12,879	8,652	6,624	6,624
Analysed as follows:				
Current liabilities	13,437	10,404	6,624	6,624
Current tax assets	(558)	(1,752)	-	-
At 30 June	12,879	8,652	6,624	6,624

(b) **Tax charge**

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
Income tax:	Rs'000	Rs'000	Rs'000	Rs'000
Provision for the year	6,477	555	-	-
(Over)/underprovision in previous year	(740)	546	-	-
Current income tax expense	5,737	1,101	-	-
Deferred tax movement (note 19)	45,629	(275,315)	(5,822)	(8,521)
Income tax charge/(credit)	51,366	(274,214)	(5,822)	(8,521)
Analysed as follows:				
Continuing operations	51,366	(224,637)	(5,822)	(8,521)
Discontinued operation (note 29)	-	(49,577)	-	-
	51,366	(274,214)	(5,822)	(8,521)

(c) **Reconciliation of accounting profit to tax expense**

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	%	%	%	%
Normal rate of taxation applicable to Mauritian companies	17.00	17.00	17.00	17.00
Tax effect of:				
- Expenses that are not deductible in determining taxable profit	4.52	(2.58)	2.27	(13.93)
- (Under)/over provision in previous year	(2.89)	0.01	(3.02)	-
- Tax losses for which no deferred income tax asset was recognised	1.87	(3.38)	-	(8.67)
- Income not subject to tax	0.90	-	(18.77)	5.62
- Impairment of financial assets	(0.98)	(0.13)	(0.51)	-
- Other adjustments	-	0.74	-	2.70
Effective rate of tax	20.42	11.66	(3.03)	2.72

25. REVENUE

Accounting policy

Revenue corresponds to the value of goods and services sold by the Group in the ordinary course of business. The Group recognises revenue when it transfers the control of the promised goods and services to the customer, which may be over time or at a point in time. Revenue is recognized in an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring promised goods or services.

The Group applies the guidance provided in IFRS 15 to determine whether it acts as the principal or an agent in its contractual hotel management relationships. It is considered as acting as the principal if it controls the promised service before that service is transferred to a customer. In such a case, revenues and related expenses are reported separately in profit or loss. Otherwise, the Group is considered as acting as an agent and only the remuneration corresponding to the agency fee is recognised in revenue.

Other fees relate to services representing distinct performance obligations which are generally satisfied over time, when the hotel owners simultaneously receive and consume the benefits provided. The Group elects the practical expedient to recognise revenue based on amounts invoiced to the customer, when this method of measuring progress best depicts the performance provided.

In cases where the Group has received considerations for services not yet provided, this is treated as a contract liability until the performance obligation is met.

Invoicing is based on contractual prices, which represent the stand-alone selling prices of specified promised goods or services. Variable considerations depending on the occurrence of uncertain future events are estimated using the most likely amount method, based on all reasonably available information, and are, if need be, capped at the minimum amount considered as highly probable. At each reporting period, the Group revises its estimates of variable considerations and assesses whether a constraint should apply.

Hotel revenues

It corresponds to all the revenues received from guests by owned and leased hotels. The services rendered (including room rentals, food and beverage sales and other ancillary services) are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, along the stay in the hotel, and at a point in time for other goods or services, when they have been delivered or rendered.

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Revenue from contracts with customers				
Rooms	**2,874,904**	499,156	**-**	-
Food and beverages	**1,478,124**	317,203	**-**	-
Management fees	**-**	-	**156,757**	102,047
Others	**487,291**	101,352	**-**	-
Total revenue from contracts with customers	**4,840,319**	917,711	**156,757**	102,047
Investment income	**-**	-	**107,438**	103,346
Total revenue	**4,840,319**	917,711	**264,195**	205,393
Timing of revenue recognition				
Goods transferred at a point in time	**1,478,124**	317,203	**-**	-
Services transferred over time	**3,362,195**	600,508	**156,757**	102,047
Total revenue from contracts with customers	**4,840,319**	917,711	**156,757**	102,047
Analysed as follows:				
Continuing operations	**4,840,319**	527,901	**156,757**	102,047
Discontinued operation (note 29)	**-**	389,810	**-**	-
	4,840,319	917,711	**156,757**	102,047

26. OPERATING EXPENSES

Accounting policy

Other expenses relate to indirect costs of operations accounted on the accruals basis.

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Direct costs	**961,007**	207,752	**-**	-
Wages and salaries	**1,442,497**	1,101,837	**75,528**	57,040
Social security costs	**124,436**	177,687	**11,439**	13,320
Pension costs (note 20 (a)(ii))	**27,257**	32,030	**6,974**	8,902
Other post-retirement benefits (note 20 (b))	**27,808**	50,944	**381**	3,917
Employee benefits	**1,621,998**	1,362,498	**94,322**	83,179
Rental and lease expenses	**231,371**	29,483	**2,969**	2,825
Utilities	**240,552**	125,831	**387**	240
Marketing expenses	**183,032**	34,415	**-**	-
Repairs and maintenance	**137,563**	55,500	**423**	360
Management fees and services	**88,097**	-	**-**	-
Office expenses	**19,940**	18,761	**6,608**	384
Travelling expenses	**9,987**	1,541	**686**	-
Information and telecommunication expenses	**78,235**	60,233	**4,725**	4,603
Insurance	**52,060**	51,839	**960**	(6,799)
Professional, legal and consultancy fees	**41,185**	21,143	**4,556**	5,313
Contract services	**86,531**	-	**-**	-
Credit card commissions	**65,279**	5,843	**-**	-
Business occupation and other taxes	**41,280**	3,983	**2,116**	2,290
Others miscellaneous costs	**94,509**	23,569	**2,362**	-
Other expenses	**1,369,621**	432,141	**25,792**	9,216
Operating expenses	**3,952,626**	2,002,391	**120,114**	92,395
Analysed as follows:				
Continuing operations	**3,952,626**	1,784,758	**120,114**	92,395
Discontinued operation (note 29)	**-**	217,633	**-**	-
	3,952,626	2,002,391	**120,114**	92,395

27. OTHER INCOME

Accounting policy

Government grants

Government grants are recognised if it is reasonably certain that the related conditions will be satisfied and the grants will actually be received. Grants for the purchase of non-current assets (asset-related grants) are deducted from the historical cost of the assets in question and reduce future depreciation. Grants in respect of wages obtained under the wage assistance scheme are accounted for in the statement of profit or loss in the period to which the wages relate. Repayment of the grant (COVID-19 Levy) is contingent on the chargeable income of the entity over the current and next years and is recognised in profit or loss, when the profit arises. The grant is shown net of the COVID-19 Levy.

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Government wage assistance scheme, net of taxes	**253,396**	572,030	**1,300**	3,441
Foreign exchange gains/(losses)	**447**	(6,310)	**338**	4
Land lease concession (note 5)	**(13,802)**	99,053	**-**	-
Gain on lease re-assessment (note 5)	**73,226**	-	**-**	-
Gain on disposal of assets and sundry income	**11,309**	31,777	**-**	-
	324,576	696,550	**1,638**	3,445
Analysed as follows:				
Continuing operations	**324,576**	667,514	**1,638**	3,445
Discontinued operation (note 29)	**-**	29,036	**-**	-
	324,576	696,550	**1,638**	3,445

The Government has provided funding towards the salary costs of employees who have been furloughed through the Government wage assistance scheme. The Group has assessed that the funding meets the definition of a Government grant under IAS 20. The related salary costs which are compensated by the scheme are included within employee benefits.

28. DEPRECIATION AND AMORTISATION

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Depreciation of property, plant and equipment (note 4)	**459,885**	516,693	**3,209**	4,304
Depreciation of rights-of-use assets (note 5(a))	**65,177**	59,241	**-**	-
Depreciation of operating equipment (note 6)	**3,365**	14,397	**-**	-
Amortisation of intangible assets (note 7)	**33,292**	13,778	**30,945**	8,477
	561,719	604,109	**34,154**	12,781
Analysed as follows:				
Continuing operations	**561,719**	560,809	**34,154**	12,781
Discontinued operation (note 29)	**-**	43,300	**-**	-
	561,719	604,109	**34,154**	12,781

29. DISCONTINUED OPERATIONS AND DISPOSAL OF THE ASSETS OF KANUHURA

Accounting policy

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations. The result of discontinued operations are presented separately in profit or loss.

(a) During the financial year ended 30 June 2021, the Group disposed of the assets of Kanuhura in Maldives to Leisure Ocean Private Limited. The strategic decision to move out of the Maldives was taken before the COVID-19 pandemic so that the Group can refocus its resources on its portfolio of properties in Mauritius and reduce its gearing level in the future. The transaction was successfully completed on 3 May 2021 and proceeds on disposal amounting to USD 41.5m were received in cash. The Group recognised a profit on disposal of the assets of Rs 29m, detailed as follows:

	THE GROUP
	2021
	Rs'000
Consideration received - Cash and cash equivalents	1,676,600
Less cost to sell	(42,646)
	1,633,954
Less net book value of assets disposed	(1,604,918)
Profit on disposal of assets (note (c))	29,036

The profit on disposal of assets was included in the statement of profit or loss under discontinued operation in 2021.

(b) The carrying amounts of assets and liabilities as at the date of disposal (3 May 2021) were:

Property, plant and equipment	1,604,918

29. DISCONTINUED OPERATIONS AND DISPOSAL OF THE ASSETS OF KANUHURA (CONT'D)

(c) An analysis of the result of discontinued operation is as follows:

	THE GROUP
	2021
	Rs'000
Revenue	389,810
Other income (note (a))	29,036
Operating expenses	(217,633)
Earnings before interest, tax, depreciation and amortisation and exceptional items	201,213
Impairment of non-financial assets (note 30(a))	(392,049)
Loss before interest, tax, depreciation and amortisation	(190,836)
Depreciation and amortisation	(43,300)
Operating loss	(234,136)
Finance costs	(60,368)
Loss before tax	(294,504)
Income tax credit	49,577
Loss for the period from discontinued operation	(244,927)

(d) Net cash flows from discontinued operations

	THE GROUP
	2021
	Rs'000
Operating cash flows	(1,093,895)
Investing cash flows	1,659,480
Financing cash flows	(575,334)
	(9,749)

30. IMPAIRMENT OF FINANCIAL AND NON-FINANCIAL ASSETS

(a) **Impairment reversals/(charges) on non-financial assets**

Accounting policy

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.

(i) **THE GROUP - 2022**

Impairment on non-financial assets	Cash generating unit/ Company	Reportable segment	Statement of Profit or loss
			Rs'000
Impairment reversals:			
- Property, plant and equipment (note 4)	Long Beach resort	Mauritius	**3,179**
- Inventories	Retail operations	Mauritius	**8,492**
			11,671

30. IMPAIRMENT OF FINANCIAL AND NON-FINANCIAL ASSETS (CONT'D)

(a) Impairment reversals/(charges) on non-financial assets (cont'd)

Long Beach Resort

During the year ended 30 June 2022, following a valuation exercise carried out by an independent valuer based on the depreciated replacement cost basis, a reversal of impairment losses of Rs 3.2m was recognised.

(ii) **THE GROUP - 2021**

Impairment on non-financial assets	Cash generating unit/ Company	Reportable segment	Statements of Profit or loss
			Rs'000
Impairment charges:			
- Property, plant and equipment (note 4)	Kanuhura Resort	Maldives	392,049
- Inventories	Retail operations	Mauritius	4,705
			396,754
Analysed as follows:			
Continuing operations			4,705
Discontinued operation (note 29)			392,049
			396,754

Kanuhura Resort

The carrying amount of assets of Kanuhura was assessed for any impairment in February 2021 based on the disposal price less cost to sell of a potential buyer at that date. Based on this assessment, impairment loss allocated to property, plant and equipment amounted to Rs 392m was accounted in profit or loss under discontinued operation.

(b) Impairment of financial assets

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Impairment (charges)/reversals on:				
- Other investments (note 11)	(5,550)	-	(5,550)	-
- Trade receivables (note 14)	4,695	(18,237)	-	-
- Amount receivables from related parties (note 36)	-	-	118,818	135,535
	(855)	(18,237)	113,268	135,535

31. FINANCE COSTS

Accounting policy

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.

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Interest costs on bank and other loans	327,197	442,287	185,125	292,053
Interest charges on lease liabilities	111,759	158,707	4,573	9,405
Effective portion of cash flow hedge - transfer from OCI	44,836	108,376	6,400	-
Ineffective portion of cash flow hedge (note 41)	-	121,503	-	-
Net foreign exchanges losses	3,917	113,043	-	324,290
	487,709	943,916	196,098	625,748
Analysed as follows:				
Continuing operations	487,709	883,548	196,098	625,748
Discontinued operation (note 29)	-	60,368	-	-
	487,709	943,916	196,098	625,748

32. FINANCE INCOME

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Interest received on:				
- Bank deposits	8,382	8,062	-	-
- Loan to subsidaries	-	-	133,843	177,136
Net foreign exchange gains	49,892	-	136,347	-
	58,274	8,062	270,190	177,136
Analysed as follows:				
Continuing operations	58,274	8,062	270,190	177,136

33. EARNINGS PER SHARE

	THE GROUP	
	2022	2021
	Rs'000	Rs'000
Profit/(loss) from continuing operations attributable to equity holders of the Company	185,704	(1,744,105)
Loss from discontinued operation attributable to equity holders of the Company	-	(244,927)
Profit/(loss) attributable to equity holders of the Company	185,704	(1,989,032)
Weighted average number of ordinary shares (thousand)	174,427	174,427
Basic and diluted earnings/(loss) per share (Rs)		
From continuing operations attributable to equity holders of the Company	1.06	(10.00)
From discontinued operation	-	(1.40)
Total basic and diluted earnings/(loss) per share attributable to equity holders of the Company	1.06	(11.40)

Basic and diluted earnings per share is calculated by dividing profit/(loss) for the year attributable to ordinary equity owners of the Company by the number of shares in issue excluding treasury shares. After the reporting period, no ordinary shares (2021: Nil) have been issued for cash; however, the earnings per share amount was not adjusted for such transaction occurring after the reporting period because such transactions do not affect the amount of capital used to produce profit or loss for the period.

The convertible bonds were found to be anti-dilutive and have therefore not had an impact on Diluted Earnings Per Share.

34. CASH FLOW INFORMATION

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
(i) Movement in working capital				
Inventories	(320)	58,121	-	-
Trade and other receivables	(216,026)	203,508	(42,738)	1,700,068
Trade and other payables	695,097	(503,844)	591,623	340,779
Contract liabilities	(4,659)	(4,660)	-	-
Movement in working capital	474,092	(246,875)	548,885	2,040,847

(ii) Cash and cash equivalents

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

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Cash and short-term deposits	1,582,833	1,565,064	769,565	897,039
Bank overdrafts (note 18)	(2,119)	(17,206)	-	(2,486)
	1,580,714	1,547,858	769,565	894,553

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(iii) Net debt reconciliation

	Other assets	Liabilities from financing activities		
	Cash/Bank overdraft	Loans and other borrowings	Leases liabilities	Total
	Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP				
Net debt as at 1 July 2020	587,041	(9,365,446)	(2,221,697)	(11,000,102)
Net cash outflows	960,817	1,425,209	61,077	2,447,103
Amortised cost on borrowings	-	(17,061)	-	(17,061)
Other non cash movement	-	-	397,908	397,908
Foreign exchange adjustments	-	(678,073)	(27,766)	(705,839)
Net debt as at 01 July 2021	1,547,858	(8,635,371)	(1,790,478)	(8,877,991)
Net cash outflows	32,856	1,413,793	107,755	1,554,404
Amortised cost on borrowings	-	(17,376)	-	(17,376)
Other non cash movement	-	-	(117,256)	(117,256)
Foreign exchange adjustments	-	396,188	17,571	413,759
Net debt as at 30 June 2022	1,580,714	(6,842,766)	(1,782,408)	(7,044,460)
THE COMPANY				
Net debt as at 1 July 2020	80,930	(5,984,186)	(223,588)	(6,126,844)
Net cash outflows	813,623	1,546,635	-	2,360,258
Amortised cost on borrowings	-	(15,188)	-	(15,188)
Other non-cash movements	-	-	93,941	93,941
Foreign exchange adjustments	-	(271,799)	-	(271,799)
Net debt as at 01 July 2021	894,553	(4,724,538)	(129,647)	(3,959,632)
Net cash (inflows)/outflows	(124,988)	910,118	-	785,130
Amortised cost on borrowings	-	(8,777)	-	(8,777)
Other non-cash movements	-	-	102,865	102,865
Foreign exchange adjustments	-	99,242	-	99,242
Net debt as at 30 June 2022	769,565	(3,723,955)	(26,782)	(2,981,172)

**Loans and other borrowings exclude accrued interests*

(iv) Purchase of property, plant and equipment in Statements of cash flows includes an amount of Rs 30m relating to payment of retention money for Sugar Beach renovation in FY21.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

35. COMMITMENTS

Capital commitments	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Authorised and contracted for	64,767	145,573	-	-

The capital commitments relate mainly to maintenance capital expenditure (2021: renovation Anahita Hotel Limited).

36. RELATED PARTY TRANSACTIONS

The transactions of the Group and the Company with related parties during the period are as follows:

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Sales of goods and services				
Subsidiaries and associates of parent	48,281	10,131	-	-
Subsidiaries	-	-	156,757	102,047
	48,281	10,131	156,757	102,047
(b) Interest income				
Subsidiaries	-	-	133,843	177,136
(c) Dividend income				
Associate	-	-	107,438	103,346
(d) Purchases of goods and services				
Subsidiaries and associates of parent	32,501	8,296	3,318	3,318
(e) Legal and secretarial service fees				
Subsidiaries and associates of parent	10,041	9,982	1,255	1,248

(f) The Company has an agreement for the provision of advisory, legal and secretarial services by CIEL Corporate Services Ltd.

(g) Compensation	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
Key management personnel	Rs'000	Rs'000	Rs'000	Rs'000
- Short-term benefits	38,761	39,682	32,180	28,322
- Post-employment benefits	4,970	4,943	4,530	4,128
	43,731	44,625	36,710	32,450
(h) Lease from oher related party				
Right-of-use assets	176,496	186,347	-	-
Lease liabilities	202,858	209,300	-	-
Rental payment	15,825	5,700	-	-
Rental amount waived	3,375	13,500	-	-

(i) Outstanding balances	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Receivables from related parties: Non current				
Loan to subsidiaries (note 12)	-	-	1,733,317	2,141,538
	-	-	1,733,317	2,141,538
Finance lease receivables:				
Subsidiary company	-	-	19,911	97,140

- Loans to related parties are unsecured, with no fixed terms of repayment and carries interest at 6.25% (2021: 6.25%) per annum.

36. RELATED PARTY TRANSACTIONS (CONT'D)

(h) (i) Outstanding balances (cont'd)

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Receivables from related parties - Current				
Subsidiaries and associates of parent	**10,634**	72,539	**426**	570
Subsidiaries	**-**	-	**538,131**	373,125
Total amounts due from related parties (note 14)	**10,634**	72,539	**538,557**	373,695

The current amounts receivable from related parties are unsecured, interest free and will be settled in cash. They have no fixed repayment term. No guarantees have been given or received.

Impairment reversals/(charges) on receivables from related parties:				
- Ambre Resort Ltd	**-**	-	**(115,643)**	(221,400)
- SRL Kanuhura Ltd	**-**	-	**234,149**	434,835
- Sun Resorts Hotel Management Ltd	**-**	-	**(8,992)**	(69,400)
- Others	**-**	-	**9,304**	(8,500)
	-	-	**118,818**	135,535

The additional impairment charges during the year represent the deficits between the carrying amounts of the amount receivables from related parties and their net assets values at reporting date. The impairment reversals are due to amount recovered during the year.

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Loans and other borrowings				
Loan from subsidiary (note 18)	**-**	-	**700,000**	-
Loans from minority shareholder of subsidiary	**9,964**	38,350	**-**	-
	9,964	38,350	**700,000**	-
Payables to related parties - current				
Subsidiaries and associates of parent	**60,003**	12,581	**10,451**	4,219
Subsidiaries	**-**	-	**2,332,414**	1,772,211
Minority shareholder of subsidiary	**6,583**	-	**-**	-
Other related parties	**7,238**	-	**-**	-
	73,824	12,581	**2,342,865**	1,776,430

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) Loans and interest receivable from key management personnel under the Executive Share Option Scheme

Refer to note 12(a)

(k) Pension contributions to pension plan - Please refer to note 20.

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37. CONTINGENT LIABILITIES

The Group had no other contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business as at 30 June 2022.

38. EVENTS AFTER THE REPORTING PERIOD

There are no material events after the reporting period which would require disclosure or adjustments to the financial statements for the year ended 30 June 2022.

39. ULTIMATE PARENT COMPANY

The company considers CIEL Limited, a company incorporated in Mauritius, as its parent and ultimate parent company.

40. FINANCIAL INSTRUMENTS

Accounting policies

Financial Assets

On initial recognition, a financial asset is classified either at amortised cost, fair value through other comprehensive income (FVOCI); or fair value through profit and loss (FVTPL). The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The financial assets include cash and cash equivalents, trade and other receivables, intercompany loans on the financial assets and investment in securities.

Categories of Financial assets	*Initial recognition*	*Subsequent recognition*
Amortised Cost (Debt Instrument)	*A financial asset is measured at amortised cost if it meets both of the following conditions and is not elected to be designated as FVTPL:* • *It is held within a business model whose objective is to hold assets to collect contractual cash flows, and* • *Its contractual terms give rise on specified dates to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding.*	*These assets are subsequently measured at amortised cost using the effective interest (EIR) method. The amortised cost is reduced by any impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss as they are incurred. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired. This category is the most relevant to the Group. It includes loans and receivables.*
Fair Value through other comprehensive income	*A debt investment is measured at FVOCI if it meets both of the following conditions and is not elected to be designated as FVTPL:* • *It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and* • *Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.* *On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.*	*Debt instruments are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairments are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are recycled to profit or loss.* *Equity investments are measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.*
Fair Value through profit or loss	*All financial assets not classified as amortised cost or FVOCI as described above are classified as FVTPL and held at fair value. This includes all derivative financial assets. On initial recognition, the Group may irrevocably elect to designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. This election is made on an individual instrument basis.*	*These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss when the Group's and/or the Company's right to receive the return is established, unless such instrument is designated in a hedging relationship.*

40. FINANCIAL INSTRUMENTS (CONT'D)

Accounting policies (cont'd)

Financial Assets (cont'd)

Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred substantially all the risks and rewards relating to the assets to a third party.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all trade receivables with third parties.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of the reporting period. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The information about the ECLs on the Group's trade receivables are disclosed in note 14.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value. Transaction costs that are directly attributable to the issue of financial liabilities are deducted from the fair value of the financial liabilities, as appropriate, on initial recognition.

The Group's financial liabilities include trade and other payables, loans and other borrowings, contract liabilities and lease liabilities including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Borrowings and finance lease obligations

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

This category includes interest bearing borrowings and finance lease obligations including bank overdrafts.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of profit or loss.

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 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, redeemable convertible bonds from MIC and reserves as disclosed in notes 15 to 17 respectively.

Gearing ratio

The Group has a target gearing ratio up to a maximum of 50% determined as the proportion of net debt to capital employed. Exceptionally during the COVID-19 crisis period in 2021, the gearing ratio was above the Group's target. Management has looked at various options during the year ended 30 June 2022 and brought back the gearing ratio within the target figure.

The gearing ratio at the year end was as follows:	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Debt (Note (i))	**8,627,293**	10,443,055	**3,750,737**	4,856,671
Cash and short term deposits	**(1,582,833)**	(1,565,064)	**(769,565)**	(897,039)
Net debt	**7,044,460**	8,877,991	**2,981,172**	3,959,632
Net debt excluding IFRS 16 Leases	**5,262,052**	7,087,513	**2,954,390**	3,829,985
Capital employed ((Note (ii))	**16,884,784**	15,797,030	**18,193,367**	19,835,824
Capital employed excluding IFRS 16 Leases	**15,102,376**	14,006,552	**18,166,585**	19,706,177
Gearing ratio (Note (iii))	**34.8%**	50.6%	**16.3%**	19.4%

(i) Debt is defined as loans, leases, debentures and overdrafts excluding accrued interests

(ii) Capital employed includes all capital, reserves and the net debt of the Group.

(iii) The calculation of gearing ratio excludes IFRS 16 Leases

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

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 40 to the financial statements.

40.2 Categories of financial instruments

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
Financial assets	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Amortised Cost				
Cash and short term deposits	**1,582,833**	1,565,064	**769,565**	897,039
Trade and other receivables	**410,559**	368,180	**574,132**	469,895
Other financial assets	**16,920**	16,920	**1,750,237**	2,178,368
	2,010,312	1,950,164	**3,093,934**	3,545,302
Assets at Fair Value Through Other Comprehensive Income				
Other investments	**165,502**	170,379	**-**	5,550
Interest in subsidiaries	**-**	-	**18,057,235**	18,761,367
	165,502	170,379	**18,057,235**	18,766,917
Financial liabilities				
Amortised Cost				
Loans and other borrowings	**6,891,965**	8,795,955	**3,745,510**	4,805,741
Lease liabilities	**1,782,408**	1,790,478	**26,782**	129,647
Trade and other payables	**1,338,602**	873,145	**2,479,753**	1,921,079
	10,012,975	11,459,578	**6,252,045**	6,856,467

Financial assets exclude prepayments.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.3 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.

40.4 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Financial market risk is defined as the risk that business performance is affected by movements in financial market prices or rates. Financial market risk may therefore result in a profit or loss and is the risk that derivatives are usually designed to manage.

The Group enters into a variety of forwards contracts, swaps and cap to manage its exposure to interest rate and foreign currency risk.

40.5 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 2022 and 30 June 2021, are as follows:

	THE GROUP		THE COMPANY	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs'000	Rs'000	Rs'000	Rs'000
2022				
US Dollar	67,621	250,533	29,559	200,860
Euro	806,186	4,508,151	460,659	1,223,297
South African Rand	250,307	59,813	1,872	-
UK Pound	365,225	152,738	196,850	-
Others	282	-	240	-
Total foreign currencies	1,489,621	4,971,235	689,180	1,424,157
Mauritian Rupee	520,691	5,041,740	2,404,754	4,827,888
Total	2,010,312	10,012,975	3,093,934	6,252,045

	THE GROUP		THE COMPANY	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs'000	Rs'000	Rs'000	Rs'000
2021				
US Dollar	85,113	433,662	33,938	177,366
Euro	206,252	5,120,586	79,405	1,434,295
South African Rand	147,966	21,395	72	-
UK Pound	7,674	177,202	947	-
Others	383	-	241	-
Total foreign currencies	447,388	5,752,845	114,603	1,611,661
Mauritian Rupee	1,502,776	5,706,733	3,430,699	5,244,806
Total	1,950,164	11,459,578	3,545,302	6,856,467

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

The following table details the impact on pre tax results following a sensitivity analysis of 1% increase/(decrease) in the Mauritian Rupee against the relevant foreign currencies.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.5 Foreign currency risk management (cont'd)

	THE GROUP		THE COMPANY	
	2022	2021	2022	2021
Increase/(decrease) in pre tax results:	Rs'000	Rs'000	Rs'000	Rs'000
US Dollar	(1,829)	(3,485)	(1,713)	(1,434)
Euro	(37,020)	(49,143)	(7,626)	(13,549)
South African Rand	1,905	1,266	19	1
UK Pound	2,125	(1,695)	1,969	9
Others	3	4	-	-

The Group's and Company's equity would not be materially impacted following a sensitivity analysis of 1% increase/decrease in the Mauritian Rupee against the relevant foreign currencies.

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.

40.6 Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrows funds at floating interest rates. The Group's policy is to minimise exposure to interest rate movements without exposing the Group to speculation or undue risk. Sun Limited manages its exposure to fluctuations in interest rates with a view to containing its net interest costs or securing its interest revenues through the purchase of certain hedging instruments such as interest rate caps, floors, swaps or forward rate agreements.

The current policy is to have a good mix of fixed versus variable interest rate with fixed being at least 50% of the interest rate.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section.

The interest rate profile of the Group at the end of the reporting period were as follows:

Financial assets

	Balances with banks Interest rate	
	2022	2021
	%	%
South African Rand	4.94	3.69
Mauritian Rupee	0.65	0.25

40. FINANCIAL INSTRUMENTS (CONT'D)

40.6 Interest rate risk management (cont'd)

Financial liabilities

	Loans		Lease Liabilities		Bank overdrafts		Bonds	
	Fixed interest rate	Floating interest rate	Fixed interest rate	Floating interest rate %	Fixed interest rate	Floating interest rate	Fixed interest rate	Floating interest rate
	%	%	%	%	%	%	%	%
2022								
Mauritian Rupee	**1.5**	**4.82**	**2.20 - 7.05**	**N/A**	**N/A**	**4.16 - 5.20**	**6.5**	**3.95**
US Dollar	**3.0**	**1.94**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Euro	**N/A**	**3.76**	**5.00**	**N/A**	**N/A**	**N/A**	**2.63**	**3.7**
GBP	**N/A**	**4.72**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
2021								
Mauritian Rupee	1.5	4.82	5.00 - 7.05	N/A	N/A	4.10 - 4.80	6.27	3.35
US Dollar	3.0	2.00	N/A	N/A	N/A	N/A	N/A	N/A
Euro	N/A	3.79	5.00	N/A	N/A	N/A	2.43	3.5
GBP	N/A	4.36	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 the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period 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	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Profit or loss	(45,245)	(49,394)	(19,103)	(23,774)

40.7 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/(loss) for the year ended 2022 and 2021 would have been unaffected as the equity investments are classified at fair value through other comprehensive income.
- Other equity reserves would increase/decrease by Rs 1.7m (2021: Rs 1.7m) for the Group and Rs Nil (2021: Rs 0.1m) for the Company respectively as a result of the changes in equity investments classified at fair value through other comprehensive income.

The Group's sensitivity to equity prices has not changed significantly from the prior year.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.8 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. In 2021, following the COVID-19 pandemic, the liquidity of the Group was impacted as it was influenced by the booking pattern of customers which saw a decline. Further details are disclosed in note 3.

Sun Limited shall ensure that it has adequate though not excessive cash resources, borrowing arrangements, overdraft facilities to enable it at all times to have the level of funds available which are necessary for the achievement of its business objectives based on the measures put in place as disclosed in note 3. Cash and debt management is centralised through corporate finance and receipts from the centralised debtors' collection department are monitored on a monthly basis to match the payments of creditors and other commitments. Any temporary gap in cash is covered by the overdraft and short-term borrowing facilities in place.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

Non derivative financial instruments

THE GROUP	Average effective interest rate	Less than 1 year	1-5 years	5+ years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000
2022					
Non-interest bearing		**1,338,602**	**-**	**-**	**1,338,602**
Variable interest rate instruments	**3.9%**	**1,012,657**	**2,959,524**	**1,144,987**	**5,117,168**
Fixed interest rate instruments	**1.5% - 7.05%**	**765,151**	**2,534,718**	**4,248,261**	**7,548,130**
		3,116,410	**5,494,242**	**5,393,248**	**14,003,900**
2021					
Non-interest bearing		873,145	-	-	873,145
Variable interest rate instruments	3.7%	893,977	3,551,598	1,184,726	5,630,301
Fixed interest rate instruments	1.5% - 7.05%	1,833,884	2,703,545	4,653,312	9,190,741
		3,601,006	6,255,143	5,838,038	15,694,187

THE COMPANY	Average effective interest rate	Less than 1 year	1-5 years	5+ years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000
2022					
Non-interest bearing		**2,479,753**	**-**	**-**	**2,479,753**
Variable interest rate instruments	**3.9%**	**682,310**	**1,043,898**	**360,293**	**2,086,501**
Fixed interest rate instruments	**1.5% - 5.8%**	**147,120**	**1,090,511**	**813,750**	**2,051,381**
		3,309,183	**2,134,409**	**1,174,043**	**6,617,635**
2021					
Non-interest bearing		1,921,741	-	-	1,921,741
Variable interest rate instruments	3.7%	506,186	1,747,064	386,460	2,639,710
Fixed interest rate instruments	1.5% - 6.0%	1,394,914	1,203,213	-	2,598,127
		3,822,841	2,950,277	386,460	7,159,578

40. FINANCIAL INSTRUMENTS (CONT'D)

40.9 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.

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.

40.10 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).

	THE GROUP AND THE COMPANY			
	Level 1	Level 2	Level 3	Total
FVTPL financial assets:	Rs'000	Rs'000	Rs'000	Rs'000
Listed equities				
2022	-	-	-	-
2021	3	-	-	3

The table above only includes financial assets.

41. DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS

Accounting policies

Derivative financial instruments

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.

Hedge accounting

The Group has chosen to continue to apply the hedge accounting requirements of IAS 39 instead of IFRS 9. The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions.

The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

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

A hedging relationship exists where:

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

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

Cash Flow Hedge

Where a financial instrument hedges the exposure to variability in the cash flows of highly probable 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.

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

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

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

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

Significant judgements

The Group is exposed to foreign currency risk, most significantly to the Euro, Pound Sterling and US Dollar, on the Group's sales denominated in these currencies. The Group hedges these exposures by entering into foreign currency loans ("hedging instruments") with future principal payments that will match the future sales ("hedged item") in these currencies.

To apply hedge accounting, a condition is that the forecast transaction must be "highly probable". The Group has applied judgement in assessing whether the forecasted foreign currency revenue remain "highly probable", still expected to occur or is no longer expected to occur, particularly in light of the decline in expected bookings patterns resulting from the COVID-19 pandemic and the related suspension of the operations of the Group. In making this assessment, the Group has considered the most recent budgets and plans and concluded that cash flows occuring as from July 2022 are considered as highly probable. This led to hedging effectiveness and no impact to the profit or loss of the Group was recorded (2021: Rs 121.5m).

The Group is exposed to foreign currency risk, most significantly to the Euro, UK Pound and US Dollar, on the Group's sales denominated in these currencies. The Group hedges these exposures by entering into foreign currency loans ("hedging instruments") with future principal payments that will match the future sales ("hedged item") in these currencies. All exchange differences arising on the conversion of foreign currency loans are deferred in equity, under the cash flow hedge reserve to the extent that the hedge is effective. On recognition of the hedged sales, the foreign currency gain/loss is netted off by releasing a portion of the cash flow hedge reserve.

The Group has reviewed the hedging portfolio to confirm whether the underlying transactions remain "highly probable".

At the time of reporting, management has identified:

(i) A portion of foreign currency sales which are no longer deemed to be "highly probable" but are still expected to occur. Hence, the corresponding cumulative gain or loss deferred in equity whilst the hedge was effective remains in equity until the forecasted transaction occurs.

(ii) A portion of foreign currency sales which are no longer deemed to be "highly probable" and are not expected to occur. Hence, the corresponding cumulative gain or loss deferred in equity whilst the hedge was effective are immediately removed from equity and are recognised in the statement of profit or loss.

(a) The cash flow hedge reserve disclosed in the statements of changes in equity relates to the following:

	THE GROUP	
	2022	2021
	Rs'000	Rs'000
At 1 July	**(533,313)**	(143,483)
Revaluation gains/(losses) on loan recognised in other comprehensive income	**462,787**	(610,267)
Cash flow hedge reserve released to profit or loss on repayment of loan included in finance cost	**(44,346)**	98,934
Ineffective portion of cash hedge reserve	**-**	121,503
At 30 June	**(114,872)**	(533,313)

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

(b) Below is a schedule indicating the periods when the hedge cash flows are expected to occur and when they are expected to affect profit or loss:

THE GROUP	Within 1 year	1 to 3 years	3 to 5 years	More than 5 years
	Rs'000	Rs'000	Rs'000	Rs'000
2022				
Cash inflows	**803,083**	**1,333,405**	**1,347,851**	**922,465**
Cash outflows	**(803,083)**	**(1,333,405)**	**(1,347,851)**	**(922,465)**
Net cash outflows	**-**	**-**	**-**	**-**
2021				
Cash inflows	-	2,497,211	1,416,828	740,943
Cash outflows	(229,403)	(2,863,642)	(1,416,828)	(740,943)
Net cash outflows	(229,403)	(366,431)	-	-

(c) The hedge of the variability of cash flows due to exchange rate fluctuations

The final repayment of the bank borrowings and bonds identified as the hedge instrument range from 31 December 2025 to 31 December 2029 for the Group and range from 31 December 2021 to 30 September 2025 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	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
Foreign exchange loss	**43,207**	982	**-**	-

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

	THE GROUP		THE COMPANY	
	2022	2021	**2022**	2021
	Rs'000	Rs'000	**Rs'000**	Rs'000
As at 30 June	**6,842,766**	8,635,371	**3,723,955**	4,724,538

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

42. SEGMENT INFORMATION

Accounting policy

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.

(a) For management purposes, the Group is organised into business units based on its services and has two reportable segments, as follows:

- Hotel operations which relate to operating and/or managing six resorts in Mauritius and one in Maldives. On 03 May 2021, the Group disposed of the assets of Kanuhura in Maldives and the results were disclosed as discontinued operation.
- Others which relates to hospitality management services

	THE GROUP	
	2022	2021
	Rs'000	Rs'000
GEOGRAPHICAL		
Geographical revenue:		
Continuing operations		
Mauritius	5,093,657	1,161,138
Others	71,238	34,277
	5,164,895	1,195,415
Discontinued operation		
Maldives	-	418,846
Total revenue	5,164,895	1,614,261
Geographical results:		
Continuing operations		
Mauritius	186,312	(1,819,271)
Others	13,768	(12,516)
Profit/(loss) for the year from continuing operations	200,080	(1,831,787)
Discontinued operation		
Maldives	-	(244,927)
Profit/(loss) for the year	200,080	(2,076,714)
Segment revenue:		
Hotel operations - External sales	5,093,657	1,579,984
Others - External sales	71,238	34,277
Total revenue	5,164,895	1,614,261
Segment results:		
Hotel operations	186,312	(2,064,198)
Others	13,768	(12,516)
Profit/(loss) for the year	200,080	(2,076,714)
Depreciation and amortisation		
Continuing operations		
Hotel operations - Mauritius	560,299	558,915
Others	1,420	1,894
	561,719	560,809
Discontinued operation		
Hotel operation - Maldives	-	43,300
Total depreciation and amortisation	561,719	604,109

42. SEGMENT INFORMATION (CONT'D)

	THE GROUP	
	2022	2021
Finance costs	Rs'000	Rs'000
Continuing operations		
Hotel operations - Mauritius	487,705	883,543
Others	4	5
	487,709	883,548
Discontinued operation		
Hotel operation - Maldives	-	60,368
Total finance costs	487,709	943,916
Finance income		
Continuing operations		
Mauritius	50,973	5,112
Others	7,301	2,950
	58,274	8,062
Income tax (charge)/credit		
Continuing operations		
Hotel operations - Mauritius	(45,563)	219,927
Others	(5,803)	4,710
	(51,366)	224,637
Discontinued operation		
Hotel operation - Maldives	-	49,577
Total income tax (charge)/credit	(51,366)	274,214
Assets		
Non-current		
Hotel operations - Mauritius	19,370,074	17,464,726
Others	11,719	13,469
Total non-current assets	19,381,793	17,478,195
Unallocated:		
Interest in associates	285,207	392,645
Interest in joint venture	63,693	49,277
	348,900	441,922
Current		
Hotel operations - Mauritius	1,838,077	1,825,748
Others	440,590	262,487
Total current assets	2,278,667	2,088,235
Liabilities		
Non-current		
Hotel operations - Mauritius	8,812,062	9,648,928
Current		
Hotel operations - Mauritius	2,971,792	3,223,727
Others	385,182	216,658
Total current liabilities	3,356,974	3,440,385
Additions to non-current assets		
Hotel operations - Mauritius	219,567	266,390
Others	1,033	286
Total additions to non-current assets	220,600	266,676
Investment in associates		
Mauritius	285,207	392,645
Investment in joint venture		
Others	63,693	49,277

NOTICE OF ANNUAL MEETING

TO THE SHAREHOLDERS OF SUN LIMITED

Notice is hereby given that the Annual Meeting of the shareholders ("the Meeting") of Sun Limited ("the Company") will be held on **14 December 2022 at 14.00 hours at Labourdonnais Waterfront Hotel, Le Sirius Conference Room, Caudan Waterfront, Port-Louis**, to transact the following business in the manner for passing ordinary resolutions:

1. To receive, consider and approve the Group's and the Company's Financial Statements for the financial year ended 30 June 2022, including the Annual Report and the Auditor's Report, in accordance with section 115(4) of the Companies Act 2001.

2. 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:

   2.1 Mr. Jean-Pierre Dalais

   2.2 Mr. P. Arnaud Dalais

   2.3 Mr. Guillaume Dalais

   2.4 Mr. R. Thierry Dalais

   2.5 Mr. L. J. Jérôme De Chasteauneuf

   2.6 Mrs. Hélène Echevin

   2.7 Mr. Francois Eynaud

   2.8 Mr. J. Harold Mayer

   2.9 Mr. Mushtaq N. Oosman

   2.10 Mr. Olivier Riché

   2.11 Mr. Jean-Louis Savoye

   2.12 Mr. Pierre Vaquier

   2.13 Mr. Naderasen Pillay Veerasamy

   2.14 Mr. Tommy Wong Yun Shing

3. To appoint the auditor of the Company for the financial year ending 30 June 2023 and authorise that the Directors of the Company fix their remuneration.

4. To ratify the remuneration paid to the auditor for the financial year ended 30 June 2022.

By Order of the Board

Clothilde de Comarmond, ACG

For and on behalf of

CIEL Corporate Services Ltd

Group Company Secretary

19 October 2022

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, Ground Floor, Raymond Lamusse Building, 9-11, Sir William Newton Street, Port Louis, not less than twenty-four hours before the start of the Meeting, and in default, the instrument of proxy shall not be treated as valid.

C. A proxy form is included in this Annual Report and is also available at the Registered Office of the Company, 5th Floor, Ebène Skies, rue de l'Institut, Ebène.

D. For the purpose of this Annual Meeting, the Directors have resolved, in compliance with section 120(3) of the Companies Act 2001, that the shareholders, who are entitled to receive notice and vote at the Meeting, shall be those shareholders whose names are registered in the share register of the Company as at 15 November 2022.

E. The minutes of proceedings of the Annual Meeting of the shareholders held on 16 December 2021 are available for inspection at the Registered Office of the Company during normal trading office hours.

F. The profiles and categories of the re-elected Directors are available in the Corporate Governance section of the Annual Report.

PROXY FORM

I/We ....

of ....

being shareholder(s) of Sun Limited ("the Company") do hereby appoint ....

of ....

or, failing him/her ....

of ....

or, failing him/her, the Chairman of the Meeting as my/our proxy to represent me/us and vote for me/us and on my/our behalf at the Annual Meeting of the shareholders of the Company ("the Meeting") to be held on **14 December 2022 at 14.00 hours at Labourdonnais Waterfront Hotel, Le Sirius Conference Room, Caudan Waterfront, Port-Louis** and at any adjournment thereof, to transact the following business.

I/We direct my/our proxy to vote in the following manner (Please vote with a tick).

RESOLUTIONS		FOR	AGAINST
1.	To receive, consider and approve the Group's and the Company's Financial Statements for the financial year ended 30 June 2022, including the Annual Report and the Auditor's Report, in accordance with section 115(4) of the Companies Act 2001.		
2.	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:		
	2.1 Mr. Jean-Pierre Dalais		
	2.2 Mr. P. Arnaud Dalais		
	2.3 Mr. Guillaume Dalais		
	2.4 Mr. R. Thierry Dalais		
	2.5 Mr. L. J. Jérôme De Chasteauneuf		
	2.6 Mrs. Hélène Echevin		
	2.7 Mr. Francois Eynaud		
	2.8 Mr. J. Harold Mayer		
	2.9 Mr. Mushtaq N. Oosman		
	2.10 Mr. Olivier Riché		
	2.11 Mr. Jean-Louis Savoye		
	2.12 Mr. Pierre Vaquier		
	2.13 Mr. Naderasen Pillay Veerasamy		
	2.14 Mr. Tommy Wong Yun Shing		
3.	To appoint the auditor of the Company for the financial year ending 30 June 2023 and authorise that the Directors of the Company fix their remuneration.		
4.	To ratify the remuneration paid to the auditor for the financial year ended 30 June 2022.		

Signed this ....day of .... 2022. 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/her 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, Ground Floor, Raymond Lamusse Building, 9-11 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 FOR E-COMMUNICATION

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 Limited,
Ground Floor, Raymond Lamusse Building,
9-11, 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 SUN and that any de-activation of the said e-mail address will be notified promptly to SUN, C/o MCB Registry & Securities Limited, Ground Floor, Raymond Lamusse Building, 9-11, 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 Limited, Ground Floor, Raymond Lamusse Building, 9-11, 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 Limited, Ground Floor, Raymond Lamusse Building, 9-11, Sir William Newton Street, Port Louis, Mauritius.
- This instruction supersedes any previous instruction given to SUN regarding the despatch of the documents mentioned above.

NOTES

NOTES

Sun Limited

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E: info@sunresorts.mu
W: yoursunlife.com

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