Sun

Hotels | Properties | Services

annual report.2021

overview 2021

CHAIRMAN'S REPORT

Dear shareholder,

Our company suffered massively from the impact of the Covid-19 pandemic with border closures resulting in no tourist arrivals during the whole of the financial year. These difficult times were however used to reassess the effectiveness of the operations, sharpen the skills of our employees and design new strategies for a more effective business model.

Sun Limited ("SUN") secured marginal income during the financial year through quarantine and local market activities; this environment led to a top line decrease of 89% year on year. The management team implemented a stringent internal restructuring process leading to a significant cost base reduction.

Furthermore, in line with SUN's strategic plan to refocus resources on its Mauritian investments, the Board took the decision to sell the Kanuhura resort in the Maldives for an amount of USD 41.5 million.

Additionally, we successfully secured financial support of Rs 3.1 billion from the Mauritius Investment Corporation Ltd ("MIC") through redeemable convertible bonds, obtained wage assistance to preserve our workforce, and renegotiated existing terms with our bankers. These actions enabled SUN to meet its capital repayments, whilst ensuring that it had the required cash flow to relaunch its operations when the borders reopened.

RENOVATIONS

SUN also used the closure period to renovate two of its resorts, notably the Sugar Beach and the Four Seasons Resort Mauritius at Anahita. On 1 October 2021, the Four Seasons Resort reopened, showcasing a new bar, lobby and a beautiful, fresh design of the beach restaurant. The Sugar Beach successfully completed the last phase of the refurbishment of its rooms, main lobby areas, restaurants and bars.

OUR PEOPLE

The SUN team showed remarkable resilience over the closure period, rising to the challenges of maintaining the good condition of the resorts whilst undertaking various training programmes to ensure they were fully prepared for the resumption of operations.

Communication and collaboration across all levels have been instrumental in the management of the pandemic; this was reflected in the results of a recent staff engagement survey which not only received a high participation rate but recorded an engagement score above 80%. Given the current context, these scores are indeed encouraging and confirm the commitment of our employees.

I would like to sincerely thank all those involved for their efforts in overcoming these extremely difficult conditions, with such determination and enthusiasm.

OUTLOOK

With the reopening of the borders on 1 October 2021, we are glad to see the dynamism that underlies the relaunch of our resorts. Although revenues are still uncertain, management is highly encouraged by the gradual pick-up in our reservation trend.

SUN continues to spare no effort in keeping our guests, associates, service providers, and the community safe from Covid-19. Control measures are periodically reviewed and re-assessed to ensure compliance with local and international recommendations and guidelines.

The management team is fully committed to transforming SUN into a lean, agile, and highly digitalised organisation to achieve productivity and efficiency gains whilst at the same time ensuring that people remain at the heart of its operations. We will continue to identify revenue generating avenues, including pursuing real estate development opportunities within SUN's property portfolio.

Renewed sales and marketing actions will be implemented to boost the reservation trend and, as travellers' behaviour and needs change in a COVID world, the team will continue to identify emerging and future trends to offer meaningful holidays, sustainably conscious options and, as always, ensuring service excellence.

ACKNOWLEDGEMENTS

I would like to express my sincere gratitude to all our employees under the leadership of our CEO, Mr. Francois Eynaud, for their commitment to the company. I also want to extend my sincere thanks to the public authorities for their support in these difficult times.

I extend my best wishes and appreciation to our departing directors, Mr. Didier Harel and Mr. Alexis Caude, who resigned on 30 June 2021. The support of my fellow directors was important to all of us and I want to express my gratitude for their invaluable contribution.

A warm welcome to our two newly appointed directors, Mr. Guillaume Dalais and Mr. Mushtaq N. Oosman, whose nominations will be submitted for the approval of the shareholders at the annual general meeting to be held on 16 December 2021.

Sincerely yours,

Jean-Pierre Dalais
Chairman
19 October 2021

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

SUSTAINABILITY AT SUN RESORTS

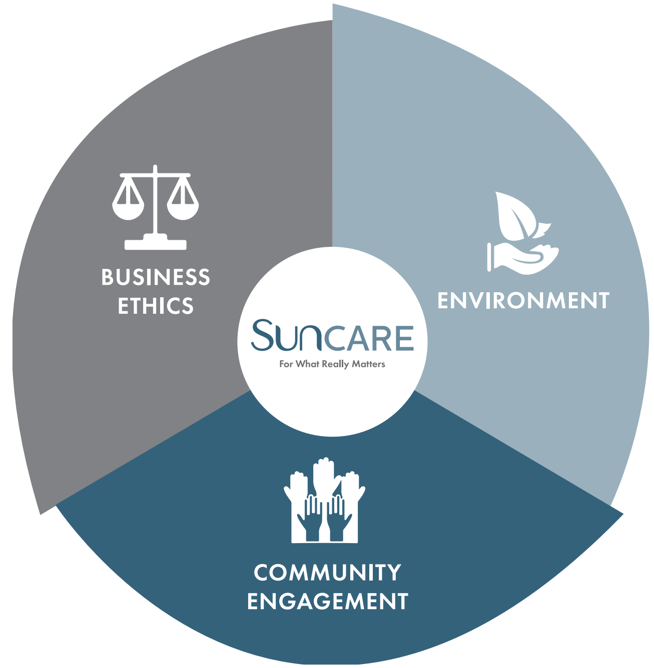
WE SUPPORT

UN GLOBAL COMPACT

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. In our first sustainability report released last year, we described our actions to integrate the Global Compact and its principles into our business strategy, culture and daily operations. We are also committed to share this information with our stakeholders using our primary channels of communication.

"Our commitment to sustainable business practices is stronger than ever. We must drive positive environmental and social impacts while enhancing the value and profitability of our portfolio"
says Francois Eynaud.

2016- 2020



OUR STRATEGIC ESG FRAMEWORK

We are committed to have a robust Corporate Responsibility programme that incorporate 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 centred on People, Communities, Nature and their ability to thrive, all three scales being inter-dependent and essential to long-term prosperity.

OUR PEOPLE

Foster a Vibrant Workforce

We aim to provide team members career development opportunities that promote diversity, equity and inclusion throughout our business and continue to support our team members' wellness. Through our Code of Conduct, we communicate our Company's commitment, our core values, culture, the dos and the don'ts which serve as a guide for ethical decision making that is consistent with laws and regulations that apply to the Company.

COMMUNITIES

Champion Inclusive Economic Growth

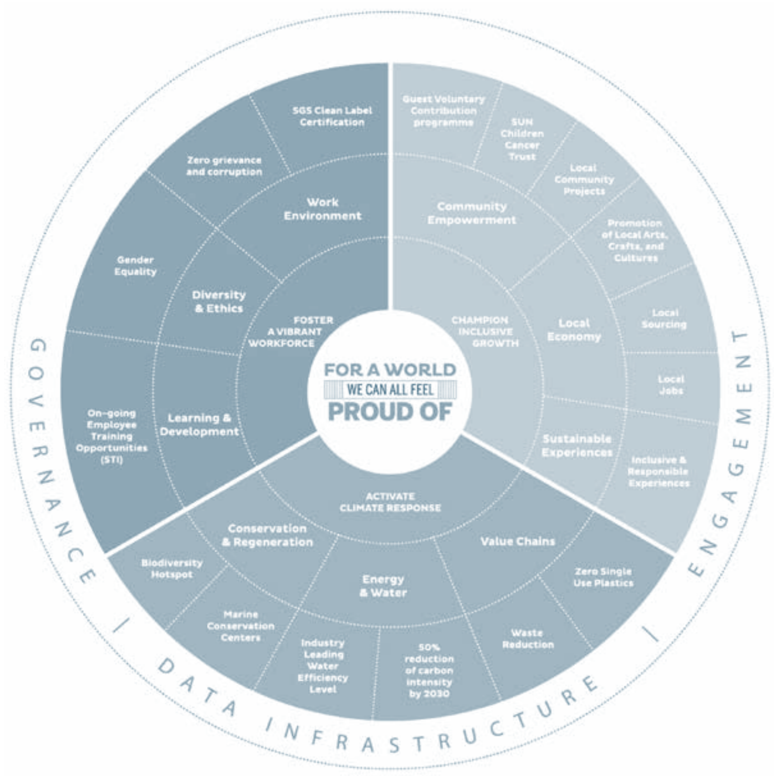
Our team members actively engage with the communities where we operate through voluntarism and donations. We also develop responsible & inclusive offerings, support the local economy, and facilitate community empowerment.

NATURE

Activate Climate Response

We are constantly evolving our strategy to adopt to emerging trends, support new business opportunities and foster environmental stewardship. On this topic we address energy, value chain impacts, and conservation & regeneration.

2021- 2025



SUSTAINABILITY AT SUN RESORTS

OUR PEOPLE / FOSTER A VIBRANT WORKFORCE

Our ambition is to be the employer of choice where our people feel valued and included. We do this through our core values

EXCELLENCE | INTEGRITY | TRUST | PASSION | TEAMWORK

The pandemic impacted our businesses to different degrees and timescales, and we adapted our business practices to protect the interests of all our stakeholders. This involved putting systems in place to support the significant increase in remote working, as well as the redeployment of colleagues where required.

We recognise the importance of promoting positive mental health and well-being, ensuring our people, who may be concerned about issues such as finances, security, health and well-being, are supported at a time when they may have been disconnected from their usual support network. We have developed initiatives which encourage colleagues to speak out and seek help where needed.

HIGHLIGHTS

TOTAL EMPLOYEES

2021 **2793** ▼ 24% 2020 **3470**

32% (women) **68%** (men)

Average employee age **38** years

Average years of service **11** years

WOMEN IN LEADERSHIP POSITION

2 / **11**

NO OF WOMEN IN MANAGEMENT

2021 **26.7%** ▼ 2.1% 2020 **28.8%**

We continue to be a lead supporter of Women in Hospitality

ENGAGEMENT SCORE

2018	76%
2019	85%
2021	82%

TRAINING

Training hours per employees

2020	83
2019	85
2018	82

COMMUNITIES / CHAMPION INCLUSIVE ECONOMIC GROWTH

Supporting local communities has been especially important during the pandemic, with many families and small businesses facing difficulties.

Rs **1,060,000** Funding

425 Number of beneficiaries

Funding per action category

HEALTHCARE	POVERTY	DISABILITY
65%	26%	9%

Sun Children Cancer Fund

SUN CHILDREN CANCER

Sun Children Cancer Trust has been supporting Children with Cancer since 2008. Last year we had an increase in support request and through the SUNCARE Charity Golf Competition through which we raised funds to support these childrens.

Partnership agreements between Sun Resorts Cancer Trust and two associations, Link to Life and Ene Reve Enn Sourir were also signed.

The partnership with Link to Life will make it possible for children to have free transport to collect them from their homes in order to follow their treatment in the hospital. The vehicle also takes them home after their treatment is completed. Regarding Ene Reve Enn Sourir, it will facilitate the care of children with serious illnesses and pathologies who must seek treatment abroad or in a private hospital at C-Care for a more specialized care.

PROMOTING LONG LASTING IMPACT

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. However during the pandemic as most of the schools and our resorts were closed, there has been a significant decrease in our total number of direct beneficiaries.

SUSTAINABILITY AT SUN RESORTS

ACTIVE CLIMATE RESPONSE

Our hotels have been closed for several months during the pandemic. Due to this our energy, water and waste data are unrepresentative of progress against the base line of 2019

SUPPLY CHAIN

Our Supplier Code of Conduct ensure that we partner only with suppliers who meet our high standards.

Supporting local suppliers

The pandemic has reminded us of the importance of having strong, trusted relationships with fewer suppliers, who are as local to us as possible. We continually work to increase the resilience of our supply chain and enhance the livelihoods in our communities by offering delicious food to our guest by using local produce. By the end of 2022, we aimed to purchase 25% of produce from local sources.

FOOD WASTE

What we are doing

We are reducing waste by improving how we order and store food, making use of every edible part of an ingredient in the kitchen, and repurposing food into new dishes. We partner with local food redistribution charities and community groups to donate surplus food, and we recycle food waste wherever possible.

We are helping to raise awareness of the positive impact on the planet with our associate and communities where we operate.

We have committed to zero food waste to landfill by 2030.

Our resort La Pirogue has embarked its restaurants on a six-month programme to cut on food waste, reduce unnecessary costs and negative environmental impacts, and reach the international certification The PLEDGE™ on food waste.

BIODIVERSITY

We are proud to share that the La Pirogue International Marine Research Center is at its second phase of successful coral transplantation. "Currently 5,000 coral cuttings are already planted on the farm over an area of 3000m^2, according to Professor Nadeem Nazurally.

This coral transplant program is unique in Mauritius and aims to restore the marine ecosystem through artificial coral farms. At the moment, we are working on five species of coral. Five more species will be released later. The ultimate goal is to be able to recreate new reefs and habitat for marine flora and fauna.

HUMAN RIGHTS

Sun Resorts is committed to support the dignity, wellbeing and human rights of all our people and the communities around, and affected by, our operations. We have robust policies in place, including our Code of Business Conduct (CBC), Code of Conduct, and Supplier Code of Conduct as well as programmes to help protect people against issues such as modern slavery, human trafficking, and the exploitation of vulnerable people. Our approach is in line with the UN's Guiding Principles and the core conventions of the International Labour Organization Ethical Trading Initiative.

SAFETY

Covid-19 has presented us with new challenges but our approach remains the same: keeping our people, guests and partners safe is always our top priority. We adhere to the Occupational Safety Guideline and our internal management systems aimed at reducing injury and risk minimisation.

We are working closely with clients to implement strict processes for both pre-opening and re-opening, reducing person to person contact and supporting good hygiene practices that go beyond the necessary protocols required by local government authorities.

CREATING SAFE WORKPLACES

SUNCARE SAFE is an internal audited assurance scheme that demonstrates when a site has met a set of stringent safety standards. Over and above the internal programme we also have an external assurance programme with SGS Mauritius.

Many of the efforts are noticeable, such as the distancing of tables, face masks worn by employees and temperature checks. We are also making notable efforts behind the scenes, such as creating new processes to increase frequency of cleaning air filters and air handling units, adopting new cleaning technologies and providing mandatory Covid-19 trainings for staff and third-party contractors.

2020 HIGHLIGHTS

- Implemented enhanced hygiene protocols and operating procedures as well as digital solutions to reduce the need to touch surfaces
- Introduced assurance schemes for Covid-19 Safe Resorts
- 11250 HRS of Safety Covid Training

the year in review

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS (THE GROUP)

FOR THE FINANCIAL YEAR ENDED 30 JUNE	2021	2020 Restated
Continuing operations:		
Revenue (Rs'm)	**528**	4,635
(Loss)/Earnings Before Interest Tax, Depreciation and Amortisation and exceptional items (Rs'm)	**(589)**	890
Operating (loss)/profit (Rs'm)	**(1,173)**	67
Loss from operations after tax (Rs'm)	**(1,832)**	(1,040)

AS AT 30 JUNE	2021	2020 Restated
Net debt (Rs'm)	**8,878**	11,000
Total equity (Rs'm)	**6,919**	6,107

Refer to page 68 for definitions.

PERFORMANCE MEASURES (THE GROUP)

FOR THE FINANCIAL YEAR ENDED 30 JUNE	2021	2020 Restated
Net worth per ordinary share (Rs)	**35.79**	30.62
EBITDA margin before exceptional items (%)	**(111.64)**	19.20

AS AT 30 JUNE	2021	2020 Restated
Gearing ratio excluding finance leases (%)	**50.60**	59.30
Stock price - at 30 June (Rs)	**18.50**	14.80

Refer to page 68 for definitions.

EXECUTIVES' REPORT

Resorts' operations continued to be heavily impacted by the Covid-19 pandemic with full border closures in Mauritius, resulting in the destination being closed to foreign visitors for the entire financial year under review. Consequently, EBITDA was substantially reduced year on year and the Group posted a loss after tax of Rs 1.8 billion due to 2021 taking the full impact of the pandemic versus Rs 1 billion in 2019 with only three months' impact from the pandemic.

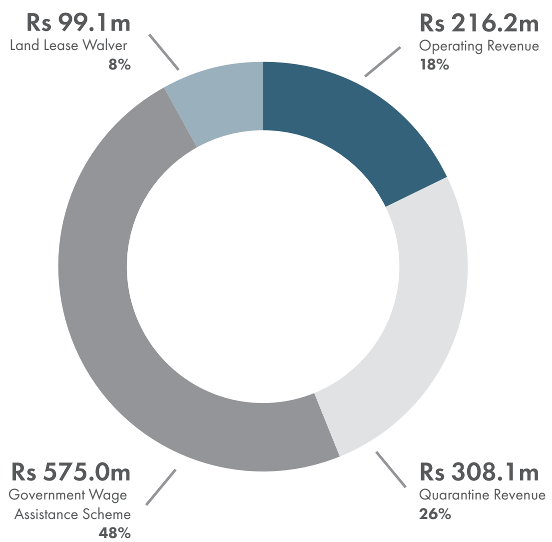
The restructuring of operations, the divestment of Kanuhura and financial support from the Mauritius Investment Corporation ("MIC"), have restored cash flows and facilitated the alleviation of the debt burden. Other government support measures such as the Wage Assistance Scheme ("WAS"), Bank of Mauritius ("BOM") lines of credit, and the moratorium period on existing debt repayments with banks, were successfully negotiated. The necessary funding was therefore secured to meet short to medium term commitments. As borders reopen, the level of trading revenues is still uncertain with sanitary protocols prevailing but management is however encouraged by the recent pick up in the reservation trend.

YEAR REVIEW

REVENUES

This financial year witnessed a full closure of our Mauritian borders with the hotel industry facing its most severe test so far. Since 20 March 2020, the Group's normalised operations across its Mauritian resorts and business units remained suspended and certain of our resorts operated for quarantine and local business. With only marginal business from quarantine and the local market, 12 months revenues stood at only Rs 528 million versus Rs 4.6 billion last year.

Pie Chart: Analysis of Total Revenues



KEY FOCUS

Cost Management

Faced with this unprecedented scenario, management re-enforced the cost reduction measures which were implemented during the initial lockdown in March 2020. They used this opportunity to conduct a major internal restructuring with the objective to significantly reduce its cost base on a permanent basis. This was accomplished through various tasks force and committees working on productivity and projects' optimisation.

In these challenging times, the Group also experienced a high proportion of leavers and team members willing to take early retirement or change job. Management had put in place schemes to fulfil those requests and in that respect, the total headcount in the Group has been reduced by 25% during the year.

On average, the Group managed to reduce its operational costs for FY21 by 62.5% compared to a pre-COVID operating month.

Substantial decrease in costs as detailed in the table below:

OPERATING EXPENSES ANALYSIS (Rs'm)	FY20-21	FY19-20
Direct costs	141	915
Employee benefits	1,273	1,903
Other expenses	370	1,278
OPERATING EXPENSES	1,785	4,096

The Government provided capped funding through the wage assistance scheme towards the basic salary of employees who were furloughed. The WAS funding received, represented around 43% of total employee benefits for FY21 and has been a key component for job preservation in the industry.

With all these measures implemented, management is confident that on the resumption of normal operations on 1 October 2021, the Group will have a leaner and more efficient organisation.

CASH FLOW MANAGEMENT

In order to meet the cash flow requirements and future short to medium term financial commitments, management has successfully secured the following:

- MIC's agreement to subscribe to Rs 3.1 billion of redeemable convertible secured bonds through two wholly owned subsidiaries, namely Anahita Hotel Limited (owning Four Seasons Resort Mauritius at Anahita) and Long Beach Resort Ltd (owning Long Beach Resort). Full disbursement of Rs 2.0 billion has been obtained on Long Beach Resort Ltd as well as a first tranche of Rs 275 million on Anahita Hotel Limited. The remaining Rs 825 million will be disbursed in financial year 2022 and help the Group to meet its working capital requirements.

The actions below together with the major cost reductions achieved, have enabled SUN to repay Rs 2.4 billion to the Company's listed bonds which matured in November 2020 and fund its working capital requirements due to the suspension of operations.

- Financing of Rs 670 million from the BOM COVID and State Bank of Mauritius ("SBM") lines of credit were obtained
- Refinancing from a consortium of four local banks for Rs 1.2 billion to repay part of the bonds which matured in November 2020
- Moratorium on existing bank loans up to 30 June 2022 as per BOM guidelines
- Government wage assistance to preserve its workforce
- Disposal of Kanuhura resort in the Maldives on 3 May 2021 for USD 41.5 million as a strategic move to refocus resources on the Mauritian operations

Based on the cash flow projections for the next 12 months and the funding secured so far, management is optimistic that the Group will be able to meet its second repayment of the bonds maturing in November 2021 and fund operational losses that may result from a slow recovery.

RENOVATION

Despite limited cash resources available, SUN managed to execute two important renovations during this COVID period, thus taking advantage of the forced closure of these resorts. The timing of these projects in this inactive period is ideal due to lower closure costs and have ensured that these two five star resorts are fully refurbished for the full border reopening in October 2021.

Sugar Beach

The final phase of the Sugar Beach renovation was restarted in June 2020 after the first lockdown and addressed the refurbishment of the remaining 80 rooms at the Manor House, main buffet restaurant and bar, and the entrance, reception and lobby areas. This renovation was successfully completed at the end of October 2020 and should reposition the resort in the five-star deluxe category when it is re-launched.

Four Seasons Resort Mauritius at Anahita

With the resort fully closed since lockdown, Four Seasons Resort Mauritius at Anahita underwent a five-month renovation as from May 2021. This renovation includes the refurbishment of the lobby area with a new sunken bar and a transformation of the beach restaurant and bar through a structural re-build and fresh design concept. The renovated resort was unveiled on 1 October 2021.

EXECUTIVES' REPORT

SALES AND MARKETING

With efforts deployed to optimise local business across the resorts through FY20-21, the Sales & Marketing team also focused on business recovery supported by a dedicated internal task force, and identifying emerging and future trends.

Post Covid-19 travel needs were addressed to satisfy travellers heightened health & safety expectations through the Sun Resorts 'Clean Resorts & Golf' programme, as well as the implementation of more flexible booking terms and conditions.

Local business opportunities were targeted through 'staycation' offers and the creation of a Sun Members Club with the first clubhouse located at Sugar Beach.

In response to the growth of remote working for both international and local clientele, infrastructure and hospitality expertise came together to launch 'Business Suites' and co-working areas are being developed in collaboration with a local based company 'The Hive'.

Longer stays have been anticipated due to the national campaign for 'Premium Visas' and the team worked on creating 'made to measure' long stay packages distributed through all booking channels.

As part of the digital strategy, state-of the art digital tools are being designed to cater for new booking behaviours and a heightened appetite for online booking channels. Business intelligence and client database analysis will help to identify loyalty as well as encourage brand trust.

An emphasis has been placed on guest experience through bespoke resort concepts whilst offering meaningful holidays, sustainably conscious options and ensuring service excellence.

New campaigns and offers have been launched in order to capture market share in target segments such as a golf, family, weddings and honeymoon.

Following the arrival of the new Chief Sales & Marketing Officer in April 2020, a reorganisation of the Sales & Marketing department was undertaken to boost momentum in business recovery.

HUMAN RESOURCES

Key Highlights

With the prevailing sanitary and economic challenges in FY21, our focus remained on:

1) Health and Safety of our people, including our guests and partners
2) Employee proximity and support, through regular communication and training
3) Sustainability of the company while protecting employment

We also explored opportunities to manage our operations in a more productive and efficient manner when business recovers. In this respect, we have put in place a Productivity Committee, chaired by the CEO with sub-committees led by senior managers. We challenged our current operating model while anticipating the changing employees' and customers' expectations and embraced innovative solutions, including digitalisation, and process re-engineering, amongst others. We are currently in the implementation phase.

All our employees have undergone a training programme that encompasses the sanitary protocols as well as the new standards of procedures, to get them ready for the 'new normal' operations. Our Learning and Development managers have also developed an internal training programme that we have named 'Shifting Mindset, Changing Perspectives', which will be rolled out to all employees by 30 June 2022.

Despite the financial challenges, we have witnessed the solidarity of our team members and have succeeded in reducing our payroll costs by 37% as compared to FY19. Communication and collaboration across levels have been key in the management of the Covid-19 crisis and this was reflected in the results of a recent staff engagement survey that we conducted. We experienced a participation rate of 94% and engagement score of 82% as compared to 97% and 85% in FY20. Given the current context, these encouraging scores demonstrate the trust and commitment that our associates have in our Group.

We are confident that with the support of our team members, we shall come out stronger.

HEALTH AND SAFETY

With the health crisis caused by the pandemic, it is essential to enhance the existing safety measures, obtain commitment of tourist authorities and empower stakeholders and communities to restore confidence in the tourism industry.

The Group is continuously engaged in keeping guests, associates, service providers and the community safe from Covid-19. In that respect, management did a risk assessment to choose which control measures were most suited to each property and business within the Group. SUN introduced specific health guidelines and implemented safety and health measures to support all business units in the roll-out of their business continuity plans.

To ward off the contagious risks of the virus in an interconnected world, SUN adopted a holistic approach to manage the risk of a person contracting or spreading Covid-19 on the property or in connection with the conduct of the business. This is in addition to the following protocols established by the authorities: .

- Vaccination for associates and their families
- Mass testing surveillance for guests and associates
- Maintain a schedule for cleaning and monitor a hygiene procedure
- Provide instructions, training and supervision in respect of Covid-19

Control measures are periodically reviewed to ensure the highest level of effectiveness; whilst each resort follows a surveillance process to guarantee the safety of its guests. The Group is committed to restoring guests' confidence in travel. Through excellent health and safety protocols, travellers will be reassured that they will be taken care of in safe havens, and carefully safeguarded through the professionalism of all SUN's employees.

SUN has adapted its offerings to comply with the authorities' restrictions and recommendations on hygiene, safety and social distancing. After many months of inactivity, its associates are eager and motivated to welcome and serve our guests.

EXECUTIVES' REPORT

FINANCIAL REVIEW

PROFIT AND LOSS - Results including Kanuhura's discontinued operations

REVENUE (Rs'm)	EBITDA* (Rs'm)	OPERATING LOSS (Rs'm)	LOSS BEFORE IMPAIRMENT (Rs'm)	LOSS FOR THE YEAR (Rs'm)
1,585	(388)	(1,407)	(1,662)	(2,077)
(3,823) vs LY	(1,353) vs LY	(687) vs LY	(680) vs LY	(258) vs LY

*EBITDA before impairment charges

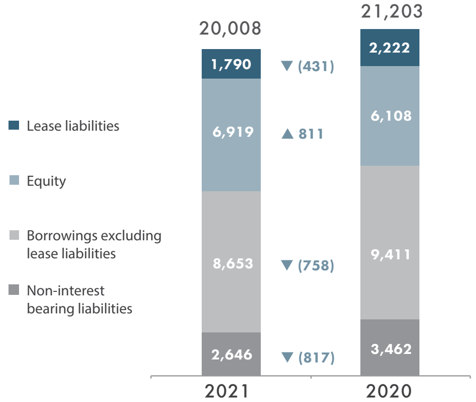
With marginal revenues from quarantine and local business at Rs 528 million, 89% down on prior year, EBITDA from continuing operations before impairment amounted to Rs 589 million negative compared to Rs 890 million in 2020. With the operation of kanuhura as from mid November 2020, the result contributed positively until its disposal in May 2021. Thus, group EBITDA loss was reduced to Rs 388 million.

The results for the financial year were also adversely impacted by two material non-cash items, namely the impairment charges of Rs 415 million, mainly due to Kanuhura and exchange losses of Rs 343 million attributable to foreign denominated loans due to the downward movement of the Mauritian Rupee vis a vis the Euro and US Dollar.

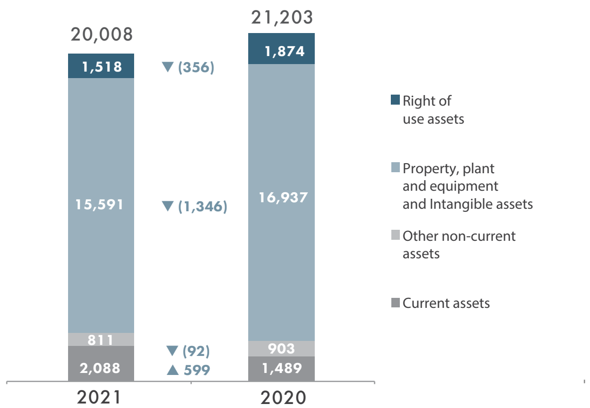
Excluding the one-off impairment charge on Kanuhura of Rs 392 million, the loss for the year including the results of kanuhura until its disposal, was Rs 1,662 million.

STATEMENT OF FINANCIAL POSITION

TOTAL LIABILITIES (Rs'm)



TOTAL ASSETS (Rs'm)

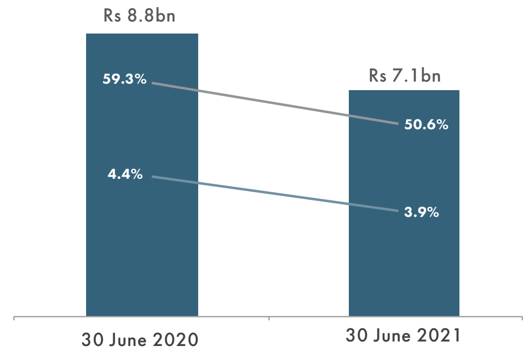


Property, plant and equipment of Rs 15.6 billion was reduced by the disposal of Kanuhura's assets on 3 May 2021and partly offset by revaluation gains on freehold land and buildings of Rs 0.9 billion at 30 June 2021.

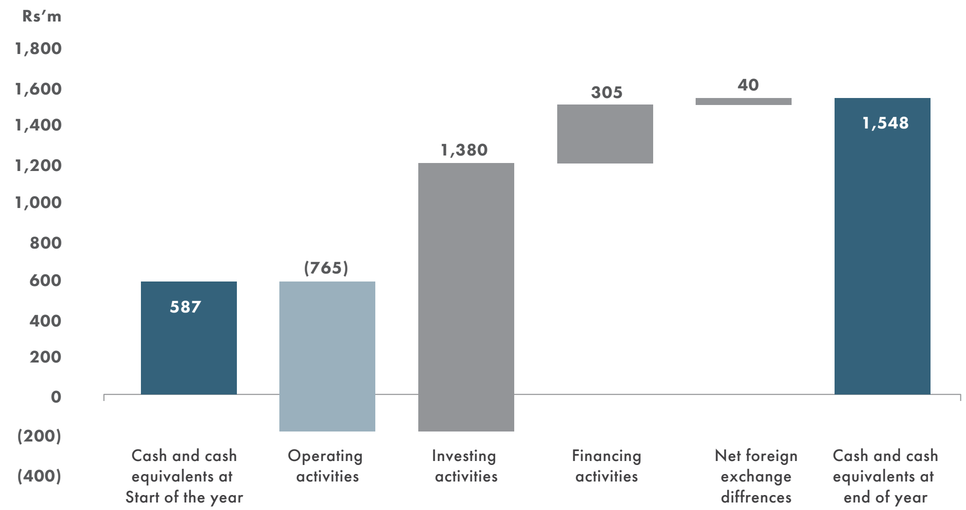
Due to classification of the MIC bonds of Rs 2.3 billion issued during the year as quasi-equity, the bond repayment of EUR 53.7 million and the cash proceeds from the Kanuhura's sale, net interest-bearing debts at 30 June 2021 decreased by **Rs 1.6 billion to Rs 7.1 billion**.

Subsequently, the Group's gearing improved significantly from **59.0% to 50.6%.**

NET DEBT/ GEARING



GROUP CASH FLOW



Net cash used in operating activities include non-cash items such as depreciation and amortisation of Rs 604 million, finance costs of Rs 944 million, lease waiver of Rs 99 million and impairment charges of Rs 397million.

Net cash flow from investing activities mainly includes sales proceeds from Kanuhura, offset by Sugar Beach renovation.

Net cash flow from financing activities includes net proceeds from MIC bonds of Rs 2.3 billion, offset by net debt repayment of Rs 1.4 billion, lease payments of Rs 61 million and interest paid of Rs 469 million.

At 30 June 2021, the Group has a cash balance of Rs 1.6 billion which will be used primarily to repay the listed bonds maturing in November 21.

OUTLOOK

With the restrictive opening of the borders as from 15 July 2021, the Group started taking bookings for two of its resorts for fully vaccinated incoming guests. The hotel industry is now looking forward to the country's full border reopening since 1 October 2021. Trading conditions are still uncertain with the sanitary conditions prevailing locally and in our source markets. The June border opening announcement was followed by a slow pick up in forward bookings for the second quarter of the financial year. Management is however encouraged by the recent increase in the reservation trend as various sales and marketing actions filter into our markets, airlines start programming scheduled flights and our trade and travellers' confidence resumes.

governance

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 2021**

Throughout the financial year ended 30 June 2021 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

20 September 2021

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2021

SUN LIMITED ("SUN") AT A GLANCE

- Long experience in the hospitality industry with six resorts in the four and five star segments in Mauritius
- Public Interest Entity as defined by the Financial Reporting Act 2004
- Public company listed on the Official Market of the Stock Exchange of Mauritius ("SEM")
- Listed on the SEM Sustainability Index ("SEMSI")

The board of directors ("Board") of SUN is committed to maintaining high standards of corporate governance and acknowledges its responsibility for applying and implementing the principles contained in the National Code of Corporate Governance for Mauritius (2016) ("the Code"). 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.

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] 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 2021

Governance within the Group

The guidance under the Code for groups provides that the ultimate holding of group companies should apply all principles of the Code and provide appropriate explanations. Wholly owned subsidiaries are thus exempted from applying the principles of the Code. As 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 such that the governance structure remains appropriate considering its growth, increased complexity and geographic expansion.

SUN's Organisational Chart 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 escalate 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 (Executive Director SUN)

Group Risk, Compliance and Quality Assurance Manager
Saleem Khadaroo[4]

SUPPLY CHAIN

Group Supply Chain Manager
Satyam Bhandu

HUMAN RESOURCES

Chief Human Resources Officer
Varuna Ramlagun

INFORMATION & TECHNOLOGY

Chief Information Officer
Abdool Kadell

COMMERCIAL

Chief Sales & Marketing Officer
Joelle Edwards-Tonks

VP Sales & Marketing - Europe
Alexandre E. Noël

Group Head of Sales
Ramesh Jeenarain (as from 01 August 2021)

VP Revenue Management
Ahzar Nunhuck

Group Marketing and Commu-nication Manager
Jason Barry (as from 12 August 2021)

OPERATIONS

SUN Managed Resorts

GM Sugar Beach
Nicolas B. de Chalain

GM Long Beach
Jean-Marc Ma-Poon

GM Ambre
Viren Govinda Chetty

Acting GM La Pirogue
Jérôme Favory (until 30 June 2021)

GM La Pirogue
Clency Romeo (as from 01 July 2021)

GM Ile aux Cerfs
Marc Amelot

GM Washright
Patrick Sin

Group Boutiques Manager
Shannon Mamet[2]

International Hotel Operators[3] *(Indirect Reporting Line to the CEO)*

GM Four Seasons Resort Mauritius at Anahita
Michel Volk (until 12 July 2021)
Sebastien Carre (as from 01 August 2021)

GM Shangri-La's Le Touessrok, Mauritius Resort & Spa
Brice Lunot (until 20 February 2021) and as consultant until 31 May 2021 | Gregory Coquet (as from 01 September 2021)

Note 2: The Group Boutiques Manager reports to the Chief Finance Officer.

Note 3: Management contracts entered into by SUN with international hotel operators.

Note 4: Saleem Khadaroo reports to the Audit & Risk Committee for Risk and Compliance matters. He is also the Data Protection Officer.

CORPORATE GOVERNANCE REPORT

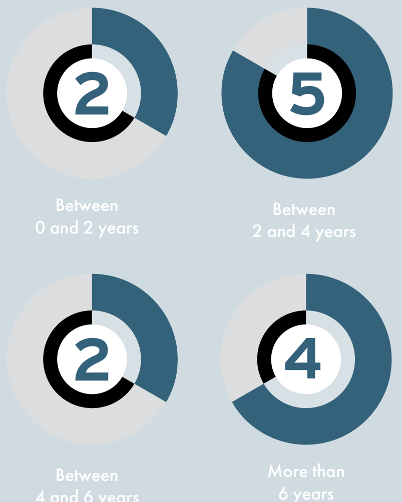
YEAR ENDED 30 JUNE 2021

PRINCIPLE 2: STRUCTURE OF THE BOARD AND ITS COMMITTEES

Board Size and Structure

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

Tenure of Directorships:



Company Secretary:

This function is fulfilled by CIEL Corporate Services Ltd ("CCS"), through a service agreement it holds with SUN. It employs qualified secretaries from the Institute of Chartered Secretaries & Administrators to fulfill its duties as Company Secretary. In addition to the service agreement, a position statement defines the main duties and responsibilities of the Company Secretary.

Areas of Expertise: Accounting & Finance, Hospitality, Asset & Risk Management, Textile, Private Equity, Strategic Business Development, Legal, Sales & Marketing

Type of Mandate: Unitary Board of **13 Directors**

Constitution: Not less than **8** or more than **14 Directors**

Executive Directors

Non-Executive Directors, including the Chairman

Independent Non-Executive Directors

5 Board Meetings during the financial year

9 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, Chairman has a casting vote

Gender:

Board Size and Structure (Cont'd)

Directors as at 30 June 2021	Gender	Age	Attendance	Residency	Category
Jean-Pierre Dalais (Chairman)	M	57	5/5	Mauritius	NEC
Alexis Caude (until 30 June 2021)	M	52	5/5	Mauritius	NED
P. Arnaud Dalais	M	66	5/5	Mauritius	NED
R. Thierry Dalais	M	62	5/5	Mauritius	NED
L. J. Jérôme De Chasteauneuf	M	55	5/5	Mauritius	NED
Hélène Echevin	F	44	5/5	Mauritius	NED
Francois Eynaud	M	60	5/5	Mauritius	ED
M. G. Didier Harel (until 30 June 2021)	M	69	5/5	Mauritius	INED
J. Harold Mayer	M	56	5/5	Mauritius	NED
Olivier Riché	M	65	4/5	France	NED
Jean-Louis Savoye	M	48	5/5	France	NED
Pierre Vaquier	M	64	5/5	France	INED
Naderasen Pillay Veerasamy	M	64	5/5	Mauritius	INED
Tommy Wong Yun Shing	M	54	5/5	Mauritius	ED

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

Note: On 20 September 2021, Guillaume Dalais was appointed NED on the Board of SUN to replace Mr. Alexis Caude. His nomination will be submitted for the approval of the shareholders at the annual meeting convened in December 2021.

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.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2021

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

- Remuneration of the directors.
- Board representatives on subsidiaries of SUN.
- Feedbacks on internal audit through the report from the chairman of the Audit & Risk Committee.
- Remuneration of the executives through the report from the chairman of the Corporate Governance, Ethics, Nomination & Remuneration Committee.

Strategy, Performance, Financial Monitoring

- Annual and quarterly financial statements.
- Annual Report.
- Sale of Kanuhura in the Maldives.
- Monitoring of bank accounts and signatories.
- Monitoring of Covid-19 impact onoperations.
- MIC funding.
- Repayment of bonds.
- Financial forecast.
- Budget.
- SUN properties' development strategy.

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 company secretary of the Board acts as secretary to these committees. 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

2 MEETINGS

MEMBERS	ATTENDANCE
Naderasen P. Veerasamy, Chairman	2/2
Jean-Pierre Dalais	2/2
P. Arnaud Dalais	2/2
M. G. Didier Harel (up to 30 June 2021)	2/2
Olivier Riché	2/2

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 Management fees payable to CCS | Succession planning – General Managers of the resorts |Composition of Boards of subsidiaries.

Investment Committee

7 MEETINGS

MEMBERS	ATTENDANCE
Pierre Vaquier, Chairman	7/7
Jean-Pierre Dalais	7/7
Francois Eynaud	7/7
Olivier Riché	7/7

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

Kanuhura sale | SUN Properties' development strategy fees payable to consultants | monitoring of renovations costs.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2021

Audit & Risk Committee

8

MEETINGS

MEMBERS	ATTENDANCE
M. G. Didier Harel, Chairman (up to 30 June 2021)	8/8
L. J. Jérôme De Chasteauneuf (Chairman as from 01 July 2021)	8/8
Jean-Louis Savoye	8/8
Naderasen P. Veerasamy	8/8

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 2020 | Internal audit reports: Review of the renovation project at Sugar Beach Resort – Phase 1/ Work from Home Assessment | Proposed scope for a technology related assignment | Revised audit plan for the FY 2020-2021 | Risk Management update | Summary of material legal cases | Forecasts for the FY 30 June 2021 including cash flow | Audited accounts of the Company and its subsidiaries for the FY 30 June 2020 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/Chairperson

STEPS

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.

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 the Company's 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.

3

Induction process.

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

Briefing with the Chairman of the Board and Group Chief Executive → Briefing by the Group Company Secretary → Briefings with the CEOs of each cluster → Site visits

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. There has been no appointment during the financial year under review.

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.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2021

Directors' Profiles

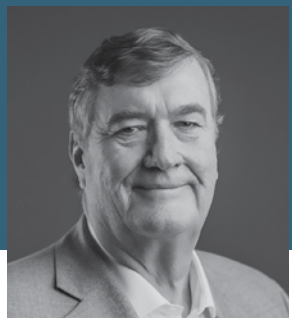
Jean-Pierre Dalais

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, CIEL Limited, Phoenix Beverages Limited (Alternate Director).

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 Company's 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. He has played and continues to play an active role at the level of the Mauritian private sector and has assumed the Chairmanship of several organisations including the Joint Economic Council from 2000 to 2002 and Business Mauritius from 2015 to 2017. He was appointed Group Chairman of CIEL in 2010 and Chairman of CIEL Limited following the recent reorganisation of the group in 2014. He has chaired the Board between February 2011 and 2017.

Directorships in other listed companies:
Alteo Limited, CIEL 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 Métier 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 has been 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.

Directorships in other listed companies:
CIEL Limited.

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
Chairman of the Audit & Risk Committee since 1 July 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, 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).

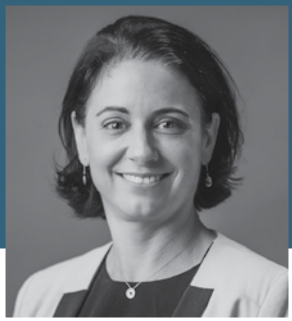
Directorships in other listed companies:
None.

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

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2021

Directors' Profiles (Cont'd)



Hélène Echevin

Non-Executive Director

Appointed Director on 22 June 2017

Since 1 July 2019, Hélène Echevin is the Chief Executive Officer of CIEL Healthcare Ltd which regroups all CIEL healthcare activities – C-Care (Mauritius), IMG (Uganda) and Hygeia (Nigeria). In this capacity, she is also the Executive Chairman of C-Care (Mauritius) Ltd and sits on the Board of Directors of CIEL Healthcare. Since joining CIEL in March 2017, she has played a key role developing our healthcare portfolio and leading CIEL's operational excellence journey. Prior to joining CIEL, Hélène Echevin worked for Eclosia Group and Harel Mallac Group and counts 17 years of experience in operations and project management, at both company and corporate levels. She holds an engineering degree in Food Technology from Polytech, France and completed her academic skills by an executive management program at INSEAD. Hélène Echevin was the first lady President of the Mauritius Chamber of Commerce. 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:
CIEL Limited, Omnicane Limited (Chairman).

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

Olivier Riché

Non-Executive Director

Appointed Director on 22 June 2017

Member of the Corporate Governance, Ethics, Nomination & 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 has been Managing Director of Foncière de Paris for 30 years. He is a member of the Corporate Governance of several companies as Axa Mutuelle Vie and IARD, *Mutuelles le Conservatory*. Olivier Riché is a graduate in Business and Corporate Law

Directorships in other 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 16 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 other listed companies: Tessi.

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

Naderasen Pillay Veerasamy

Independent 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 practised as Barrister-at-Law in Mauritius from 1982 to 1987. He started practice in Paris, France, and joined SCP J. C. Goldsmith & Associates, and thereafter SCP Azéma Sells both firms of lawyers at the Paris Bar. In 1995, he created his own Chambers in Paris exercising mainly in Business Law. In 1997 he participated in the setting up of the Chambers Fourmentin Le Quintrec Veerasamy et Associés, 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.

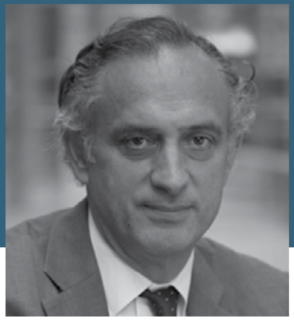
Directorships in other listed companies: Ascencia Limited.

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

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2021

Directors' Profiles (Cont'd)



Pierre Vaquier

Tommy Wong Yun Shing

Independent 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 other listed companies: None.

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

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 other listed companies: None.

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

Senior Leadership Team

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

Francois Eynaud, Chief Executive Officer - Please refer to the Directors' Profiles.

Tommy Wong Yun Shing, Chief Finance Officer - Please refer to the Directors' Profiles.

Joelle Edwards-Tonks, Chief Sales & Marketing Officer
Joelle Edwards-Tonks, joined SUN on 16 April 2020 as Chief Sales and Marketing Officer, bringing over 20 years of working experience in the hospitality industry and an extensive international exposure. Prior to SUN, Joelle Edwards-Tonks worked at the Four Seasons George V Paris for 6 years as Director of Reservations & Revenue Management and was also Regional coach for Revenue Management followed by 3 years at the Shangri-La Hotel Paris as Director of Sales. Most recently, Joelle served as Senior Vice President of Sales, Marketing & Communication at Oetker Collection, a Luxury Hospitality Brand in Europe, where she spent 10 years in various senior leadership roles and lead the re-branding, successfully repositioning Oetker Collection on the global market. Joelle Edwards-Tonks was also instrumental in the development of Direct Business Sales, notably through digital channels.

Core competencies: Hospitality & leisure, leadership, strategic development, marketing, communication, sales & revenue management.

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 monthspending 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 2021

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 ensure 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 Quality Assurance Manager has been designated 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.

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

Directors' Interests in the Shareholding of the Company as at 30 June 2021

	Direct	Indirect
Jean-Pierre Dalais (Chairman)	192,301	22,966
Alexis Caude[1]	Nil	Nil
P. Arnaud Dalais	139,273	23,656
R. Thierry Dalais	Nil	Nil
L. J. Jérôme De Chasteauneuf	Nil	Nil
Hélène Echevin	Nil	Nil
Francois Eynaud	1,000	Nil
M. G. Didier Harel[1]	Nil	Nil
J. Harold Mayer	349,829	Nil
Olivier Riché	Nil	Nil
Jean-Louis Savoye	Nil	Nil
Pierre Vaquier	Nil	Nil
Naderasen Pillay Veerasamy	Nil	Nil
Tommy Wong Yun Shing	331,048	11,180

[1]. Resigned on 30 June 2021.

Board Assessment

In a spirit of containing the expenses to the minimum following the severe impact of the Covid-19 pandemic on the Company, the Board has resolved to defer the Board evaluation by an additional year; same will be performed over the financial year ending 30 June 2022.

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 2021

Remuneration of the Directors

Non-executive directors were entitled to the following remuneration for 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
Alexis Caude	150,000	NIL	NIL	NIL	150,000
P. Arnaud Dalais	150,000	NIL	100,000	NIL	250,000
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
M. G. Didier Harel	200,000	300,000	100,000	NIL	600,000
J. Harold Mayer	150,000	NIL	NIL	NIL	150,000
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

Directors have voluntarily contributed part or the whole amount of their remuneration into the CIEL COVID Fund. This fund has been created by CIEL Limited, in view of providing employees impacted by retrenchment plans linked to the Covid-19 crisis with adequate support through specific medical assistance, training and/or empowerment programmes.

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.

The remuneration and benefits paid to the executive directors by the Company for the financial year ended 30 June 2021 are resumed in the table below:

Executive Directors	Gross – Rs'000
Francois Eynaud	18,423
Tommy Wong Yun Shing	11,959

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.

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 23(b) of the financial statements.

For the remuneration and benefits received, or due and receivable by the directors of the Company and its subsidiaries as at 30 June 2021, please refer to the section statutory disclosures made pursuant section 221 of the Mauritius Companies Act 2001.

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

Risk Management

SUN, in its journey to achieve its Mission and Vision, recognises that the ever-changing business environment presents multiple form of threats and opportunities. In whichever form, SUN is determined to move forward, manage threats and seize the right opportunities for value creation and capital preservation. The risk management approach of the Group is designed to identify potential events that may affect the Group, and contain risks within its risk appetite, thus providing reasonable assurance regarding the achievement of organisational objectives.

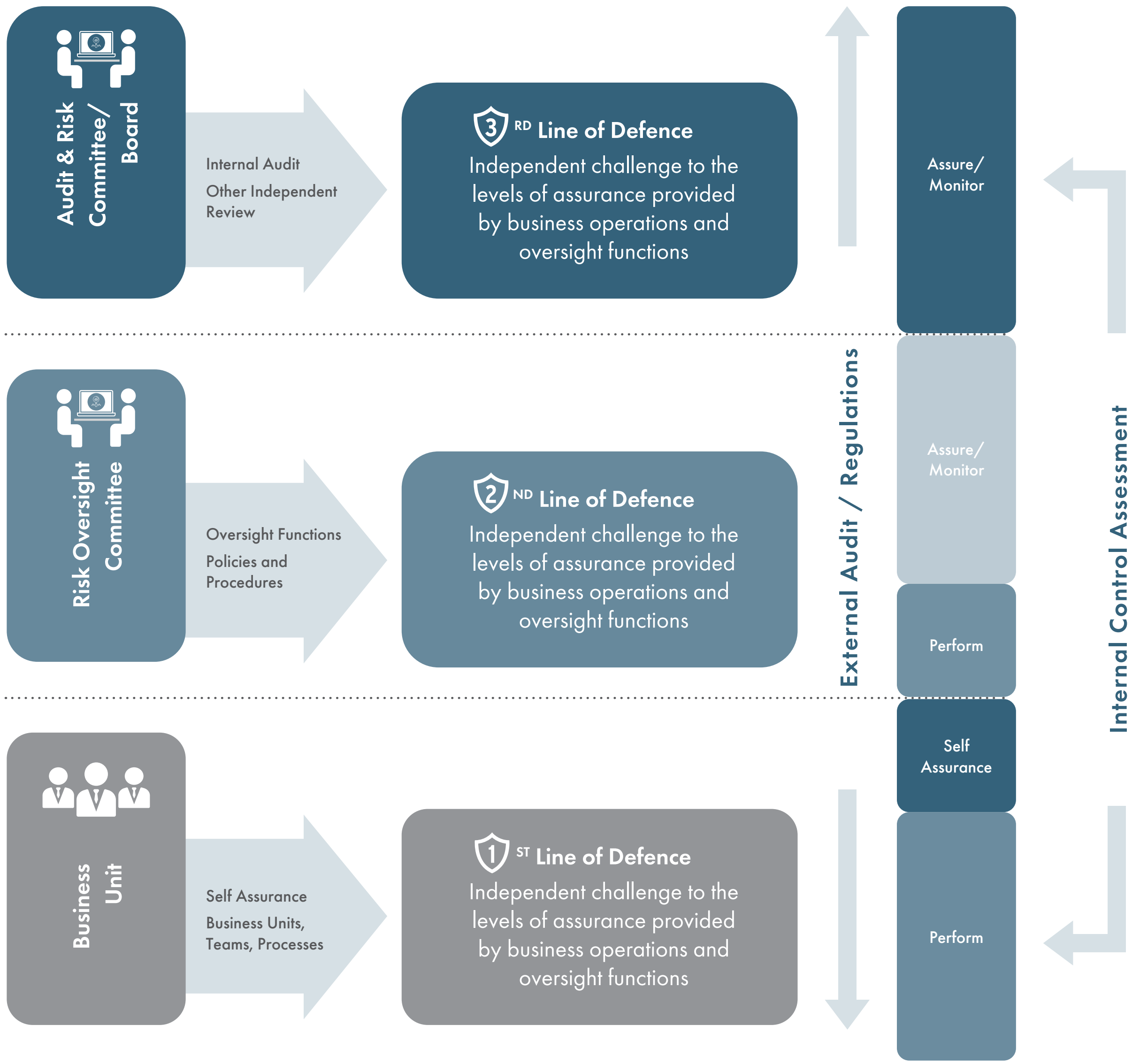
In the current environment, an effective and robust risk management process is integral to SUN's ability to achieve its strategic priorities. SUN's success is underpinned by its ability to identify, manage and mitigate risk within its business environment. SUN understands that risk naturally arises from operational and strategic decisions taken throughout the Group. Risk cannot be eliminated nor avoided but needs to be actively managed and harnessed in pursuit of business objectives. The Board has ultimate responsibility for risk management throughout the Group and determines the nature and extent of the risks that SUN is willing to take. Certain responsibilities, such as overseeing the systems of risk management and internal control, have been delegated by the Board to the Audit & Risk Committee ("ARC").

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 the light of the risk appetite of the Group. This enables SUN to keep up to date with changes in its risk profile and adapt as necessary. Actions required to manage these risks are monitored and reviewed on a regular basis.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2021

Risk Identification – The Group places high importance on the continual development and versatility of its risk management process. This ensures that it is able to effectively identify and evaluate risks which may affect its ability to achieve its objectives and strategy, and to then introduce mitigating actions to reduce these to an acceptable level. All principal risks are assigned an owner and, combined with SUN's three lines of defense model, help to reinforce accountability throughout the Group.



Covid-19 Response - Covid-19 has caused significant disruption to the operations of the Group. By remaining alert and responsive to the pandemic situation, the Group tries to minimise the impact and mitigate associated risks, whilst at all times, focusing on the safety of the associates and guests. SUN had limited activities throughout the year, having temporarily suspended normal operations in view of Government trading restrictions and border closure. The Group worked tirelessly to implement up-to-date Government and best practice guidance across all businesses, thereby providing safety and peace of mind to its guests and associates at all times. Sites have implemented stringent hygiene standards that go above and beyond Government requirements. Covid-19 standards have been integrated into the Group's regular health and safety monitoring for compliance.

SUN took swift and decisive actions, cutting all discretionary spend, and restructuring head office and business unit operations to target a lower fixed cost base and a more flexible operating model. Government support has been utilised where applicable, such as the GWAS, MIC, securing waivers on lease.

Despite these measures, the Covid-19 pandemic has created a climate of considerable economic uncertainty. It is therefore unclear as to when the source markets, the business and its financial performance will return to their pre-pandemic levels. SUN is closely working with Government regarding reopening dates for hospitality in all source markets and developing plans to align with these, while being mindful that these dates may change. There is a risk that there may be depressed demand for some time and guests may be reticent initially to travel to long haul destinations.

Going forward, as Covid-19 mutates and new variants emerge, it is likely that the virus will become more endemic in nature. By adopting a leaner organisation, SUN is prepared to face similar challenges in the future.

SUN will harness the lessons learned in the past year as it continues to navigate and evaluate the ongoing impact of Covid-19, and to identify and mitigate associated risks. It is this ability that will allow the Group to remain resilient and best placed to achieve its strategic goals. Current Covid-19 associated risks and mitigation activities are included within the principal risks table.

Main Risks

The table describes the main risks to which the Group believes it is exposed and the 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 Category	Risk Area	Risk	Control Measures
Financial	Liquidity and Credit	The risk of major short term cash flow crisis and financial losses.	• Negotiation with major financial institutions to take advantage of low interest loans under the Government Covid-19 support programs. • Negotiation for funding from MIC. • Negotiation at AHRIM level for additional bailout financial measures to mitigate the direct financial impact. • Working on new revenue-generating projects and cost cutting measures.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2021

Main Risks (Cont'd)

Risk Category	Risk Area	Risk	Control Measures
Strategic	Market Dynamics	The risk of recurrence of major disease outbreaks leading to lockdown in tourism destinations in which SUN operates (or a major source market), resulting in missed performance targets.	• The Group's Health and Safety office works on and ensures completeness and accuracy of protocols with regular interchange from authorities. • Sales & Marketing team have launched various marketing campaigns targeting both locals and expatriates. • Analysing guest profiles to tap new markets.
Strategic	Market Dynamics	The risk that external factors adversely affect SUN's business, many of which are common to the hotel industry and beyond SUN's control, such as global economic uncertainties and the financial collapse of a major trade partner post Covid-19.	• SUN tracks major uncertainties which may impact the hospitality industry in the region, and which are considered in the strategic and financial planning cycles. • SUN reviews and minimises the impact of such risks by enforcing contingency and recovery plans, to enable it to respond to major incidents or crises.
Strategic	External Factors	The risk of lower demand for long haul destinations like Mauritius arising from the shifts in consumer preferences as a result of Covid-19.	• Coordinating efforts with AHRIM, MTPA and the Ministry of Tourism to revitalise Mauritius' marketing strategy, create new messaging, focus on experiential travelers, differentiation of Mauritius as a destination. • SUN has reviewed its sales strategy, focusing on new trends and new niche markets. • Focus on local markets pending opening of borders and commencement of commercial flights.
Operations	People	The risk that the health, safety and security of guests or associates are compromised.	• Health and Safety office monitors processes and ensures compliance to national regulations and industry standards and sanitary protocols. • Employee wellbeing strategies have been reinforced.
Strategic	External Factors	The risk that constraints related to air access together with uncertainty on the future of the national airline restrains the ability of SUN to grow revenues and market share.	Working with authorities through AHRIM on border opening and air access policies.
Operations	IT	The risk that SUN is exposed to cyber-attacks, resulting in disruptions to activities.	Investment in tools to monitor its network (firewall, software monitoring tools).

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 & 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 2021	FY 30 June 2020	**FY 30 June 2021**	FY 30 June 2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Political Donations	**-**	-	**-**	3,500
Other	**-**	-	**175**	400

Sustainability

SUN is deeply committed to sustainability which forms part of its strategic positioning. Through its SUNCARE programme launched in 2015, SUN pursues its sustainability journey to embed sustainability across its operations and around 3 key sustainability dimensions, i.e., responsible business, environment and community engagement.

Sustainability Governance: Sustainability is managed across SUN resorts through dedicated sustainability committees which set and review strategic objectives and progress on a regular basis. All information is reported to the Group's sustainability committee and ultimately to the Board.

Community Engagement: Through SUNCARE, One Euro Per Guest Night voluntary program and thanks to the active participation of its employees, SUN supports various local school community projects around each of its resorts. SUN is also actively involved since 2008 with the SUN Children Cancer Ward at Victoria Hospital in Mauritius.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2021

Sustainability (Cont'd)

Environment: Environmental efforts represent a significant part of the Group's sustainability actions with the view to reduce its environmental footprint. Energy efficiency, waste segregation and water efficiency programmes have been implemented although waste segregation has been put on hold due to Covid-19 constraints in this financial year. In addition, SUN has concluded a Memorandum of Understanding with the University of Mauritius to host a Marine Biology Conservation Center at La Pirogue Hotel as well as at Long Beach Hotel.

Stakeholder Engagement: SUN adopts a transparent and open approach with regards to sustainability. Amongst other, SUN is a Founding Member of UN Global Compact Local Network Mauritius for Sustainable Development and is also part of the CEO Water Mandate Initiative.

Reporting: SUN is using the U.N. Sustainable Development Goals ("SDG") as a guiding set of principles to understand what the world needs action on. Within the 17 SDGs, SUN has identified eight with the strongest alignment to its SUNCARE programme and where the Group is confident it has the ability to impact change at scale. SUN published its first sustainability report this year and remains focused on achieving sustainable growth by innovating to meet the needs of its customers and society, exhibiting exceptional environmental and safety performance and being a positive force in the lives of its employees and communities. SUN will report on its progress, challenges and insights and hope that its valued stakeholders will join it advances sustainability across its organisation and value chains.

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 2021 at the last AMS of the Company held in December 2020 with a rotation of its signing partner. The automatic reappointment of PwC as auditor of the Company for the financial year ending 30 June 2022 will be submitted for approval by the shareholders at the forthcoming AMS in December 2021.

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 2021 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 conducts risk based internal audit reviews at both operational and corporate level as per an agreed audit plan and reports systematically to the ARC. Plans and tools for corrective actions and improvements are identified with management team to address any shortfalls arising from the audit findings. The internal auditor also conducts desktop follow-up reviews on those audit exercises conducted to ensure that the necessary remedial actions have been duly implemented.

The internal auditor came forward with a revised audit plan for the FY 30 June 2021 as requested by management and which has been duly validated by the ARC members; and the following audit reviews were carried out and tabled at the ARC meetings:

- Review of the renovation project at Sugar Beach Resort – Phase 1
- Assessment on the Work from Home

EY has also been approached by SUN's CIO to provide a statement of work for a review on SUN's main IT systems (Opera PMS, Opera ORS, Symphony and Oracle ERP) to assess whether the system was meeting business and operational requirements as well as to benchmark the current application costs. The objective was to minimise costs by exploring other potential alternatives.

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 them to deliver effectively.

New Internal Audit Mandate

A restricted tender exercise was performed by the ARC for the nomination of the internal auditor since EY's contract was expiring on 30 June 2021. As a result, EY's nomination was renewed for an additional period of three years.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2021

PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

Shareholding Structure as at 30 June 2021

Issued share capital as at 30 June 2021: 194,545,072 no par value ordinary shares, including 20,118,546 treasury shares.

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

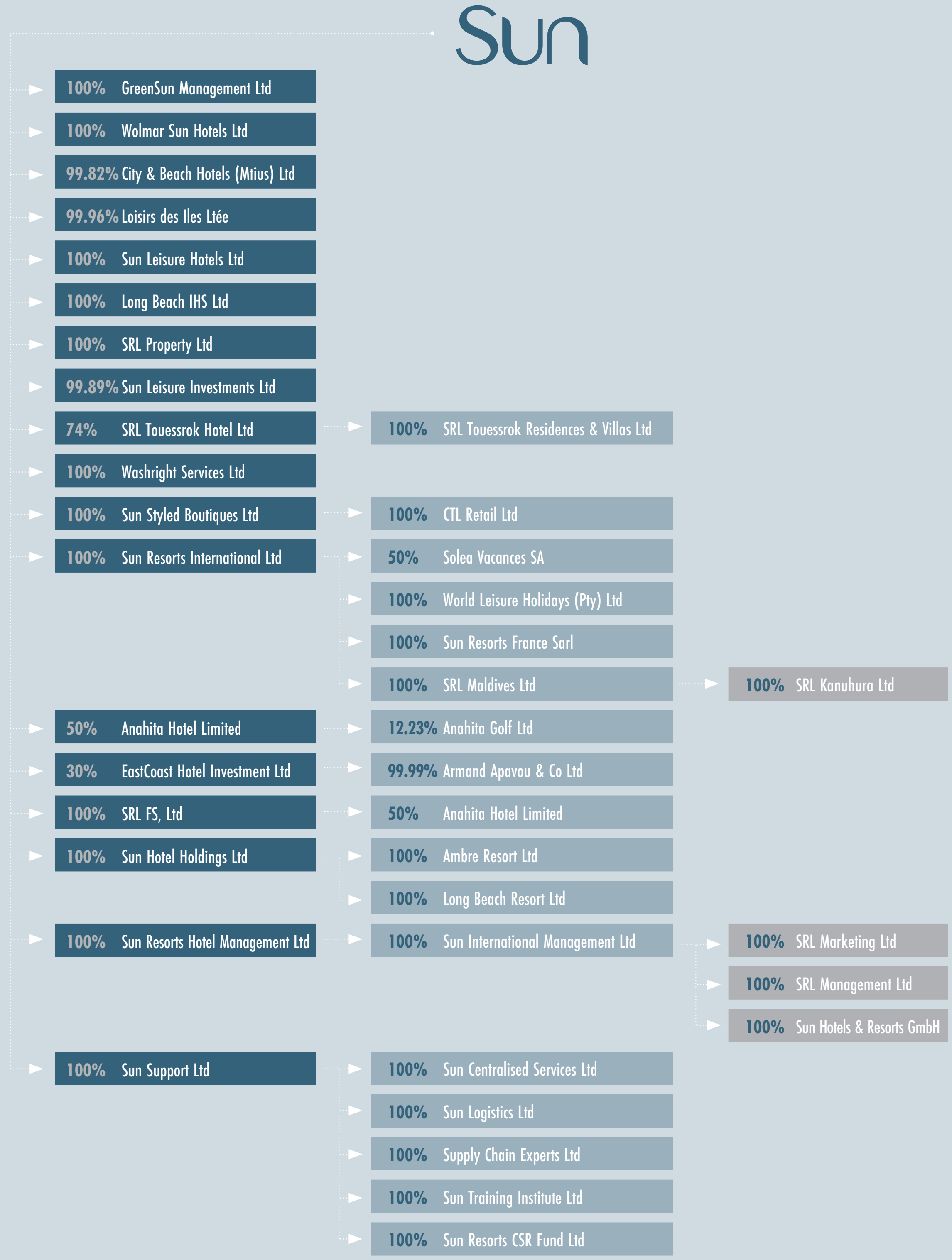
Substantial Shareholders as at 30 June 2021

Shareholders holding more than 5% of the stated capital of SUN as at 30 June 2021 were:

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

* Chairman

Group Structure as at 30 June 2021



CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2021

Shares in Public Hands

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

Shareholder's Agreements

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

Related Party Agreements

- SUN holds an agreement with CCS (a subsidiary of CIEL Limited) for the provision of strategic support & group strategy harmonisation, legal, company secretarial and payroll services to the companies of the Group. An amount of Rs 8 million 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 1.98 million 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 17 December 2020. 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.

Key Stakeholders

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

SHAREHOLDERS	SUN communicates to its shareholders through its annual report, annual meeting of shareholders ("AMS"), press announcements, publication of unaudited quarterly, audited abridged financial statements and its website hosted at http://www.sunresortshotels.com 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 12 December 2019 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.

CORPORATE GOVERNANCE REPORT

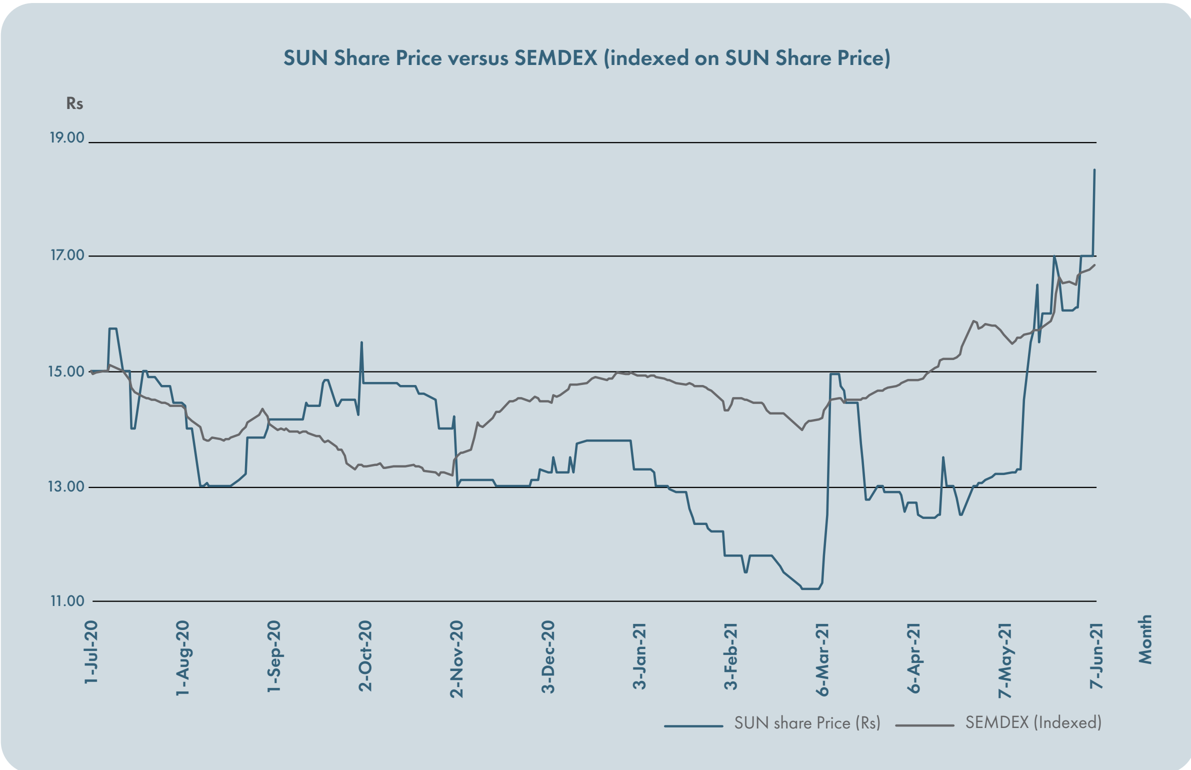
YEAR ENDED 30 JUNE 2021

Dividend

No dividend was declared during the financial year under.

Share Price Information

Development of SUN's share price versus SEMDEX - indexed on share price of Rs 15.00 on 1 July 2020.



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

Jean-Pierre Dalais
Chairman

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

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

20 September 2021

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. It is the holding company of SUN Group, an established hotel group in the Indian Ocean, owning and/or managing six resorts in Mauritius (5* Luxury Four Seasons Resort at Anahita, 5* Luxury Shangri-La's Le Touessrok, 5* Long Beach, 5* Sugar Beach, 4* La Pirogue, and 4* Ambre). SUN holds marketing offices in London, Paris and Frankfurt and representations in India, China, Gulf Cooperation Council (GCC) countries, Russia and Commonwealth of Independent States (CIS) Countries. SUN also owns two in-house tour operators, namely Solea Vacances SAS, 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	8,148	1,195,943	0.6856
501 - 1,000	1,430	1,007,684	0.5777
1,001 - 5,000	1,513	3,377,256	1.9362
5,001 - 10,000	349	2,446,983	1.4029
10,001 - 50,000	339	7,140,483	4.0937
50,001 - 100,000	45	3,015,916	1.7290
100,001 - 250,000	31	4,719,318	2.7056
250,001 - 500,000	12	4,063,189	2.3295
Over 500,001	19	147,459,754	84.5398
Total	**11,886**	**174,426,526**	**100**
Ownership by Category of Shareholding	**Ordinary Shares**		
Category	**Shareholder Count**	**Number of Shares**	**Percentage Held**
Individuals	10,700	13,981,408	8.0156
Insurance and Assurance companies	8	8,330,401	4.7759
Investment and Trust companies	737	9,090,769	5.2118
Pensions and Provident funds	61	17,662,406	10.1260
Other Corporate Bodies	380	125,361,542	71.8707
Total	**11,886**	**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 2021 was 11,956.

OTHER STATUTORY DISCLOSURES

(SECTION 221 OF THE MAURITIUS COMPANIES ACT 2001)

Directors' Remuneration and Benefits

	The Company		Subsidiaries	
	FY 30 June 2021 Rs'000	FY 30 June 2020 Rs'000	**FY 30 June 2021 Rs'000**	FY 30 June 2020 Rs'000
Executive Directors	**30,382**	27,667	**12,175**	13,924
Non-Executive Directors	**2,068***	2,393*	**-**	-

*Net of CIEL Covid Fund donation

Directors of Subsidiaries as at 30 June 2021

Directors of subsidiaries as at 30 June 2021 are listed in Annexure A.

	The Company		Subsidiaries	
	FY 30 June 2021 Rs'000	FY 30 June 2020 Rs'000	**FY 30 June 2021 Rs'000**	FY 30 June 2020 Rs'000
Local External Auditors				
Audit Fees	**725**	705	**4,077**	4,140
Other Services*	**42**	42	**477**	491
Local Internal Auditors				
Audit Fees	**120**	110	**864**	1,080
Other Services	**-**	-	**1,563**	750
Foreign External Auditors				
Audit Fees	**-**	-	**2,613**	2,349
Other Services*	**-**	-	**213**	204

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

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
20 September 2021

L. J. Jérôme De Chasteauneuf
Chairman of the Audit & Risk Committee

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 2021, all such returns as are required for a company in terms of the Mauritius Companies Act 2001, and that such returns are true, correct and up to date.

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

20 September 2021

ANNEXURE A

DIRECTORSHIP OF SUBSIDIARIES OF SUN LIMITED - 30 JUNE 2021

	Sun Limited	Ambre Resort Ltd	Anahita Hotel Limited	City & Beach Hotels (Mtius) Ltd	CTL Retail Ltd	GreenSun Management Ltd	Loisirs des Iles Ltd	Long Beach IHS Ltd	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
ABITBOL Arnaud										✓							
ABITBOL Laurent										✓							
AGGARWAL Kapil																	✓
AMELOT Marc						✓											
ANDERSON David James																	
AUFORT Aurélien										✓							
BOSQUET Jean-Pierre																✓	
CAUDE Alexis	R																
DALAIS Jean-Pierre	✓	R	✓	R	R		R	R	R	✓	R		R	R	R	R	✓
DALAIS P. Arnaud	✓																
DALAIS Thierry	✓																
DE CHASTEAUNEUF Jérôme	✓		✓														✓
DURR Elaine Mercia																	
ECHEVIN Hélène	✓																
ESPITALIER-NOËL Alexandre										✓							
EYNAUD Francois	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
FONTANILLE Arnaud										✓							
GERMAIN Stephanie														✓	✓		
HAREL Didier	R																
HOAREAU Daniella														AD	AD		
JEENARAIN Rameswarsingh																	
JULIE Bernardette Suzanne														✓	✓		
KOA WING Jane									A		A						
KHADAROO Saleem									A		A						
MAYER J. Harold	✓																
RAMLAGUN Neelmanee																	
RICHÉ Olivier	✓																
SAVOYE Jean-Louis	✓																
VAQUIER Pierre	✓																
VEERASAMY Naderasen	✓																
WONG YUN SHING Tommy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

	SRL Touessrok Residences & Villas Ltd	Sun Centralised Services Ltd	Sun Hotel Holdings Ltd	Sun Hotel Investment Ltd (In process of winding up)	Sun Hotels & Resorts GMBH	Sun International Management Ltd	Sun Leisure Hotels Ltd	Sun Leisure Investments Ltd	Sun Logistics Ltd	Sun Real Estates Ltd (Wound-up on 05 June 2020)	Sun Resorts CSR Fund Ltd	Sun Resorts France Sarl	Sun Resorts Hotel Management Ltd	Sun Resorts International Ltd	Sun Resorts (Seychelles) Ltd (Wound-up during the year)	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																						
ANDERSON David James																						
AUFORT Aurélien																						
BOSQUET Jean-Pierre																						
CAUDE Alexis																						
DALAIS Jean-Pierre		R	R	R	R	R	R	R	R	✓	R		R	R	✓	R	R	R	R	R	R	R
DALAIS P. Arnaud																						
DALAIS Thierry																						
DE CHASTEAUNEUF Jérôme																						
DURR Elaine Mercia																						✓
ECHEVIN Hélène																						
ESPITALIER-NOËL Alexandre																						
EYNAUD Francois	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
FONTANILLE Arnaud																						
GERMAIN Stephanie																						
HAREL Didier																						
HOAREAU Daniella																						
JEENARAIN Rameswarsingh																						✓
JULIE Bernardette Suzanne																						
KOA WING Jane								A										A				
KHADAROO Saleem							A														A	
MAYER J. Harold																						
RAMLAGUN Neelmanee																		✓				
RICHÉ Olivier																						
SAVOYE Jean-Louis																						
VAQUIER Pierre																						
VEERASAMY Naderasen											R											
WONG YUN SHING Tommy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓

✓ Appointed R Resigned during the year AD Alternate Director A Appointed during the year

financial statements

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 20 September 2021.

On behalf of the Board,

Jean-Pierre Dalais
Chairman

L. J. Jérôme De Chasteauneuf
Chairman of the Audit & Risk Committee

20 September 2021

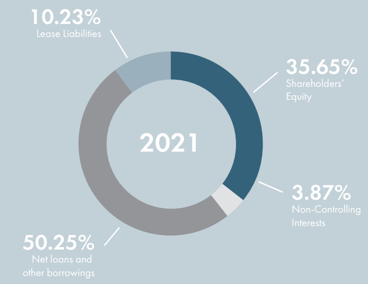
3-YEAR FINANCIAL REVIEW

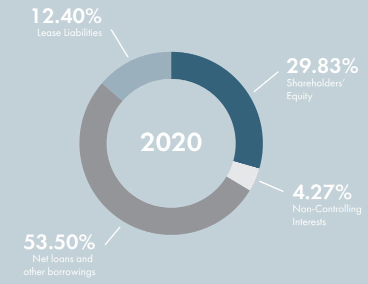
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

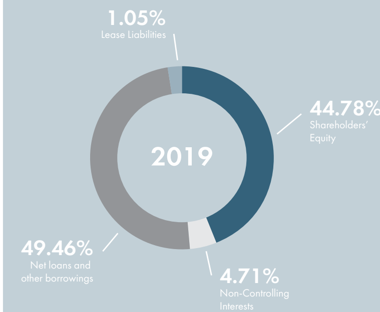
	THE GROUP		
AS AT 30 JUNE	2021	2020	2019
		Restated	Restated
	Rs'000	Rs'000	Rs'000
Assets			
Non-current assets	**17,920,117**	19,714,281	18,803,762
Current assets	**2,088,235**	1,489,195	1,526,081
Total assets	**20,008,352**	21,203,476	20,329,843
Equity			
Equity attributable to owners of the Company	**6,242,028**	5,341,637	7,729,466
Non-controlling interests	**677,011**	765,561	812,512
Total equity	**6,919,039**	6,107,198	8,541,978
Net loans and other borrowings	**8,795,955**	9,581,360	8,535,035
Lease liabilities	**1,790,478**	2,221,697	180,430
Total capital employed	**17,505,472**	17,910,255	17,257,443
Trade and other payables	**1,165,504**	1,584,830	1,425,014
Current tax liability	**10,404**	9,783	47,379
Deferred tax liability	**946,728**	1,084,079	913,044
Employee benefit liability	**266,752**	459,068	364,353
Provision	**22,989**	60,298	91,968
Contract liabilities	**90,503**	95,163	99,822
Dividend payable	**-**	-	130,820
Interest-free liabilities	**2,502,880**	3,293,221	3,072,400
Total equity and liabilities	**20,008,352**	21,203,476	20,329,843

CONSOLIDATED CAPITAL EMPLOYED

	THE GROUP		
AS AT 30 JUNE	2021	2020	2019
Shareholders' equity	**35.65%**	29.83%	44.78%
Non-controlling interests	**3.87%**	4.27%	4.71%
Net loans and other borrowings	**50.25%**	53.50%	49.46%
Lease liabilities	**10.23%**	12.40%	1.05%
Total capital employed	**100.00%**	100.00%	100.00%







3-YEAR FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	THE GROUP		
FOR THE YEAR ENDED 30 JUNE	**2021**	2020	2019
		Restated	Restated
Continuing operations:	**Rs'000**	Rs'000	Rs'000
Revenue	**527,901**	4,634,869	6,092,933
Other income	**667,514**	350,695	115,260
Earnings before interest, tax, depreciation and amortisation and exceptional items	**(589,343)**	889,736	1,196,430
Exceptional items*	**(22,942)**	(193,195)	(1,786,035)
Normalised earnings before interest, tax, depreciation and amortisation	**(612,285)**	696,541	(589,605)
Depreciation and amortisation	**(560,809)**	(629,337)	(476,375)
Operating (loss)/profit	**(1,173,094)**	67,204	(1,065,980)
Net finance costs	**(875,486)**	(972,624)	(371,237)
Share of results of associates	**(7,844)**	(275)	300
Impairment of investment in associate	**-**	(107,044)	
Loss before tax	**(2,056,424)**	(1,012,739)	(1,436,917)
Income tax credit/(charge)	**224,637**	(27,511)	(101,063)
Loss after tax from continuing operations	**(1,831,787)**	(1,040,250)	(1,537,980)
Loss after tax from discontinued operation	**(244,927)**	(778,061)	(342,970)
Non-controlling interests	**87,682**	13,473	553
Loss attributable to owners of the Company	**(1,989,032)**	(1,804,838)	(1,880,397)
Balance at start of period, as previously reported	**(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	**155,675**	(146,036)	(48,748)
BALANCE AT END OF PERIOD	**(3,646,945)**	(1,813,588)	137,286

**Exceptional items include impairment charges, cash flow hedges, loss on disposal of subsidiary and write off of project costs*

RATIOS AND STATISTICS

		THE GROUP		
FOR THE YEAR ENDED 30 JUNE		**2021**	2020	2019
Share Performance			Restated	Restated
Ordinary shares				
- In issue	000's	**194,545**	194,545	194,545
- Weighted average	000's	**174,427**	174,427	174,427
Earnings per share from continuing operations	Rupees	**(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		**35.79**	30.62	44.31
Profitability and Asset Management				
EBITDA margin	%	**(111.64%)**	19.20%	19.64%
Operating (loss)/profit margin	%	**(222.22%)**	1.45%	(17.50%)
Return on net assets	%	**(30.01%)**	(29.77%)	(18.20%)
Gearing ratio excluding finance leases	%	**50.60%**	59.30%	48.10%
Total liabilities to total equity	%	**163.30%**	210.81%	135.89%
Interest cover	times	**(1.35)**	(0.04)	(2.86)
Current ratio	1::	**0.61**	0.30	0.57
Employees		**2,817**	3,856	4,028
Stock-Exchange Performance				
Stock price				
- At 30 June	Rupees	**18.50**	14.80	35.00
- Highest	Rupees	**18.50**	35.95	52.00
- Lowest	Rupees	**11.20**	14.10	34.00
Other				
Resort keys at year end		**1,382**	1,453	1,473
Rooms night sold	000's	**87**	271	382

3-YEAR FINANCIAL REVIEW

DEFINITIONS

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

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

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

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

Operating Margin
Operating margin is operating profit expresses as a percentage of revenue.

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

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

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

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

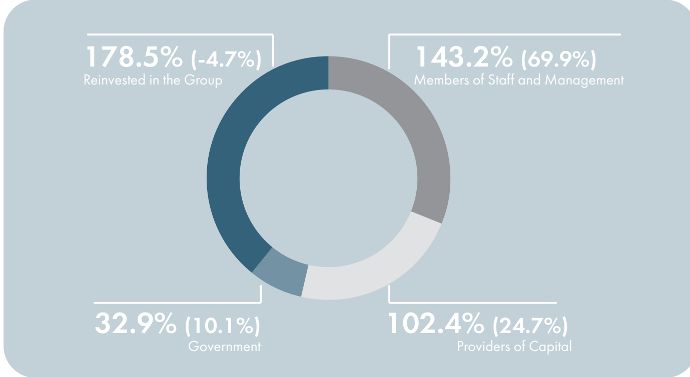
Interest Cover
This is the ratio of profit before tax, finance income and finance costs to net finance costs..

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

VALUE ADDED STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

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



FOR THE YEAR ENDED 30 JUNE	30 June 2021		30 June 2020	
	Rs'000	%	Rs'000	%
Total revenue excluding Government Wage Assistance Scheme	1,042,231		5,233,476	
Paid to suppliers for materials and services	(450,084)		(2,430,829)	
VALUE ADDED	592,147		2,802,647	
Share of result of joint venture	(7,844)		(275)	
Finance income	8,062		21,250	
TOTAL WEALTH CREATED	592,365	100.0	2,823,897	100.0
Distributed as follows :				
MEMBERS OF STAFF				
Salaries and other benefits, net of Government Wage Assistance Scheme	848,299	143.2	1,974,848	69.9
PROVIDERS OF CAPITAL				
Finance costs on loans and borrowings	600,994	101.4	578,200	20.5
Operating lease payments	5,716	1.0	119,703	4.2
	606,710	102.4	697,903	24.7
GOVERNMENT AND PARASTATAL CORPORATIONS				
Income tax (current and deferred)	(11,186)	(1.9)	27,511	1.0
PAYE	31,295	5.3	46,958	1.7
EPF	2,029	0.3	31,286	1.1
Licences, permits and levies	14,125	2.4	22,853	0.8
Lease costs	158,707	26.8	155,369	5.5
	194,970	32.9	283,977	10.1
REINVESTED IN THE GROUP TO MAINTAIN AND DEVELOP OPERATIONS				
Depreciation and amortisation	604,109	102.0	742,383	26.3
Exceptional items*	414,991	70.1	943,097	33.4
Retained loss for the year	(2,076,714)	(350.6)	(1,818,311)	(64.4)
	(1,057,614)	(178.5)	(132,831)	(4.7)
TOTAL WEALTH DISTRIBUTED AND RETAINED	592,365	100.0	2,823,897	100.0

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

- Results above include continuing and discontinued operations

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SUN LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Our Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Sun Limited (the "Company") and its subsidiaries (together the "Group") and of the Company standing alone as at 30 June 2021, 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 78 to 150 comprise:

- the consolidated and separate statements of financial position as at 30 June 2021;
- the consolidated and separate statements of profit or loss for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes 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.

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

Key Audit Matters

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

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impact of Covid-19 on going concern (see note 3.2 to the financial statements) – Consolidated and separate financial statements As described in note 3.2 the Directors have evaluated the inherent risks including the impact of Covid-19 to the Group business model and how those risks might affect the Group's financial resources or ability to continue operations up to 30 June 2022. In undertaking their assessment of going concern for the Group, the Directors prepared the forecast future performance and anticipated cash flows including appropriate sensitivities and a worst-case scenario test of the Group's liquidity if limitations are placed on incoming tourists. This is a key audit matter as there is significantly more judgement applied in developing cash flow forecasts including assumptions relating to the date when the Group's resorts will be able to re-open despite official announcements made by the Government of Mauritius and considering the prevailing sanitary conditions in Mauritius and the Group's main source markets (UK, France and South Africa).	We obtained the Board's approved forecast cash flows covering the period up to 30 June 2022 ('the going concern period'). We assessed the plausibility of the Directors downside scenario by evaluating the actual Covid-19 impact on the Group to date and comparing it to external industry analysis to consider the wider outlook for the industry as a whole and through this we: • performed our own independent reverse stress testing on the forecasts to understand how severe the downside scenarios would have to be to result in the elimination of liquidity headroom. • considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively; • challenged the quantum of the potential mitigating actions to reduce costs with reference to supporting evidence and assessed whether the mitigating actions were within the Group's control. Furthermore, we reviewed the adequacy and appropriateness of the Directors going concern disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SUN LIMITED

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

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Fair value of land and buildings (see note 5 to the financial statements) – Consolidated financial statements As at 30 June 2021, the Group had land and buildings amounting to MUR 14.5 billion (2020: MUR 15.4 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 945.9 million (2020: MUR 405.3 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 for 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. As at the valuation date, the Group continues to be faced with an unprecedented set of circumstances caused by Covid-19 and the independent valuation is therefore reported as being subject to 'material uncertainty' as set out in VPS3 and VPGA10 of the RICs valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case. However, the 'material uncertainty' is included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. The valuation 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. Please refer to note 4.2 (iii) of the financial statements for detail on these estimates and judgments.	We evaluated the appropriateness of the design and implementation 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. Our valuation specialists assessed the reasonableness of the fair values attributed to the different properties of the Group and the significant assumptions used by the external valuers in this exercise by benchmarking against best current available industry data and historical rates. We verified that the fair value determined by the independent valuation expert for each property was correctly included in the consolidated financial statements. We evaluated whether disclosures in the financial statements relating to the valuation of properties were in accordance with International Financial Reporting Standards.

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

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment of goodwill (see note 8 to the financial statements) – Consolidated financial statements The Group has goodwill for which indicators of impairment exist as at 30 June 2021. The Directors determined that there was no impairment on the carrying amount of Group's goodwill in the year ended 30 June 2021 (2020: MUR Nil). The Directors assessed the recoverable amount of assets for which indicators of impairment exist as at 30 June 2021 using a discounted cash flow model to determine the recoverable amount of the cash generating unit (CGU) to which the assets relate to. This requires the use of a number of key assumptions and judgements, including the estimated future cash flows, long-term growth rates, profitability levels and discount rates applied. This was an area of focus in light of the amounts involved and the level of judgement and estimation required from the Directors.	As part of our planning procedures, we obtained an understanding of 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, independent external market data, other analyst forecasts and competitor trading updates for indicators of contradictory evidence to challenge these forecasts. This included specific consideration of the expected rate of recovery of passenger numbers in the context of the current travel restrictions and the expectations of how long they may remain in place. 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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SUN LIMITED

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

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of investments in subsidiaries (see note 9 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 unlisted investments are determined by applying valuation methodologies which include discounted cash flow approach and net asset value approach. The Directors use judgement to determine the most appropriate valuation methodology and the various assumptions used when a discounted cash flow approach is adopted. The valuation of the Company's investments in subsidiaries held at fair value was a key area of audit focus owing to their magnitude, the estimation uncertainties in the assumptions, and the degree of judgement required from management, particularly in the context of the economic uncertainty.	The reasonableness of the fair values assigned to the unlisted investments was assessed. The methodologies applied by management were assessed for appropriateness based on the nature of the investments and their activities. Our valuation specialists assessed the reasonableness of the assumptions used in the cash flow models by comparing these assumptions to our independently derived expectations, independent external market data, other analyst forecasts and competitor trading updates for indicators of contradictory evidence to challenge these forecasts to independently determine the recoverable amount or the investments tested. We assessed the recoverable amount of each significant cash generating unit ('CGU') by comparing the recoverable amount to the carrying value of the CGU and ascertained the reasonableness thereof by referencing to industry benchmarks. The investment in subsidiaries was tested as the sum of the recoverable amounts of all the Group's CGUs in relation to the total carrying value. We assessed whether appropriate disclosures were made by management in the financial statements in the context of the inherent uncertainties involved.
Accounting of MIC Loan (see note 18 to the financial statements) – Consolidated financial statements During the financial year 2021, the Group issued redeemable convertible bonds to the Mauritius Investment Corporation ('MIC'), a wholly owned subsidiary of the Bank of Mauritius. Based on the interpretation of some clauses in the agreements with MIC, it was concluded that it is an accounting policy choice to adopt either the equity route or partly debt and equity. Management has opted to adopt the equity route. The accounting of the MIC funding obtained was a key area of audit focus owing to the legal complexity of the agreement and the magnitude involved.	We obtained and reviewed the terms of the subscription agreement with the MIC. We obtained and reviewed the legal opinion prepared by management's legal experts. We involved our internal legal specialists to assess the terms of the contract and the legal opinion received from management's legal experts. We involved our accounting technical specialists to assess all legal facts in light of characteristics of debt vs equity instruments. We assessed whether appropriate disclosures were made by management in the financial statements in line with the accounting policy choice of the Group.

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

Other Information

The directors are responsible for the other information. The other information 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.

Corporate Governance Report

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.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SUN LIMITED

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.

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

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.

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 and business advisors and dealings in the ordinary course of business;
(b) we have obtained all the information and explanations we have required; and
(c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

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

20 September 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	THE GROUP 2021	THE GROUP 2020 Restated	THE GROUP 2019 Restated	THE COMPANY 2021	THE COMPANY 2020 Restated	THE COMPANY 2019 Restated
ASSETS		**Rs'000**	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
NON-CURRENT ASSETS							
Property, plant and equipment	5	**15,321,636**	16,656,029	17,038,859	**11,131**	15,890	14,361
Right-of-use assets	6	**1,518,315**	1,873,504	-	**-**	-	-
Operating equipment	7	**9,061**	22,294	43,526	**-**	-	-
Intangible assets	8	**269,394**	281,227	295,370	**38,737**	47,019	53,905
Interest in subsidiaries	9	**-**	-	-	**18,761,367**	14,966,975	15,564,331
Interest in associate	10	**392,645**	495,991	702,445	**392,645**	495,991	702,445
Interest in joint venture	11	**49,277**	51,103	43,796	**-**	-	-
Deferred tax asset	21	**172,490**	156,298	-	**31,523**	30,773	4,597
Other investments	12	**170,379**	158,900	164,170	**5,550**	5,550	5,550
Leasehold rights and land & buildings prepayments	13	**-**	-	496,661	**-**	-	261,324
Other financial assets	14	**16,920**	18,935	18,935	**2,178,368**	1,834,060	2,246,920
		17,920,117	19,714,281	18,803,762	**21,419,321**	17,396,258	18,853,433
CURRENT ASSETS							
Inventories	15	**97,022**	161,342	206,979	**-**	-	-
Trade and other receivables	16	**426,149**	695,408	691,441	**469,895**	1,800,185	1,871,713
Cash and short-term deposits	36(ii)	**1,565,064**	632,445	627,661	**897,039**	83,052	41,083
		2,088,235	1,489,195	1,526,081	**1,366,934**	1,883,237	1,912,796
TOTAL ASSETS		**20,008,352**	21,203,476	20,329,843	**22,786,255**	19,279,495	20,766,229
EQUITY AND LIABILITIES							
Capital and reserves (attributable to owners of the parent)							
Stated capital	17	**1,945,451**	1,945,451	1,945,451	**1,945,451**	1,945,451	1,945,451
Share premium	17	**3,138,833**	3,138,833	3,138,833	**3,138,833**	3,138,833	3,138,833
Convertible bonds	18	**2,264,792**	-	-	**-**	-	-
Reserves	19	**3,991,286**	3,522,330	3,144,639	**9,506,538**	4,412,146	5,009,502
(Accumulated losses)/Retained profits		**(3,646,945)**	(1,813,588)	951,932	**2,736,759**	3,003,056	4,668,331
		7,693,417	6,793,026	9,180,855	**17,327,581**	12,499,486	14,762,117
Treasury shares	17	**(1,451,389)**	(1,451,389)	(1,451,389)	**(1,451,389)**	(1,451,389)	(1,451,389)
Equity attributable to owners of the Company		**6,242,028**	5,341,637	7,729,466	**15,876,192**	11,048,097	13,310,728
Non-controlling interests		**677,011**	765,561	812,512	**-**	-	-
TOTAL EQUITY		**6,919,039**	6,107,198	8,541,978	**15,876,192**	11,048,097	13,310,728
NON-CURRENT LIABILITIES							
Loans and other borrowings	20	**6,686,989**	6,254,161	7,453,991	**3,052,635**	3,229,490	5,515,381
Lease liabilities	6	**1,648,043**	2,096,806	177,574	**26,782**	129,648	-
Deferred tax liability	21	**946,728**	1,084,079	913,044	**-**	-	-
Provision	24	**9,913**	60,298	91,968	**9,913**	29,580	61,250
Contract liabilities	25	**90,503**	95,163	99,822	**-**	-	-
Employee benefit liability	22	**266,752**	459,068	364,353	**23,983**	65,983	17,246
		9,648,928	10,049,575	9,100,752	**3,113,313**	3,454,701	5,593,877
CURRENT LIABILITIES							
Loans and other borrowings	20	**2,108,966**	3,327,199	1,081,044	**1,753,106**	2,845,810	734,001
Lease liabilities	6	**142,435**	124,891	2,856	**102,865**	93,940	-
Dividend payable	43	**-**	-	130,820	**-**	-	130,820
Provision	24	**13,076**	-	-	**13,076**	-	-
Trade and other payables	23	**1,165,504**	1,584,830	1,425,014	**1,921,079**	1,830,945	990,135
Current tax liability	26	**10,404**	9,783	47,379	**6,624**	6,002	6,668
		3,440,385	5,046,703	2,687,113	**3,796,750**	4,776,697	1,861,624
TOTAL LIABILITIES		**13,089,313**	15,096,278	11,787,865	**6,910,063**	8,231,398	7,455,501
TOTAL EQUITY AND LIABILITIES		**20,008,352**	21,203,476	20,329,843	**22,786,255**	19,279,495	20,766,229

Approved by the Board of Directors and authorised for issue on 20 September 2021.

JEAN-PIERRE DALAIS
Chairman

L. J. JÉRÔME DE CHASTEAUNEUF
Chairman of the Audit & Risk Committee

The notes set out on pages 83 to 150 form an integral part of the financial statements.
Auditors' report on page 70 to 77.

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	THE GROUP 2021	THE GROUP 2020 Restated	THE COMPANY 2021	THE COMPANY 2020
		Rs'000	Rs'000	**Rs'000**	Rs'000
Continuing operations					
Revenue	27	**527,901**	4,634,869	**205,393**	274,904
Other income	29	**667,514**	350,695	**3,445**	113,604
Total revenue		**1,195,415**	4,985,564	**208,838**	388,508
Operating expenses	28	**(1,784,758)**	(4,095,828)	**(92,395)**	(198,062)
(Loss)/earnings before interest, tax, depreciation and amortisation and exceptional items		**(589,343)**	889,736	**116,443**	190,446
Impairment of non-financial assets	32	**(4,705)**	(117,049)	**-**	-
Impairment of financial assets		**(18,237)**	(76,146)	**135,535**	(759,746)
Loss on derecognition of right-of-use assets	6(b)(i)	**-**	-	**-**	(126,461)
(Loss)/earnings before interest, tax, depreciation and amortisation		**(612,285)**	696,541	**251,978**	(695,761)
Depreciation and amortisation	30	**(560,809)**	(629,337)	**(12,781)**	(49,835)
Operating (loss)/profit		**(1,173,094)**	67,204	**239,197**	(745,596)
Finance costs:	33	**(883,548)**	(993,874)	**(625,748)**	(632,330)
- Cash flow hedges		**(229,879)**	(368,929)	**-**	-
- Other finance costs		**(653,669)**	(624,945)	**(625,748)**	(632,330)
Finance income	34	**8,062**	21,250	**177,136**	147,301
Share of result of joint venture	11	**(7,844)**	(275)	**-**	-
Impairment of investment in associate	10(a)	**-**	(107,044)	**(103,346)**	(206,454)
Loss before tax from continuing operations		**(2,056,424)**	(1,012,739)	**(312,761)**	(1,437,079)
Income tax credit /(charge)	26(b)	**224,637**	(27,511)	**8,521**	17,643
Loss for the year from continuing operations		**(1,831,787)**	(1,040,250)	**(304,240)**	(1,419,436)
Loss for the year from discontinued operation	31	**(244,927)**	(778,061)	**-**	-
Loss for the year		**(2,076,714)**	(1,818,311)	**(304,240)**	(1,419,436)
Loss attributable to:					
Owners of the Company		**(1,989,032)**	(1,804,838)	**(304,240)**	(1,419,436)
Non-controlling interests		**(87,682)**	(13,473)	**-**	-
		(2,076,714)	(1,818,311)	**(304,240)**	(1,419,436)
Earnings per share for loss from continuing operations attributable to the equity holders of the Company:					
Basic and diluted loss per share (Rs)	35	**(10.00)**	(5.89)		
Earnings per share for loss attributable to the equity holders of the Company:					
Basic and diluted loss per share (Rs)	35	**(11.40)**	(10.35)		

The notes set out on pages 83 to 150 form an integral part of the financial statements.
Auditors' report on page 70 to 77.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Note	THE GROUP 2021 Rs'000	THE GROUP 2020 Restated Rs'000	THE COMPANY 2021 Rs'000	THE COMPANY 2020 Rs'000
Loss profit for the year		**(2,076,714)**	(1,818,311)	**(304,240)**	(1,419,436)
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Revaluation of land and buildings	5	**945,873**	405,253	**-**	-
Revaluation of interest in subsidiaries	9	**-**	-	**5,094,392**	(597,356)
Revaluation of other investments	12	**7,507**	(5,270)	**-**	-
Movement in retirement benefit obligations	22	**211,772**	(181,779)	**45,714**	(50,192)
Income tax relating to these items	21	**(123,024)**	(25,509)	**(7,771)**	8,533
		1,042,128	192,695	**5,132,335**	(639,015)
Items that may be reclassified subsequently to profit or loss:					
Differences arising on retranslation of foreign operations		**1,252**	104,704	**-**	-
Share of other comprehensive income of joint venture	11	**6,018**	7,582	**-**	-
Cash flow hedges		**(410,802)**	(98,990)	**-**	-
		(403,532)	13,296	**-**	-
Other comprehensive income for the year, net of tax		**638,596**	205,991	**5,132,335**	(639,015)
Total comprehensive income for the year		**(1,438,118)**	(1,612,320)	**4,828,095**	(2,058,451)
Total comprehensive income attributable to:					
Owners of the Company		**(1,349,568)**	(1,573,183)	**4,828,095**	(2,058,451)
Non-controlling interests		**(88,550)**	(39,137)	**-**	-
		(1,438,118)	(1,612,320)	**4,828,095**	(2,058,451)
Total comprehensive income attributable to:					
Continuing operations		**(1,183,689)**	(824,757)	**4,828,095**	(2,058,451)
Discontinued operation		**(254,429)**	(787,563)	**-**	-
		(1,438,118)	(1,612,320)	**4,828,095**	(2,058,451)

The notes set out on pages 83 to 150 form an integral part of the financial statements.
Auditors' report on page 70 to 77.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

THE GROUP

<--------------------Attributable to owners of the Company-------------------->

	Note	Stated capital Rs'000	Share premium Rs'000	Convertible bonds Rs'000	Revaluation reserve Rs'000	Foreign Currency translation reserve Rs'000	Cash flow hedging reserve Rs'000	Retained profits Rs'000	Treasury shares Rs'000	Total Rs'000	Non-controlling interests Rs'000	Total equity Rs'000
At 30 June 2019												
- As previously reported		1,945,451	3,138,833	-	2,760,004	450,046	(65,411)	859,235	(1,451,389)	7,636,769	812,512	8,449,281
- Effect of prior year adjustments (note 44)		-	-	-	-	-	-	92,697	-	92,697	-	92,697
- As restated		1,945,451	3,138,833	-	2,760,004	450,046	(65,411)	951,932	(1,451,389)	7,729,466	812,512	8,541,978
- Effect of adoption of IFRS 16		-	-	-	-	-		(814,646)	-	(814,646)	(7,814)	(822,460)
At 1 July 2019		1,945,451	3,138,833	-	2,760,004	450,046	(65,411)	137,286	(1,451,389)	6,914,820	804,698	7,719,518
Other comprehensive income for the year		-	-	-	343,477	112,286	(78,072)	(146,036)	-	231,655	(25,664)	205,991
Loss for the year		-	-	-	-	-	-	(1,804,838)	-	(1,804,838)	(13,473)	(1,818,311)
Total comprehensive income for the year		-	-	-	343,477	112,286	(78,072)	(1,950,874)	-	(1,573,183)	(39,137)	(1,612,320)
At 30 June 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	18	-	-	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**

THE COMPANY

	Stated capital Rs'000	Share premium Rs'000	Investment revaluation reserve Rs'000	Cash flow hedging reserve Rs'000	Retained profits Rs'000	Treasury shares Rs'000	Total Rs'000
At 30 June 2019	1,945,451	3,138,833	5,009,502	-	4,668,331	(1,451,389)	13,310,728
- Effect of adoption of IFRS 16	-	-	-	-	(204,180)	-	(204,180)
At 1 July 2019	1,945,451	3,138,833	5,009,502	-	4,464,151	(1,451,389)	13,106,548
Other comprehensive income for the year	-	-	(597,356)	-	(41,659)	-	(639,015)
Loss for the year	-	-	-	-	(1,419,436)	-	(1,419,436)
Total comprehensive income for the year	-	-	(597,356)	(1,461,095)	(1,461,095)	-	(2,058,451)
At 30 June 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**

The notes set out on pages 83 to 150 form an integral part of the financial statements.
Auditors' report on page 70 to 77.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	THE GROUP 2021	THE GROUP 2020	THE COMPANY 2021	THE COMPANY 2020
		Rs'000	Restated Rs'000	Rs'000	Rs'000
OPERATING ACTIVITIES					
Loss before tax from continuing operations		**(2,056,424)**	(1,012,739)	**(312,761)**	(1,437,079)
Loss before tax from discontinued operation		**(294,504)**	(767,181)	**-**	-
Adjustment for:					
Depreciation and amortisation	30	**604,109**	742,383	**12,781**	49,835
Write off of intangible assets and leasehold rights	13	**777**	45,529	**-**	45,529
Operating equipment usage	7	**6,750**	13,476	**-**	-
Finance costs	33	**943,916**	1,080,471	**625,748**	632,330
Finance income	34	**(8,062)**	(21,250)	**(177,136)**	(147,301)
Movement in provisions		**(37,309)**	(31,670)	**(6,591)**	(31,670)
(Profit)/loss on disposal of property, plant and equipment		**(29,148)**	1,296	**(3)**	107
Share of results of joint venture	11	**7,844**	275	**-**	-
Impairment of non-financial assets	32	**396,754**	759,631	**-**	-
Impairment of financial assets		**18,237**	76,422	**(135,535)**	759,746
Impairment of investment in associate		**-**	107,044	**103,346**	206,454
Loss on derecognition of right-of-use assets	6(b)	**-**	-	**-**	126,461
Amortised cost on borrowings	36	**17,061**	10,620	**15,188**	9,838
Investment income		**-**	-	**(103,346)**	(99,410)
Unrealised exchange differences		**(15,697)**	(104,764)	**(64,362)**	(7,269)
Land lease waiver		**(99,053)**	-	**-**	-
Movement in employee benefit liability		**19,456**	(87,064)	**3,714**	(1,455)
		1,825,635	2,592,399	**273,804**	1,543,195
OPERATING CASH FLOWS BEFORE WORKING CAPITAL CHANGES		**(525,293)**	812,479	**(38,957)**	106,116
Movement in working capital	36(i)	**(246,875)**	47,063	**2,040,847**	381,611
CASH (USED IN)/GENERATED FROM OPERATIONS		**(772,168)**	859,542	**2,001,890**	487,727
Income taxes received/(paid)	26	**7,359**	(48,660)	**-**	(335)
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		**(764,809)**	810,882	**2,001,890**	487,392
INVESTING ACTIVITIES					
Interest received	34	**8,062**	21,250	**-**	10,701
Purchase of property, plant and equipment		**(248,267)**	(413,590)	**(598)**	(6,604)
Proceeds from disposal of property, plant and equipment		**1,629,644**	722	**1,056**	120
Purchase of intangible assets	8	**(2,334)**	(3,035)	**(195)**	(1,678)
Loan (granted)/repaid		**(1,957)**	-	**648,562**	510,000
Purchase of operating equipment	7	**(4,971)**	(25,350)	**-**	-
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**1,380,177**	(420,003)	**648,825**	512,539
FINANCING ACTIVITIES					
Proceeds from borrowings	36	**3,583,063**	1,847,689	**2,700,025**	612,689
Repayment of borrowings	36	**(5,008,272)**	(1,534,325)	**(4,246,660)**	(1,078,643)
Net proceeds from convertible bond	18	**2,261,192**	-	**-**	-
Lease payments	36	**(61,077)**	(175,662)	**-**	-
Dividend paid to equity holders		**-**	(130,820)	**-**	(130,820)
Interest paid		**(469,419)**	(376,426)	**(302,328)**	(320,893)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**305,487**	(369,544)	**(1,848,963)**	(917,667)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**920,855**	21,335	**801,752**	82,264
Cash and cash equivalents at 1 July		**587,041**	575,769	**80,930**	(5,895)
Net foreign exchange difference		**39,962**	(10,063)	**11,871**	4,561
CASH AND CASH EQUIVALENTS AT 30 JUNE	36(ii)	**1,547,858**	587,041	**894,553**	80,930

The notes set out on pages 83 to 150 form an integral part of the financial statements.
Auditors' report on page 70 to 77.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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's Le Touessrok Resort & Spa, Four Seasons Resort Mauritius at Anahita, Long Beach, Sugar Beach, La Pirogue, Ambre and Ile aux cerfs.

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

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 2020. The Group applied Covid-19 - Related Rent Concessions (Amendment to IFRS 16) for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below. Several other amendments and interpretations apply for the first time in the current year, but did not have an impact on the financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2.1 New standards and interpretations adopted by the group

(i) Covid-19 - Related Rent Concessions (Amendment to IFRS 16)

Covid-19 - Related rent concessions (Amendment to IFRS 16) provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of Covid-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a Covid-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the Covid-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 and only if all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the International Accounting Standards Board (IASB) in May 2020).

<u>Impact of adoption</u>
As a result of adopting these requirements, rent deferrals which would otherwise have been treated as lease modifications have been accounted for as if the change was not a lease modification. The adoption of the amendments had no impact on the consolidated statements of profit or loss and other comprehensive income.

(ii) In addition, the Group has also adopted the following standards which have been assessed as having no financial impact or disclosure as at 30 June 2021:

Amendments to IFRS 3 Definition of a Business
The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output and clarifies that a business can exist without including all of the inputs and processes needed to create outputs. Furthermore, it introduces an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business.

These amendments had no material impact on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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

2.1 New standards and interpretations adopted by the group (cont'd)

Amendments to IAS 1 and IAS 8 Definition of Material
The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework. The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments.

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

These amendments had no material impact on the financial statements of the Group.

Amendments to References to the Conceptual Framework in IFRS Standards
The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in the IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

These amendments had no material impact on the financial statements of the Group.

2.2 New and revised standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt these new and amended standards and interpretations when they become mandatorily effective.

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)
On 31 March 2021, the IASB published an additional amendment to extend 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. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The Group will adopt this amendment as from 1 July 2021.

Interest Rate Benchmark Reform – Phase 2 (effective for periods beginning on or after 1 January 2021)
Benchmark interest rates such as the London Inter-bank Offered Rates (LIBOR) and other inter-bank offered rates have been prioritised for reform and replacement with Risk Free Rates (RFR) by global regulators. Reform of LIBOR rates is expected to be largely completed by the end of 2021.

The amendments introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the inter-bank 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 amendments are effective for annual reporting periods beginning on or after 1 January 2021. The amendments are not expected to have a material impact on the Group's financial statements.

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

2.2 New and revised standards and interpretations issued but not yet effective (cont'd)

The table below provides a summary of the expected exposure of the Group to the IBOR reform as at 30 June 2021:

Non-derivative assets and liabilities exposed to LIBOR		THE GROUP	THE COMPANY
		Rs'000	Rs'000
Financial assets - Amortised cost			
Cash and short term deposits		10,290	-
Financial liabilities - Amortised cost			
Borrowings	EURO LIBOR	2,888,691	741,086
	GBP LIBOR	147,410	-
	USD LIBOR	347,214	175,770
		3,383,315	916,856
Total assets and liabilities exposed to LIBOR		3,373,025	916,856

Classification of liabilities as current or non-current (amendments to IAS 1)
The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments are effective for annual periods beginning on or after 1 January 2023 and are not likely to have a material effect on the Group's financial statements.

Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities (effective for periods beginning on or after 1 January 2023)
These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Property, plant and equipment – proceeds before intended use (amendments to IAS 16)
The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The amendments are not expected to have a material impact on the Group's financial statements.

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

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

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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Going concern

The Group had accumulated losses of Rs 3.65 billion (2020: Rs 1.81 billion) as at 30 June 2021. The Group's and the Company's current liabilities exceeded the current assets by Rs 1.35 billion (2020: Rs 3.56 billion) and Rs 2.43 billion (2020: Rs 2.89 billion) respectively at 30 June 2021.

The Covid-19 pandemic had its full impact on the tourism industry worldwide in the financial year ended 30 June 2021. Mauritius borders remained closed throughout with the tourism industry registering no tourists. The borders were reopened on 15 July 2021 but the Government maintained strict sanitary restrictions with a 7 to 14-day quarantine until 30 September 2021.

With the border closure, the Group re-inforced its cost reduction measures which were implemented during the initial lockdown in March 2020 and embarked in a major restructuring to reduce significantly its fixed cost base compared to pre-COVID level.

The following factors contributed to ensuring enough cash flows to sustain the Group's and Company's working capital for the year ended 30 June 2021:

- Maximising revenues from quarantine and local businesses;
- Support from the Mauritius Investment Corporation Ltd ("MIC") in the form of redeemable convertible bonds of Rs 3.1 billion was secured;
- Refinancing and/or deferral of existing bank loans (refer to Note 20);
- Receipts of the Government Wage Assistance Scheme to cover part of its wages bill;
- State land lease waiver for its resorts.

Furthermore, the strategic disposal of its only resort in the Maldives in May 2021 should ensure that proceeds are earmarked for future funds to meet future debts commitments. Management has prepared forecasted cash flows for the financial year ending 30 June 2022 to assess the ability of the Group to operate as a going concern. The cash flow projections were derived considering the remaining funding to be received from the MIC and Government measures announced as follows:

- Extension of Government Wage Assistance Scheme up to 30 September 2021;
- As per the guidelines issued by the Bank of Mauritius, all existing bank loans repayment are to be deferred until 30 June 2022 due to the Covid-19 impact on the tourism industry;
- Deferral of the state land lease for resorts for FY 21-22 to 30 June 2022.

The main assumptions considered in the forecasted cash flows are:

- No revenues is expected in Phase 1 opening of the borders, that is in first quarter of the financial year ending 30 June 2022;
- Opening of all resorts as from 1 October 2021 with a 23% drop in roomnights as compared to FY 2019 (9 months pre-COVID);
- Debtors' collections and suppliers' payments have been assumed in line with previous years.

The management has also performed a worst case scenario with very low occupancy (drop of 50% in roomnights from FY 2019) and longer debtors' collections. With this scenario, the Group is still expected to have a positive cash headroom at 30 June 2022 under the worst case scenario even though strict costs reduction measures have not been captured in the worst case scenario, such as reduction of major expenses (voluntary pay cut, leave without pay and suspension of material contracts) and expected support to be provided by Government (Wage Assistance Scheme, state land lease waiver, deferral of principal and interest by lenders and additional support funds by MIC).

Based on cash flow forecast projections for the next 2 months and the funding secured so far, the Directors are of the view that the Group will be able to meet its financial obligations and fund its operational losses that can result from the continuing COVID- 19 impact in the next financial year. Accordingly, they continue to adopt the going concern basis in preparing the Group's and the Company's Financial Statements.

3.3 Basis of consolidation

The financial statements of the Group comprise the financial statements of Sun Limited and its subsidiaries as at 30 June 2021.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Basis of consolidation (cont'd)

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

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

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

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

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

3.4 Property, plant and equipment

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (cont'd)

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

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

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

The annual rates are as follows:-

Buildings, 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%

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

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

3.5 Leases

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases (cont'd)

(i) *The Group as a lessee (Cont'd)*

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 14 and the current portion is presented under "Trade and other receivables" under note 16.

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.

3.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of the assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.
All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.7 Financial instruments

(a) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (Cont'd)

(a) Financial Assets (Cont'd)

The financial assets include cash and cash equivalents, trade and other receivables, intercompany loans 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (Cont'd)

(a) 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 16.

(b) 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 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.

3.8 Interest in subsidiaries

In the Company's separate financial statements, interest in subsidiaries are classified at fair value through other comprehensive income and are still carried at fair value. The valuation of a subsidiary on a discounted cash flow basis or latest transaction price is periodically updated to reflect fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Investment in associates

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

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

Investments in associates are accounted for using the equity method except when classified as held-for-sale. 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.

3.10 Investment in joint ventures

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. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3.11 Intangible assets

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

Goodwill arising on the acquisition of subsidiaries is 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Intangible assets (Cont'd)

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

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

Computer software is 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.

3.12 Inventories

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

3.13 Taxation

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

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

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

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

3.14 Revenue from Contracts with Customers

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 overtime 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue from Contracts with Customers (Cont'd)

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.

The Group acts as an agent for hotel owners to the extent that it does not control the services rendered to members upon redemption. Accordingly, revenue is recognised net of the cost of reimbursing the hotel that is providing the service.

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.

3.15 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Foreign currency (Cont'd)

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.

3.16 Employee benefits

(a) Career Average Revalued Earnings (CARE)
Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

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

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

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

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

(b) Other retirement benefits
The present value of other retirement benefits in respect of the 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 21(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 23.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Impairment of tangible and intangible assets excluding goodwill

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

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

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

3.18 Provisions

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

3.19 Derivative financial instruments

The Group and the Company enter into a variety of derivative financial instruments to manage their exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 40.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges on interest rate swap, hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

3.20 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Hedge accounting (Cont'd)

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.

3.21 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.

3.22 Cash and cash equivalents

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

3.23 Segmental reporting

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

3.24 Operating equipment

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

3.25 Stated capital

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.26 Convertible bonds

Convertible bonds are classified as equity on initial recognition based on the subscription proceeds received, net of transaction costs, and is not subsequently remeasured. Interest payments made are recognised in equity.

3.27 Non-current assets (or disposal Groups) held for sale and discontinued operations

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

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.

3.28 Earnings before interest, tax, depreciation and amortisation ("EBITDA") and exceptional items

Earnings before interest, tax, depreciation and amortisation and exceptional items is stated after adding to EBITDA significant items of a non-recurring nature such as impairment charges, and disposal of subsidiaries.

Due to the nature of the exceptional items, certain one-off and non-trading items are classified seperately in order to draw the attention of the users of the financial statements. In the judgement of the Directors, this presentation shows the underlying performance of the Group more accurately.

3.29 Share-based payment

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.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

4.1 Critical judgements in applying accounting policies

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

(ii) Determining the lease term
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.

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

4.1 Critical judgements in applying accounting policies (Cont'd)

(iii) Determining whether forecast sales are highly probable
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, including the Covid-19 scenario and concluded that cash flows occuring as from January 2023 are considered as highly probable. This led to a charge of Rs 121.5m for hedging ineffectiveness impacting the profit or loss of the Group.

(iv) Deferred tax
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.

(v) Depreciation of hotel buildings
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.

4.2 Key sources of estimation uncertainty

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

(i) Employee benefit liability
The cost of defined benefit pension plans and related provisions, as disclosed in note 22 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 at 2021 is Rs 266.8m for the Group (2020: Rs 459.1m) and Rs 24.0m for the Company (2020: Rs 66.0m). Further details are set out in Note 22.

(ii) Impairment of financial assets
The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates.

The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further details are set out in note 16.

(iii) Revaluation of property, plant and equipment
The Group accounts for land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine the fair value as at 30 June 2021. However, as at valuation date, the independent valuer continued to be faced with an unprecedented set of circumstances caused by Covid-19 and an absence of relevant/sufficient market evidence on which to base their judgement. The valuation is therefore reported on the basis of 'material valuation uncertainty' per VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty and a higher degree of caution should be attached to the valuation than would normally be the case. For the avoidance of doubt, the material valuation uncertainty declaration does not mean that the valuation cannot be relied on. It has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of Covid-19, we highlight the importance of the valuation date. There has been no change in the methodology used for valuing the properties of the Group as a result of Covid-19. The key assumptions used to determine the fair value of the land and buildings are further explained in Note 5.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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

4.2 Key sources of estimation uncertainty (Cont'd)

(iv) Fair value of securities not quoted in an active market
The fair value of securities not quoted in an active market (subsidiaries and other investments) is determined using valuation techniques including earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The Group would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to Notes 12 and 40.7

(v) Impairment of goodwill and assets
Management has assessed the recoverable amounts, as at 30 June 2021 of cash generating units (CGUs) to which goodwill has been allocated and CGUs that have indicators for impairment. Note 8 sets out the CGUs to which goodwill has been allocated for impairment testing purposes.

The recoverable amount of CGUs are determined based on their value-in-use or their fair value less cost of disposal, if any. The future net cash flows have been estimated using the budget for the next 12 months as a starting point. Cash flow projections of 3 to 10 years have been considered and discounted at an appropriate discount rate and added to the estimated discounted terminal value.

The growth in revenue is based on management's best estimates of the occupancy rates and the average daily room rates the Group for the year, taking into consideration historical entity specific data and future sales strategies. Room departmental profits are based on historical entity specific data and the anticipated improvement in cost 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 discount rates used varied between 9% and 11% (2020: 10% and 12%).

The Group's cash flow projections and key assumptions have been revised to cater for the near term slow recovery from the impact of Covid-19, the resultant suspension of operations and the decline in the booking patterns.

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

A 0.5% sensitivity in discount rate or terminal value or 1% sensitivity in occupancy rate will not result in any impairment charges in goodwill for the year (2020: Nil). Refer to Note 9 for sensitivities on fair value on investment in subsidiaries for the Company.

(vi) Provisions
As disclosed in Note 24, 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 requires management to exercise judgment on the likelihood and timing of any outflow of economic benefits. The amount provided may differ from the final settlement amount.

5. PROPERTY, PLANT AND EQUIPMENT

(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 telecom-munication equipment	Total
COST OR VALUATION	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 1 July 2019							
- As previously reported	16,444,178	178,274	1,916,550	2,149,723	107,778	214,386	21,010,889
- Effect of prior year adjustments (note 44)	(228,647)	-	-	-	-	-	(228,647)
- As restated	**16,215,531**	**178,274**	**1,916,550**	**2,149,723**	**107,778**	**214,386**	**20,782,242**
Additions	217,476	38,686	51,653	92,499	6,099	7,177	413,590
Reclassified to right-of-use assets (note 6)	(176,967)	-	-	-	(13,834)	-	(190,801)
Transfers	104,522	(138,723)	33,726	475	-	-	-
Disposals	-	-	(2,876)	(504)	(4,763)	(460)	(8,603)
Revaluation adjustment	184,941	-	-	-	-	-	184,941
Assets written off	(10,131)	-	-	(189)	-	(1,968)	(12,288)
Retranslation difference	299,716	4,144	33,408	29,004	2,370	1,828	370,470
At 30 June 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**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 July 2019							
- As previously reported	758,940	-	1,294,706	1,586,412	41,709	168,641	3,850,408
- Effect of prior year adjustments (note 44)	(97,383)	-	(3,851)	(5,791)	-	-	(107,025)
- As restated	661,557	-	1,290,855	1,580,621	41,709	168,641	3,743,383
Charge for the year	314,043	-	121,936	118,392	13,763	19,940	588,074
Reclassified to right-of-use assets (note 6)	(6,718)	-	-	-	(2,190)	-	(8,908)
Disposals	-	-	(2,153)	(442)	(3,639)	(351)	(6,585)
Revaluation adjustment	(220,312)	-	-	-	-	-	(220,312)
Impairment charges (note 32)	632,917	-	45,788	41,241	-	-	719,946
Assets written off	-	-	-	(189)	-	(1,968)	(2,157)
Retranslation difference	37,299	-	17,396	12,770	1,350	1,266	70,081
At 30 June 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 32)	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**
NET BOOK VALUE							
At 30 June 2021	**14,462,310**	**21,405**	**388,378**	**400,762**	**28,145**	**20,636**	**15,321,636**
At 30 June 2020	15,416,302	82,381	558,639	518,615	46,657	33,435	16,656,029
At 30 June 2019 - as restated	15,553,974	178,274	625,695	569,102	66,069	45,745	17,038,859

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FOR THE YEAR ENDED 30 JUNE 2021

5. 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 OR VALUATION					
At 1 July 2019	14,021	35,251	10,731	18,485	78,488
Additions	-	177	4,800	1,627	6,604
Disposals	-	-	(162)	(195)	(357)
At 30 June 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**
ACCUMULATED DEPRECIATION					
At 1 July 2019	10,811	33,357	3,014	16,945	64,127
Charge for the year	1,120	327	2,590	811	4,848
Disposals	-	-	(62)	(68)	(130)
At 30 June 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**
NET BOOK VALUE					
At 30 June 2021	**973**	**1,415**	**7,186**	**1,557**	**11,131**
At 30 June 2020	2,090	1,744	9,827	2,229	15,890

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

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
Net book value	**9,857,851**	11,365,667

(d) The Group's policy is to revalue its freehold land and buildings at least every three years and preceeding revaluation was conducted on 30 June 2020. Following the unprecedential impact of Covid-19 on the economy with significant and volatile changes being observed in the fair values of certain items of property, plant and equipment, a revaluation exercise was carried out during this financial year. 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. A revaluation exercise based on income capitalisation approach was also performed in order to benchmark against the depreciation replacement cost approach.

(e) Management assessed the recoverable amount of assets for which indicators of impairment exists as at 30 June 2021 and details of assessment have been disclosed under note 32.

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

(f) Hierarchy level

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

	THE GROUP		
	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000
2021			
Freehold land	**-**	**3,293,300**	**-**
Buildings and improvement to leasehold land	**-**	**-**	**10,534,179**
Site improvements	**-**	**-**	**591,231**
	-	**3,293,300**	**11,125,410**
2020			
Freehold land	-	2,900,550	-
Buildings and improvement to leasehold land	-	-	11,888,604
Site improvements	-	-	627,148
	-	2,900,550	12,515,752

There were no transfers between Level 1 and Level 2 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 20(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	
			2021	2020
			Rs'000	Rs'000
Buildings and improvement to leasehold land	Depreciated replacement cost	1% increase in current cost of replacing property	**105,342**	118,886
		1% decrease in current cost of replacing property	**(105,342)**	(118,886)
Site improvements	Depreciated replacement cost	1% increase in current cost of replacing property	**5,912**	6,271
		1% decrease in current cost of replacing property	**(5,912)**	(6,271)

6. LEASES

(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	Land and buildings	Others	Total
	Rs'000	**Rs'000**	**Rs'000**
At 30 June 2019	-	-	-
- Effect of adoption of IFRS 16	1,458,937	21,275	1,480,212
At 1 July 2019	**1,458,937**	**21,275**	**1,480,212**
Transfer from property, plant and equipment (note 5)	170,249	11,644	181,893
Transfer from leasehold rights and land and buildings prepayments (note 13)	235,331	-	235,331
Additions	2,498	5,592	8,090
Depreciation	(60,734)	(9,292)	(70,026)
Exchange differences	38,004	-	38,004
At 30 June 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**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

6. LEASES (CONT'D)

(a) THE GROUP (CONT'D)

(ii) Lease liabilities

	Land and buildings Rs'000	Others Rs'000	Total Rs'000
At 30 June 2019			
- As previously reported	400,969	9,583	410,552
- Effect of prior year adjustments (note 44)	(230,122)	-	(230,122)
- As restated	170,847	9,583	180,430
- Effect of adoption of IFRS 16	2,066,259	24,995	2,091,254
At 1 July 2019	**2,237,106**	**34,578**	**2,271,684**
Additions	2,498	5,592	8,090
Interest expenses	153,296	2,073	155,369
Payments	(264,438)	(10,634)	(275,072)
Exchange differences	61,626	-	61,626
At 30 June 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 expenses	157,135	1,572	158,707
Payments	(154,012)	(10,411)	(164,423)
Adjustment to 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**

[1]Adjustment to amount waived relates to waiver received during the year on leasehold land from Government and other entities.

	2021 Rs'000	2020 Rs'000
Current liabilities	**142,435**	124,891
Non-current liabilities	**1,648,043**	2,096,806
	1,790,478	2,221,697

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; and
- Leases of rooms under the Invest Hotel Scheme which run for a period between 52 and 59 years.
- 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 5% to 7.05% (2020: 5% to 7.05%).

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

	Minimum lease payments		Present value of minimum lease payments	
	2021 Rs'000	2020 Restated Rs'000	**2021 Rs'000**	2020 Rs'000
Repayable:				
Within one year	**246,253**	275,829	**142,435**	124,891
After one year but before two years	**149,865**	275,100	**49,734**	131,255
After two years but before three years	**120,601**	188,078	**22,081**	48,964
After three years but before five years	**229,946**	312,270	**36,267**	39,361
After five years	**4,216,493**	5,265,454	**1,539,961**	1,877,226
	4,716,905	6,040,902	**1,648,043**	2,096,806
	4,963,158	6,316,731	**1,790,478**	2,221,697
Less: Future finance charges	**(3,172,680)**	(4,095,034)	**-**	-
	1,790,478	2,221,697	**1,790,478**	2,221,697

6. LEASES (CONT'D)

(a) THE GROUP (CONT'D)

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

	2021 Rs'000	2020 Restated Rs'000
Depreciation charge of right-of-use assets	**(59,241)**	(70,026)
Interest expense (included in finance costs)	**(158,707)**	(155,369)
Expense relating to leases of low-value assets and short term leases	**(29,483)**	(26,913)
Lease concessions (included in other income)	**(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 and recognition of a finance lease receivables (refer to note 14). The loss on derecognition of this right-of use asset amounted to Rs 126.5m for the year ended 30 June 2020.

(ii) Lease liabilities

	Land and buildings	
	2021 Rs'000	2020 Rs'000
At 1 July	**223,588**	309,151
Interest expenses	**9,405**	13,847
Payments	**(103,346)**	(99,410)
At 30 June	**129,647**	223,588

	2021 Rs'000	2020 Rs'000
Current liabilities	**102,865**	93,940
Non-current liabilities	**26,782**	129,648
	129,647	223,588

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

	Minimum lease payments		Present value of minimum lease payments	
	2021 Rs'000	2020 Rs'000	**2021 Rs'000**	2020 Rs'000
Repayable:				
Within one year	**107,438**	103,346	**102,865**	93,940
After one year but before two years	**27,118**	107,438	**26,782**	102,865
After two years but before three years	**-**	27,118	**-**	26,783
	27,118	134,556	**26,782**	129,648
	134,556	237,902	**129,647**	223,588
Less: Future finance charges	**(4,909)**	(14,314)	**-**	-
	129,647	223,588	**129,647**	223,588

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

	2021 Rs'000	2020 Rs'000
Interest expense (included in finance costs)	**(9,405)**	(13,847)
Expense relating to leases of low-value assets that are not shown above as short-term leases	**(2,825)**	(2,285)
Expense relating to variable lease payments not included in lease liability	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

7. OPERATING EQUIPMENT

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	22,294	43,526	-	-
Additions	4,971	25,350	-	-
Transfers	2,943	10,778	-	-
Charge for the year	(14,397)	(30,704)	-	-
Impairment charges (note 32)	-	(15,433)	-	-
Usage	(6,750)	(13,476)	-	-
Retranslation difference	-	2,253	-	-
At 30 June	9,061	22,294	-	-

8. INTANGIBLE ASSETS

(a) THE GROUP

	Goodwill	Computer software	Total
	Rs'000	Rs'000	Rs'000
COST			
At 1 July 2019	225,016	188,470	413,486
Additions	-	3,035	3,035
Write off	-	(11,374)	(11,374)
Retranslation difference	-	652	652
At 30 June 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
ACCUMULATED AMORTISATION			
At 1 July 2019	-	118,116	118,116
Charge for the year	-	17,150	17,150
Write off	-	(11,374)	(11,374)
Retranslation difference	-	680	680
At 30 June 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
NET BOOK VALUE			
At 30 June 2021	225,016	44,378	269,394
At 30 June 2020	225,016	56,211	281,227

8. INTANGIBLE ASSETS (CONT'D)

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

	THE GROUP	
	2021	2020
	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	
	2021	2020
COST	Rs'000	Rs'000
At 1 July	117,508	115,830
Additions	195	1,678
At 30 June	117,703	117,508
ACCUMULATED AMORTISATION		
At 1 July	70,489	61,925
Charge for the year	8,477	8,564
At 30 June	78,966	70,489
NET BOOK VALUE		
At 30 June	38,737	47,019

9. INTEREST IN SUBSIDIARIES

THE COMPANY	2021	2020
At valuation	Rs'000	Rs'000
At 1 July	14,966,975	15,564,331
Movement during the year	(1,300,000)	-
Fair value adjustments accounted as other comprehensive income	5,094,392	(597,356)
At 30 June	18,761,367	14,966,975

The interest in subsidiaries are measured at fair value and are classified under level 3 of the fair value hierarchy and there has been no transfers between level 1 and 2 during the year.

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 techniques 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

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

	Decrease of 0.5% in discount rate	Increase of 0.5% in terminal value	Increase of 1% in occupancy rate
2021	Rs'000	Rs'000	Rs'000
Fair value movement of investment in subsidiaries	1,760,984	851,079	890,683

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

9. INTEREST IN SUBSIDIARIES (CONT'D)

(a) Unquoted Investments, at valuation	Country of incorporation and operation	Business Activity	Period end	2021 Stated capital	Proportion of ownership interest and voting rights held			Proportion of ownership interests held by non-controlling interests	
					--------- Direct --------		Indirect		
				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	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	-	-	-	-
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 03 May 2021 and the company is 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.

9. INTEREST IN SUBSIDIARIES (CONT'D)

(a) Unquoted Investments, at valuation	Country of incorporation and operation	Business Activity	Period end	2020 Stated capital	Proportion of ownership interest and voting rights held			Proportion of ownership interests held by non-controlling interests	
					--------- Direct --------		Indirect		
				30 June 2020	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	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	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	-	-	-	-
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 2018, 30 June 2019 and 30 June 2020.

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

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FOR THE YEAR ENDED 30 JUNE 2021

9. INTEREST IN SUBSIDIARIES (CONT'D)

(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 non-controlling interest	Loss allocated to non-controlling interest during the year 2021 Rs'000	2020 Rs'000	Accumulated non-controlling interest at 2021 Rs'000	2020 Rs'000
SRL Touessrok Hotel Ltd	Mauritius	26%	(87,453)	(14,011)	701,531	763,312

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

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

Name SRL Touessrok Hotel Ltd	Current assets Rs'000	Non-current assets Rs'000	Current liabilities Rs'000	Non-current liabilities Rs'000	Revenue Rs'000	Loss from continuing operations Rs'000	Other comprehensive income for the year Rs'000	Total comprehensive income for the year Rs'000	Dividend paid to non controlling interest Rs'000
30 June 2021	**53,346**	**4,450,081**	**351,307**	**1,453,925**	**60,084**	**(336,356)**	**(4,700)**	**(341,056)**	**-**
30 June 2020	145,031	4,517,526	441,360	1,285,381	879,777	(53,887)	(96,754)	(150,641)	-

(ii) Summarised cash flow information:

Name SRL Touessrok Hotel Ltd	Operating activities Rs'000	Investing activities Rs'000	Financing activities Rs'000	Net decrease cash and cash equivalents Rs'000
30 June 2021	**(182,150)**	**(15,718)**	**106,154**	**(91,714)**
30 June 2020	69,942	(10,596)	(110,643)	(51,297)

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

10. INTEREST IN ASSOCIATE

(a)

	THE GROUP 2021 Rs'000	THE GROUP 2020 Rs'000	THE COMPANY 2021 Rs'000	THE COMPANY 2020 Rs'000
At 1 July	495,991	702,445	495,991	702,445
Dividend income	(103,346)	(99,410)	-	-
Impairment charges (note 10(e))	-	(107,044)	(103,346)	(206,454)
At 30 June	**392,645**	495,991	**392,645**	495,991

(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 Direct	Indirect
2021 & 2020					
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 are no quoted market price available for its shares.

(c) Summarised financial information

	EastCoast Hotel Investment Ltd 2021 Rs'000	2020 Rs'000
Statement of financial position		
Total assets	**1,308,817**	1,653,303
Statement of profit or loss and other comprehensive income		
Revenue	**-**	-
Dividends received during the year	**103,346**	99,410

(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 2021 Rs'000	2020 Rs'000
Total assets	**1,308,817**	1,653,303
Ownership interest	**30%**	30%
Interest in associate	**392,645**	495,991

(e) Management carried out an impairment assessment at 30 June 2021 based on the present value of future dividend income from its associate. Based on this assessment, no impairment charge was recognised for the Group (2020: Rs 107.0m) and an impairment charge of Rs 103.4m was booked for the Company during the year ended 30 June 2021 (2020: Rs 206.5m).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

11. INTEREST IN JOINT VENTURE

(a)

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**51,103**	43,796	**-**	-
Additions	**(7,844)**	(275)	**-**	-
Share of results after income tax	**6,018**	7,582	**-**	-
Share of other comprehensive income	**7,582**	-	**-**	-
At 30 June	**49,277**	51,103	**-**	-

(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%	-

(i) The above joint venture is accounted for using the equity method.
Solea Vacances SA is a private company and no quoted market price are available for its shares.

(c) Summarised financial information

	Solea Vacances SA	
	2021	2020
	Rs'000	Rs'000
Statement of financial position		
Current assets	**291,436**	318,638
Non-current assets	**2,009**	2,351
Current liabilities	**134,758**	258,628
Non-current liabilities	**-**	-
Statement of profit or loss and other comprehensive income		
Revenue	**106,063**	1,102,704
Loss for the year	**(15,688)**	(550)

(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	
	2021	2020
	Rs'000	Rs'000
Net assets	**158,688**	62,361
Ownership interest	**50%**	50%
Interest in joint venture	**49,277**	51,103

12. OTHER INVESTMENTS

AT VALUATION	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
Fair value through other comprehensive income	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Listed equity investments				
At 30 June	**3**	3	**3**	3
Unlisted equity investments				
At 1 July	**158,897**	164,167	**5,547**	5,547
Transfer from non-current receivables	**3,972**	-	**-**	-
Fair value adjustments	**7,507**	(5,270)	**-**	-
At 30 June	**170,376**	158,897	**5,547**	5,547
Total	**170,379**	158,900	**5,550**	5,550

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

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

The investments are denominated in Mauritian Rupee.

There have been no changes in level 3 instruments during the period. The carrying amount of investments would be estimated to be Rs 17.0m (2020: Rs 15.9m) lower/higher where the fair value differ by 10% from management estimates.

(a) Below is the fair value measurement hierarchy for assets as at the end of the reporting period:

	THE GROUP		THE COMPANY	
	Level 1	Level 3	**Level 1**	Level 3
	Rs'000	Rs'000	**Rs'000**	Rs'000
2021				
Listed equity investments	3	-	3	-
Unlisted equity investments	-	170,376	-	5,547
	3	**170,376**	**3**	**5,547**
2020				
Listed equity investments	3	-	3	-
Unlisted equity investments	-	158,897	-	5,547
	3	**158,897**	**3**	**5,547**

(b) Level 3 reconciliation

The reconciliation is shown below:

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**158,897**	164,167	**5,547**	5,547
Transfer from non-current receivables	**3,972**	-	**-**	-
Fair value movement	**7,507**	(5,270)	**-**	-
At 30 June	**170,376**	158,897	**5,547**	5,547

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

13. LEASEHOLD RIGHTS AND LAND AND BUILDINGS PREPAYMENTS

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
COST	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	-	443,554	-	123,155
Transfer to right-of-use assets (note 6)	-	(320,399)	-	-
Write off	-	(125,863)	-	(125,863)
Retranslation difference	-	2,708	-	2,708
At 30 June	-	-	-	-
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 July	-	128,973	-	43,911
Transfer to right-of-use assets (note 6)	-	(85,068)	-	-
Charge for the year	-	36,429	-	36,423
Write off	-	(80,334)	-	(80,334)
At 30 June	-	-	-	-
NET BOOK VALUE				
At 30 June	-	-	-	-

Sun Limited has a lease agreement with Armand Apavou & Co Ltd under which the Company is leasing the Ambre Resort & Spa, a 297 room resort, and sub-lease the land on which the resort stands, for an initial period of 5 years, effective 1 October 2012. On 7 July 2015, the term of the lease agreement was renewed for another 5 years as from 1 October 2017 to 30 September 2022, at the option of the Company. Effective 1 July 2019, the leased asset with Armand Appavou & Co Ltd has been recognised under IFRS 16 Leases.

14. OTHER FINANCIAL ASSETS

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Loans under Executive Share Scheme	16,920	16,920	16,920	16,920
Finance lease receivables (note 14(b))	-	-	19,910	97,140
Loans to related parties (note 38(i))	-	2,015	2,141,538	1,720,000
	16,920	18,935	2,178,368	1,834,060

(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 terms of the scheme was such that when the shares are disposed, the proceed is to be used to settle the loan advanced.

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

The scheme has now been discontinued and replaced by the Phantom Share Option Scheme (see note 23).

14. OTHER FINANCIAL ASSETS (CONT'D)

(b) Finance lease receivables

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

	THE COMPANY	
	2021	2020
Receivable:	Rs'000	Rs'000
Within one year	80,640	80,640
After one year but before two years	20,160	80,640
After two years but before three years	-	20,160
Total undiscounted cash flows	100,800	181,440
Effect of discounting	(3,660)	(10,791)
Total finance lease receivables	97,140	170,649
Included in the financial statements as:		
Non-current assets	19,910	97,140
Current assets (note 16)	77,230	73,509
Total finance lease receivables	97,140	170,649

(c) Loans to related parties

Other loans to related parties are unsecured with no fixed term of repayment and are interest bearing at 6.25% per annum (2020: 6.25%).

15. INVENTORIES

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Food and beverages	37,876	58,771	-	-
Operating supplies	14,349	28,910	-	-
Spare parts	2,851	11,421	-	-
Fabric and linen	10,654	14,374	-	-
Retail products	31,292	47,866	-	-
	97,022	161,342	-	-

(a) All inventories have been pledged as security for the debts of the Group. Write downs of inventories for the current year amount to Rs 4.7m (2020: Rs 24.3m).

(b) Cost of inventories expensed in food and beverages amounts to Rs 144.6m for the Group (2020: Rs 463.3m).

16. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Trade receivables	111,800	383,385	-	-
Less: provision for impairment	(38,848)	(64,708)	-	-
Trade receivables - net	72,952	318,677	-	-
Other receivables and prepayments	278,906	286,021	18,970	44,429
Finance lease receivables (note 14)	-	-	77,230	73,509
Current tax assets (note 26)	1,752	10,258	-	-
Derivative financial asset	-	9,370	-	7,746
Amounts due by related parties (note 38(i))	72,539	71,082	373,695	1,674,501
	426,149	695,408	469,895	1,800,185

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

16. TRADE AND OTHER RECEIVABLES (CONT'D)

(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 against irrecoverable debts relating to its managed resorts. 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	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Within 31 - 60 days	**29,115**	1,276	**-**	-
Within 61 - 90 days	**9,136**	849	**-**	-
Over 90 days	**55,720**	263,307	**-**	-
Total	**93,971**	265,432	**-**	-

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

(iv) Movement in provision for impairment

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**64,708**	5,223	**-**	-
Movement in impairment loss recognised on trade receivables:				
- Provision for receivable impairment	**18,237**	76,422	**-**	-
- Impairment loss reversed	**(750)**	(2,121)	**-**	-
Receivable written off during the year as uncollectible	**(43,347)**	(14,816)	**-**	-
At 30 June	**38,848**	64,708	**-**	-

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. The Group does not hold any collateral as security.

(c)

		Trade receivables - days past due			
	Current	**Within 31 - 60 days**	**Within 61 - 90 days**	**Over 90 days**	**Total**
(i) The Group					
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**
30 June 2020					
Expected credit loss rate (%)	0.2%	0.9%	23.7%	18.6%	
Gross carrying amount (Rs'000)	35,343	1,276	849	345,917	
Loss allowance (Rs'000)	70	11	201	64,426	**64,708**

16. TRADE AND OTHER RECEIVABLES (CONT'D)

(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 2021, management has assessed the expected credit loss for trade receivables. Due to the global uncertainty arising from prolonged Covid-19 crisis, management has increased 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.

17. STATED CAPITAL

	THE GROUP AND THE COMPANY				
	Number of shares	**Ordinary shares**	**Share premium**	**Treasury shares**	**Total**
Issued and fully paid ordinary shares		**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 1 July 2020 and at 30 June 2021	**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 (2020: 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.

18. CONVERTIBLE BONDS

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**-**	-	**-**	-
Additions	**2,275,000**	-	**-**	-
Front-end fee paid	**(12,300)**	-	**-**	-
Front-end fee transferred to prepayment	**3,600**	-	**-**	-
Legal fees	**(1,508)**	-	**-**	-
At 30 June	**2,264,792**	-	**-**	-

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, has 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 of 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.

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FOR THE YEAR ENDED 30 JUNE 2021

19. RESERVES

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Property revaluation (note (i))	3,935,828	3,091,820	-	-
Investment revaluation (note (ii))	19,169	11,661	9,506,538	4,412,146
Cash flow hedging reserve (note (iii))	(533,313)	(143,483)	-	-
Foreign currency translation (note (iv))	569,602	562,332	-	-
	3,991,286	3,522,330	9,506,538	4,412,146

(i) Property revaluation reserve

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

(ii) Investment revaluation reserve

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

(iii) Cash flow hedging reserve

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

(iv) Foreign currency translation reserve

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

20. LOANS AND OTHER BORROWINGS

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
		Restated		Restated
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current liabilities				
Loans (note (a))	3,907,287	2,085,272	1,758,335	375,530
Bonds (note (b))	2,779,702	4,168,889	1,294,300	2,853,960
	6,686,989	6,254,161	3,052,635	3,229,490
Current liabilities				
Loans (note (a))	392,171	748,786	115,692	392,197
Bonds (note (b))	1,556,211	2,362,499	1,556,211	2,362,499
Bank overdrafts (note (c))	17,206	45,404	2,486	2,122
	1,965,588	3,156,689	1,674,389	2,756,818
Accrued interests	143,378	170,510	78,717	88,992
	2,108,966	3,327,199	1,753,106	2,845,810
Total loans and other borrowings	8,795,955	9,581,360	4,805,741	6,075,300

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

20. LOANS AND OTHER BORROWINGS (CONT'D)

(a) Loans

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Repayable:				
Within one year	392,171	748,786	115,692	392,197
After one year but before two years	962,931	440,607	575,895	88,360
After two years but before three years	688,464	491,555	295,699	88,360
After three years but before five years	1,398,703	993,984	523,823	176,720
After five years	857,189	159,126	362,918	22,090
Non-current liabilities	3,907,287	2,085,272	1,758,335	375,530
Total	4,299,458	2,834,058	1,874,027	767,727
Included in the above loans are:				
US Dollar loans	385,564	662,915	175,770	-
Euro loans	3,262,191	2,011,982	1,363,586	767,727
Great Britain Pound loans	147,410	123,041	-	-
Mauritian Rupee loans	504,293	36,120	334,673	-

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

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	%	%	%	%
Average interest rate	3.61%	3.67%	3.63%	3.21%

(b) Bonds

The bonds are repayable in the 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 4.6% per annum (2020: 4.5%).

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
Repayable:	Rs'000	Rs'000	Rs'000	Rs'000
Within one year	1,556,211	2,362,499	1,556,211	2,362,499
After one year but before two years	389,802	1,559,660	-	1,559,660
After two years but before three years	1,294,300	350,208	1,294,300	-
After three years but before five years	423,300	1,667,033	-	1,294,300
After five years	672,300	591,988	-	-
Non-current liabilities	2,779,702	4,168,889	1,294,300	2,853,960
Total	4,335,913	6,531,388	2,850,511	5,216,459

(c) Bank overdrafts

The average interest rate of bank overdrafts was as follows:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	%	%	%	%
Average interest rate	4.10	4.10	4.10	4.10

(d) Due to the full border closure in Mauritius in this financial year, the normal operations of our resorts were suspended with only minor business from locals and quarantine. Thus, one of the covenants in respect of a bond issue and an existing bank loan at two of our subsidiaries was breached due to inadequate revenues and waivers were obtained accordingly prior to the end of the reporting date.

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

(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.

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FOR THE YEAR ENDED 30 JUNE 2021

20. LOANS AND OTHER BORROWINGS (CONT'D)

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

	THE GROUP		THE COMPANY	
Current	**2021**	2020	**2021**	2020
Fixed and floating charges				
Cash and cash equivalents	**1,415,456**	384,732	**897,039**	83,052
Trade and other receivables	**102,306**	256,291	**240**	28,549
Inventories	**71,822**	112,173	**-**	-
Total current assets pledged as security	**1,589,584**	753,196	**897,279**	111,601
Non-current				
First Mortgage				
Freehold land and buildings	**13,993,089**	11,648,101	**-**	-
Fixed and floating charges				
Derivative financial instruments	**-**	9,370	**-**	7,746
Property, plant and equipment	**367,639**	417,003	**969**	2,086
Intangible assets	**42,142**	53,026	**38,737**	47,019
Investment in subsidiaries	**-**	-	**19,086,366**	15,564,331
Investment in associates	**392,645**	702,445	**392,645**	702,445
	802,426	1,181,844	**19,518,717**	16,323,627
Total non-current assets pledged as security	**14,795,515**	12,829,945	**19,518,717**	16,323,627
Total assets pledged as security	**16,385,099**	13,583,141	**20,415,996**	16,435,228

21. DEFERRED TAX

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

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Restated Rs'000	**Rs'000**	Rs'000
Deferred tax assets	**172,490**	156,298	**31,523**	30,773
Deferred tax liabilities	**(946,728)**	(1,084,079)	**-**	-
	(774,238)	(927,781)	**31,523**	30,773

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 153.1m (2020: Rs 151.5m) 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	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 30 June:				
- As previously reported	**911,978**	846,579	**(30,773)**	(4,597)
- Effect of prior year adjustments (note 44)	**15,803**	15,803	**-**	-
- As restated	**927,781**	862,382	**(30,773)**	(4,597)
Recognised in profit or loss (note 26(b))	**(275,315)**	36,005	**(8,521)**	(17,643)
Recognised in other comprehensive income	**123,024**	25,509	**7,771**	(8,533)
Exchange difference	**(1,252)**	3,885	**-**	-
At 30 June	**774,238**	927,781	**(31,523)**	(30,773)

20. DEFERRED TAX LIABILITY (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**
2021	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000	Rs'000	**Rs'000**
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 liability	(10,755)	-	**(10,755)**	216	-	-	**(10,539)**
Right-of-use assets		-	**(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**
2020							
Temporary differences:							
Accelerated capital allowances	727,945	15,803	**743,748**	(6,523)	-	5,340	742,565
Employee benefit liability	(61,942)	-	**(61,942)**	14,801	(30,902)	-	(78,043)
Revaluation of property, plant and equipment	489,104	-	**489,104**	-	56,411	6,774	552,289
Other provisions	(3,792)	-	**(3,792)**	(5,312)	-	258	(8,846)
Contract liability	(10,971)	-	**(10,971)**	216	-	-	(10,755)
Right-of-use assets		-	**(50,662)**	(5,977)	-	(580)	(57,219)
Unused tax losses and credits	(243,103)	-	**(243,103)**	38,800	-	(7,907)	(212,210)
	846,579	**15,803**	**862,382**	**36,005**	**25,509**	**3,885**	**927,781**

(ii) THE COMPANY

	At 1 July	Recognised in profit or loss	Recognised in other comprehensive income	**At 30 June**
2021	Rs'000	Rs'000	Rs'000	**Rs'000**
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)**
2020				
Temporary differences:				
Accelerated capital allowances	(1,666)	(15,137)	-	(16,803)
Employee benefit liability	(2,184)	(500)	(8,533)	(11,217)
Other provisions	(747)	747	-	-
Unused tax losses and credits	-	(2,753)	-	(2,753)
	(4,597)	**(17,643)**	**(8,533)**	**(30,773)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

22. EMPLOYEE BENEFIT LIABILITY

Amounts recognised in the statements of financial position:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Pension plan (note (a))	45,150	186,404	17,419	57,060
Other retirement benefits (note (b))	221,602	272,664	6,564	8,923
	266,752	459,068	23,983	65,983

(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 2021 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	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	186,404	40,422	57,060	11,175
Amount recognised in profit or loss	32,030	31,801	8,902	8,498
Amount recognised in other comprehensive income	(149,262)	146,176	(41,933)	46,032
Contributions from employer	(24,022)	(31,995)	(6,610)	(8,645)
At 30 June	45,150	186,404	17,419	57,060

Amounts recognised in the statements of financial position:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of funded obligations	731,992	801,691	239,319	263,926
Fair value of plan assets	(686,842)	(615,287)	(221,900)	(206,866)
At 30 June	45,150	186,404	17,419	57,060

22. EMPLOYEE BENEFIT LIABILITY (CONT'D)

(a) Pension plan (Cont'd)

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

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	801,691	629,242	263,926	215,411
Current service cost	25,146	30,464	6,770	8,443
Contributions from employees	3,678	5,848	961	1,457
Interest cost	31,387	36,533	10,342	12,160
Past service cost	-	-	-	(299)
Liability experience gains	(18,835)	(4,869)	(5,226)	(2,214)
Liability (gains)/losses due to change in financial assumptions	(82,223)	144,577	(26,620)	46,213
Benefits paid	(28,852)	(40,104)	(13,200)	(9,446)
Transfer from/(to) subsidiary company	-	-	2,366	(7,799)
At 30 June	731,992	801,691	239,319	263,926

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

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	615,287	588,820	206,866	204,236
Interest income	24,503	35,196	8,210	11,806
Gains/(losses) on plan assets excluding interest	48,204	(6,468)	10,087	(2,033)
Contributions from employer	24,022	31,995	6,610	8,645
Contributions from employees	3,678	5,848	961	1,457
Benefits paid	(28,852)	(40,104)	(13,200)	(9,446)
Transfer from/(to) subsidiary company	-	-	2,366	(7,799)
At 30 June	686,842	615,287	221,900	206,866

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

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost	25,146	30,464	6,770	8,443
Past service cost	-	-	-	(299)
Net interest on net defined benefit asset	6,884	1,337	2,132	354
Total included in employee benefits	32,030	31,801	8,902	8,498

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

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Losses on plan assets excluding interest	(48,204)	6,468	(10,087)	2,033
Liability experience gains	(18,835)	(4,869)	(5,226)	(2,214)
Liability (gains)/losses due to change in financial assumptions	(82,223)	144,577	(26,620)	46,213
Total	(149,262)	146,176	(41,933)	46,032

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FOR THE YEAR ENDED 30 JUNE 2021

22. EMPLOYEE BENEFIT LIABILITY (CONT'D)

(a) Pension plan (Cont'd)

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

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Local quoted equity instruments	**219,789**	73,834	**71,008**	45,511
Overseas quoted equity instruments	**151,105**	276,880	**48,818**	70,334
Overseas quoted debt instruments	**27,474**	92,293	**8,876**	28,961
Local quoted debt instruments	**212,921**	86,140	**68,789**	33,099
Cash and others	**75,553**	86,140	**24,409**	28,961
Total	**686,842**	615,287	**221,900**	206,866

At 30 June 2021, approximately 2% (2020: 2%) of the fund was invested in the shares of Sun Limited.

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

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

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of funded obligations	**731,992**	801,691	**239,319**	263,926
Fair value of plan assets	**(686,842)**	(615,287)	**(221,900)**	(206,866)
Deficit	**45,150**	186,404	**17,419**	57,060
Experience gains on plan liabilities	**18,835**	4,869	**5,226**	2,214
Experience gains/(losses) on plan assets	**48,204**	(6,468)	**10,087**	(2,033)

(ix) Sensitivity analysis on defined benefit obligation:

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Decrease in defined benefit obligations due to 1% increase in discount rate	**117,702**	68,438	**34,865**	43,824
Increase in defined benefit obligations due to 1% decrease in discount rate	**94,515**	55,216	**28,382**	35,009

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.

22. EMPLOYEE BENEFIT LIABILITY (CONT'D)

(a) Pension plan (Cont'd)

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

(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 24.6m (2020: Rs 16m) and the Company of Rs 6.8m (2020: Rs 8.8m) to the defined benefit plans during the next financial year.
- The weighted average duration of the defined benefit obligation is 16.3 years (2020: 16.6 years) for the Group and 13 years (2020: 15 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	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**272,664**	323,931	**8,923**	6,071
Amount recognised in profit or loss	**50,944**	69,405	**3,917**	1,449
Amount recognised in other comprehensive income	**(62,510)**	35,603	**(3,781)**	4,160
Benefits paid	**(39,496)**	(156,275)	**(2,495)**	(2,757)
As at 30 June	**221,602**	272,664	**6,564**	8,923

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

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**272,664**	323,931	**8,923**	6,071
Current service cost	**18,620**	23,166	**494**	992
Interest cost	**9,998**	19,322	**308**	364
Past service cost	**5,582**	600	**1,155**	(180)
Liability experience (gains)/losses	**(57,509)**	21,755	**(3,729)**	3,411
Liability experience gain due to change in demographic assumptions	**-**	(7,971)	**-**	-
Liability (gains)/losses due to change in financial assumptions	**(5,001)**	21,819	**(52)**	749
Settlement gain	**16,744**	26,317	**1,960**	273
Benefits paid	**(39,496)**	(156,275)	**(2,495)**	(2,757)
At 30 June	**221,602**	272,664	**6,564**	8,923

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22. EMPLOYEE BENEFIT LIABILITY (CONT'D)

(b) Other retirement benefits (Cont'd)

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

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost	18,620	23,166	494	992
Past service cost	5,582	600	1,155	(180)
Settlement gain	16,744	26,317	1,960	273
Interest on defined benefit liability	9,998	19,322	308	364
Total	50,944	69,405	3,917	1,449

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

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Liability experience losses	(62,510)	35,603	(3,781)	4,160

(v) Sensitivity analysis on defined benefit obligations:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Decrease in defined benefit obligations due to 1% increase in discount rate	35,615	45,398	768	1,427
Increase in defined benefit obligations due to 1% decrease in discount rate	29,293	37,295	654	1,200

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 obligation is 15 years (2020: 8.3 years) for the Group and 11 years (2020: 11 years) for the Company.

(c) Actuarial assumptions

The principal actuarial assumptions used for accounting purposes were:

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
Discount rate - %	5.0	4.0	5.0	4.0
Future salary increases - %	2.9	2.0	2.9	2.0
Future pension increases - %		-		-
Average retirement age (ARA) - Years	65.0	60.0	65.0	65.0
Average life expectancy for under the pension plan:				
:Male at ARA - Years	19.5	19.5	19.5	19.5
:Female at ARA - Years	24.2	24.2	24.2	24.2

23. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	179,390	388,385	20,269	9,504
Capital creditors	62,717	42,772	-	-
Client advances	287,720	265,115	-	-
Other creditors and accruals	618,437	860,500	124,380	110,691
Contract liabilities (note 25)	4,659	4,658	-	-
Amounts due to related parties (note 38(i))	12,581	23,400	1,776,430	1,710,750
	1,165,504	1,584,830	1,921,079	1,830,945

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

(b) Share based payments

Details of long term incentive plan

Included in other creditors and accruals are share based payments liabilities of Rs 1.2m (2020: 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.

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	
	2021	2020
As at 1 July	522,047	921,241
Forfeited during the year	-	(399,194)
As at 30 June	522,047	522,047
Vested and exercisable at 30 June	306,856	133,483

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 2021	2020
1 July 2016	30 June 2021	34.25	190,690	190,690
1 July 2017	30 June 2022	41.00	165,952	165,952
1 July 2018	30 June 2023	51.25	165,405	165,405
As at 30 June			522,047	522,047

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 2021:

Share price at measurement date	Rs 18.50
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.

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23. TRADE AND OTHER PAYABLES (CONT'D)

(c) **Derivatives financial liabilities**

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

Outstanding swap contracts:

	Maturity dates	THE GROUP Notional principal amount 2021 Rs'000	Notional principal amount 2020 Rs'000	Assets/(liabilities) 2021 Rs'000	Assets/(liabilities) 2020 Rs'000
EUR	July 2020	-	(282,449)	-	7,792
GBP	July 2020	-	(68,338)	-	1,578
TOTAL		-	(350,787)	-	9,370

	Maturity dates	THE COMPANY Notional principal amount 2021 Rs'000	Notional principal amount 2020 Rs'000	Assets/(liabilities) 2021 Rs'000	Assets/(liabilities) 2020 Rs'000
EUR	July 2020	-	(242,439)	-	6,677
GBP	July 2020	-	(49,447)	-	1,069
TOTAL		-	(291,886)	-	7,746

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

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

24. PROVISION

	THE GROUP 2021 Rs'000	THE GROUP 2020 Rs'000	THE COMPANY 2021 Rs'000	THE COMPANY 2020 Rs'000
Le St Geran Hotel (note (b))	19,989	46,718	19,989	16,000
Anahita Hotel Ltd (note (c))	3,000	1,830	3,000	1,830
Disputes with employees	-	11,750	-	11,750
	22,989	60,298	22,989	29,580
Included in the financial statements as:				
Non-current liabilities	9,913	60,298	9,913	29,580
Current liabilities	13,076	-	13,076	-
	22,989	60,298	22,989	29,580

(a) Movement in provision:

	THE GROUP 2021 Rs'000	THE GROUP 2020 Rs'000	THE COMPANY 2021 Rs'000	THE COMPANY 2020 Rs'000
At 1 July	60,298	91,968	29,580	61,250
Payment during the year	(6,591)	(31,670)	(6,591)	(31,670)
Unutilised amount reversed	(30,718)	-	-	-
At 30 June	22,989	60,298	22,989	29,580

(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 reassessed at Rs 20m at 30 June 2021.

(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.

25. CONTRACT LIABILITIES

	THE GROUP 2021 Rs'000	THE GROUP 2020 Rs'000
Invest Hotel Scheme (note (a))	61,990	63,262
Golf membership fees (note (b))	33,172	36,559
	95,162	99,821
Included in the financial statements as:		
Non-current liabilities	90,503	95,163
Current liabilities (note 23)	4,659	4,658
	95,162	99,821

(a) Invest Hotel Scheme

	THE GROUP 2021 Rs'000	THE GROUP 2020 Rs'000
At 1 July	63,262	64,534
Release to profit or loss	(1,272)	(1,272)
At 30 June	61,990	63,262
Included in the financial statements as:		
Non-current liabilities	60,718	61,990
Current liabilities	1,272	1,272
	61,990	63,262

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.

(b) Golf Membership fees

	THE GROUP 2021 Rs'000	THE GROUP 2020 Rs'000
At 1 July	36,559	39,946
Release to profit or loss	(3,387)	(3,387)
At 30 June	33,172	36,559
Included in the financial statements as:		
Non-current liabilities	29,785	33,173
Current liabilities	3,387	3,386
	33,172	36,559

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

26. TAXATION

Income Tax

Income tax is calculated at the rate of 0% to 33% (2020: 0% to 33%) for the Group and 17% (2020: 17%) for the Company on the profit for the period as adjusted for income tax purposes.

(a) Current tax liability

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**(475)**	46,268	**6,002**	6,668
Translation difference	**45**	(138)	**-**	-
Receipt/(payment) during the year	**7,359**	(48,660)	**-**	(335)
Underprovision in previous year	**546**	267	**-**	-
Tax deducted at source	**622**	(331)	**622**	(331)
Provision for the year	**555**	2,119	**-**	-
At 30 June	**8,652**	(475)	**6,624**	6,002
Analysed as follows:				
Current liabilities	**10,404**	9,783	**6,624**	6,002
Current tax assets (note 16)	**(1,752)**	(10,258)	**-**	-
At 30 June	**8,652**	(475)	**6,624**	6,002

(b) Tax (Credit)/charge

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Income tax:				
Provision for the year	**555**	2,119	**-**	-
Underprovision in previous year	**546**	267	**-**	-
Current income tax expense	**1,101**	2,386	**-**	-
Deferred tax movement (Note 21)	**(275,315)**	36,005	**(8,521)**	(17,643)
Income tax (credit)/charge	**(274,214)**	38,391	**(8,521)**	(17,643)
Analysed as follows:				
Continuing operations	**(224,637)**	27,511	**(8,521)**	(17,643)
Discontinued operation	**(49,577)**	10,880	**-**	-
	(274,214)	38,391	**(8,521)**	(17,643)

(c) Reconciliation of accounting profit to tax expense

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	%	%	**%**	%
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	**(2.58)**	(7.38)	**(13.93)**	(6.41)
- Over/(under) provision in previous year	**0.01**	(0.01)	**-**	-
- Tax losses for which no deferred income tax asset was recognised	**(3.38)**	(8.51)	**(8.67)**	-
- Income not subject to tax	**-**	1.15	**5.62**	1.18
- Impairment of non-financial assets	**-**	(1.91)	**-**	(2.44)
- Impairment of financial assets	**(0.13)**	(0.69)	**-**	(8.99)
- Other adjustments	**0.74**	(1.81)	**2.71**	0.89
Effective rate of tax	**11.66**	(2.16)	**2.72**	1.23

27. REVENUE

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Revenue from contracts with customers				
Rooms	**499,156**	2,904,980	**-**	-
Food and beverages	**317,203**	1,649,338	**-**	-
Others	**101,352**	503,359	**102,047**	175,494
Total revenue from contracts with customers	**917,711**	5,057,677	**102,047**	175,494
Investment income	**-**	-	**103,346**	99,410
Total revenue	**917,711**	5,057,677	**205,393**	274,904
Timing of revenue recognition				
Goods transferred at a point in time	**317,203**	1,649,338	**-**	-
Services transferred over time	**600,508**	3,408,339	**102,047**	175,494
Total revenue from contracts with customers	**917,711**	5,057,677	**102,047**	175,494
Analysed as follows:				
Continuing operations	**527,901**	4,634,869	**102,047**	175,494
Discontinued operation	**389,810**	422,808	**-**	-
	917,711	5,057,677	**102,047**	175,494

27. OPERATING EXPENSES

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Direct costs	**207,752**	1,005,966	**-**	-
Wages and salaries	**1,101,837**	1,773,772	**57,040**	83,747
Social security costs	**177,687**	177,877	**13,320**	17,423
Pension costs	**32,030**	31,801	**8,902**	8,498
Other post-retirement benefits	**50,944**	69,405	**3,917**	1,449
Employee benefits	**1,362,498**	2,052,855	**83,179**	111,117
Rental and lease expenses	**29,483**	212,401	**2,825**	5,289
Utilities	**125,831**	268,769	**240**	404
Marketing expenses	**34,415**	215,668	**-**	-
Repairs and maintenance	**55,500**	98,646	**360**	413
Management fees and services	**-**	64,929	**-**	-
Office expenses	**18,761**	75,943	**2,674**	52,586
Travelling expenses	**1,541**	21,386	**-**	4,532
Information and telecommunication expenses	**60,233**	80,183	**4,603**	6,190
Insurance	**51,839**	67,475	**(6,799)**	1,300
Professional, legal and consultancy fees	**21,143**	31,620	**5,313**	5,927
Others miscellaneous costs	**33,395**	247,475	**-**	10,304
Other expenses	**432,141**	1,384,495	**9,216**	86,945
Operating expenses	**2,002,391**	4,443,316	**92,395**	198,062
Analysed as follows:				
Continuing operations	**1,784,758**	4,095,828	**92,395**	198,062
Discontinued operation	**217,633**	347,488	**-**	-
	2,002,391	4,443,316	**92,395**	198,062

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29. OTHER INCOME

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Government wage assistance scheme, net of taxes	**572,030**	174,896	**3,441**	958
Foreign exchange (losses)/gains	**(6,310)**	140,879	**4**	112,646
Land lease concession	**99,053**	-	**-**	-
Other income	**31,777**	34,920	**-**	-
	696,550	350,695	**3,445**	113,604
Analysed as follows:				
Continuing operations	**667,514**	350,695	**3,445**	113,604
Discontinued operation	**29,036**	-	**-**	-
	696,550	350,695	**3,445**	113,604

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. The funding received represents 43% of the total employee benefits for the year ended 30 June 2021.

30. DEPRECIATION AND AMORTISATION

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Depreciation of property, plant and equipment	**516,693**	588,074	**4,304**	4,848
Depreciation of rights-of-use assets	**59,241**	70,026	**-**	-
Depreciation of operating equipment	**14,397**	30,704	**-**	-
Amortisation of intangible assets	**13,778**	17,150	**8,477**	8,564
Amortisation of leasehold rights and land and buildings prepayments	**-**	36,429	**-**	36,423
	604,109	742,383	**12,781**	49,835
Analysed as follows:				
Continuing operations	**560,809**	629,337	**12,781**	49,835
Discontinued operation	**43,300**	113,046	**-**	-
	604,109	742,383	**12,781**	49,835

31. DISCONTINUED OPERATIONS AND DISPOSAL OF THE ASSETS OF KANUHURA

(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 03 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	**29,036**

The profit on disposal is included in the profit/loss for the year from discontinued operation in the consolidated financial statements.

(b) The carrying amounts of assets and liabilities as at the date of disposal (03 May 2021) were:

Property, plant and equipment	**1,604,918**

31. 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	2020
	Rs'000	Rs'000
Revenue	**389,810**	422,808
Other income	**29,036**	-
Operating expenses	**(217,633)**	(347,488)
Earnings before interest, tax, depreciation and amortisation and exceptional items	**201,213**	75,320
Impairment of non-financial assets (note 32(a))	**(392,049)**	(642,582)
Impairment of financial assets	**-**	(276)
Loss before interest, tax, depreciation and amortisation	**(190,836)**	(567,538)
Depreciation and amortisation	**(43,300)**	(113,046)
Operating loss	**(234,136)**	(680,584)
Finance costs	**(60,368)**	(86,597)
Loss before tax	**(294,504)**	(767,181)
Income tax credit/(charge)	**49,577**	(10,880)
Loss for the period from discontinued operation	**(244,927)**	(778,061)

(d) Net cash flows from discontinued operations

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
Operating cash flows	**(1,093,895)**	159,913
Investing cash flows	**1,659,480**	(20,052)
Financing cash flows	**(575,334)**	(135,462)
	(9,749)	4,399

32. IMPAIRMENT OF NON-FINANCIAL ASSETS

(a) 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	Kanuhura Resort	Maldives	392,049
- Inventories	Retail operations	Mauritius	4,705
			396,754
Analysed as follows:			
Continuing operations			4,705
Discontinued operation			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) THE GROUP - 2020

During the year ended 30 June 2020, the Group impaired non-financial assets by Rs 759.6m as a consequence of the downward medium-term trading expectations due to the current economic environment which has been exacerbated by the global Covid-19 pandemic.

Management has used judgements in its assumptions based on unprecedented set of circumstances from the Covid-19. These judgements are based on current market conditions as at date. The future impact of the pandemic are still uncertain and may further impact on the projection.

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

(b) THE GROUP - 2020 (CONT'D)

Impairment on non-financial assets	Cash generating unit/ Company	Reportable segment	Statements of Profit or loss
			Rs'000
Impairment charges:			
- Property, plant and equipment	Kanuhura Resort	Maldives	627,149
- Operating equipment	Kanuhura Resort	Maldives	15,433
- Property, plant and equipment	Ambre Resort Ltd	Mauritius	92,797
- Inventories	Retail operations	Mauritius	24,252
			759,631
Analysed as follows:			
Continuing operations			117,049
Discontinued operation			642,582
			759,631

** Above impairment charges exclude the taxation impact*

(i) Kanuhura Resort

The recoverable amount has been determined by calculating the value in use using a discounted cash flow model ("DCF"). The value in use calculation was determined based on the discounted cash flow model which resulted in an enterprise value of USD 46.7m (Rs 2,263m). Based on this assessment, impairment losses allocated to property, plant and equipment and operating equipment were USD 15.7m (Rs 627.1m) and USD 0.4m (Rs 15.4m) respectively.

In order to reflect the cash flow impact of the collapse in demand caused by the Covid-19 pandemic, management assumed the following:

- the expected future net cash flows for five years have been discounted and added to the discounted estimated terminal value.
- A 31% reduction in revenue for the financial year 2021. Cash flow projections for the financial year 2022 reflect an ADR growth of 8% with an occupancy of 52%.
- Management assumed that in financial year 2022 the resort will be trading at similar occupancy levels achieved in the financial year 2019. The annual growth rate applied to the cash flow forecasts for the 2023 to 2025 financial years ranged between 3% and 8%.
- The weighted average cost of capital ("WACC") utilised in the valuation was 10%.
- The terminal growth rate applied is 3% for the Mauritian and Maldivian properties

(ii) Ambre Resort Ltd

During the year ended 30 June 2020, the assets of Ambre Resort Ltd was impaired by Rs 92.8m primarily due to downward projections of the resort's profitability over the remaining years of the lease. The value in use calculation was determined based on the discounted cash flow model which resulted in an enterprise value of Rs 140m at 30 June 2020.

The Group used a number of assumptions and judgements in determining the value in use of Ambre's operation, as follows:

- the expected future net cash flows for the remaining years of the lease have been discounted and added to the discounted estimated terminal value.
- management has assumed a 53% reduction in operating revenue for the financial year 2021 as compared to a normal activity level. For financial year 2022, a growth of 10% has been considered as compared to preceeding year.
- an occupancy rate of 40% has been considered in financial year 2021 to reach an average of 54% by financial year 2023.
- The expected opening of the resort is assumed to be in the second half of the financial year 2021.

(iii) Retail operations

An impairment of inventories of Rs 24.3m was accounted in the year ended 30 June 2020 to write down the inventories to net realisable value following the suspension of operations resulting in a slow movement of inventories due to the Covid-19 pandemic.

33. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest costs on bank and other loans	**442,287**	420,747	**292,053**	306,244
Interest charges on lease liabilities	**158,707**	157,453	**9,405**	13,847
Effective portion of cash flow hedge - transfer from OCI	**108,376**	26,719	**-**	-
Ineffective portion of cash flow hedge	**121,503**	342,210	**-**	-
Net foreign exchanges losses	**113,043**	133,342	**324,290**	312,239
	943,916	1,080,471	**625,748**	632,330
Analysed as follows:				
Continuing operations	**883,548**	993,874	**625,748**	632,330
Discontinued operation	**60,368**	86,597	**-**	-
	943,916	1,080,471	**625,748**	632,330

34. FINANCE INCOME

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest received on:				
- Bank deposits	**8,062**	21,250	**7,131**	10,701
- Current accounts with subsidaries	**-**	-	**170,005**	136,600
	8,062	21,250	**177,136**	147,301
Analysed as follows:				
Continuing operations	**8,062**	21,250	**177,136**	147,301

35. EARNINGS PER SHARE

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
Loss from continuing operations attributable to equity holders of the Company	**(1,744,105)**	(1,026,777)
Loss from discontinued operation attributable to equity holders of the Company	**(244,927)**	(778,061)
Loss attributable to equity holders of the Company	**(1,989,032)**	(1,804,838)
Weighted average number of ordinary shares (thousand)	**174,427**	174,427
Basic and diluted loss per share (Rs)		
From continuing operations attributable to equity holders of the Company	**(10.00)**	(5.89)
From discontinued operation	**(1.40)**	(4.46)
Total basic and diluted loss per share attributable to equity holders of the Company	**(11.40)**	(10.35)

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 (2020: nil ordinary shares) 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.

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36. CASH FLOW INFORMATION

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
(i) Movement in working capital	Rs'000	Rs'000	Rs'000	Rs'000
Inventories	58,121	10,607	-	-
Trade and other receivables	203,508	(151,573)	1,700,068	(488,499)
Trade and other payables	(503,844)	192,688	340,779	870,110
Contract liabilities	(4,660)	(4,659)	-	-
Movement in working capital	(246,875)	47,063	2,040,847	381,611

(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	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Cash and short-term deposits	1,565,064	632,445	897,039	83,052
Bank overdrafts (note 20)	(17,206)	(45,404)	(2,486)	(2,122)
	1,547,858	587,041	894,553	80,930

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

THE GROUP	Other assets	Liabilities from financing activities		
	Cash/Bank overdraft	Loans and other borrowings	Leases liabilities	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Net debt as at 1 July 2019	575,769	(8,400,972)	(2,271,684)	(10,096,887)
Cash inflows	11,272	(313,364)	175,662	(126,430)
Amortised cost on borrowings	-	(10,620)	-	(10,620)
Other non cash movement	-	11,251	(64,049)	(52,798)
Foreign exchange adjustments	-	(651,741)	(61,626)	(713,367)
Net debt as at 1 July 2020	587,041	(9,365,446)	(2,221,697)	(11,000,102)
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 30 June 2021	1,547,858	(8,635,371)	(1,790,478)	(8,877,991)

THE COMPANY	Other assets	Liabilities from financing activities		
	Cash/Bank overdraft	Loans and other borrowings	Leases liabilities	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Net debt as at 1 July 2019	(5,895)	(6,128,062)	(309,151)	(6,443,108)
Cash outflows	86,825	465,954	-	552,779
Amortised cost on borrowings	-	(9,838)	-	(9,838)
Other non-cash movements	-	-	85,563	85,563
Foreign exchange adjustments	-	(312,240)	-	(312,240)
Net debt as at 1 July 2020	80,930	(5,984,186)	(223,588)	(6,126,844)
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	-	(271,801)	-	(271,801)
Net debt as at 30 June 2021	894,553	(4,724,540)	(129,647)	(3,959,634)

37. COMMITMENTS

(a) Capital commitments	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Authorised and contracted for	145,573	160,000	-	-

The capital commitments relate mainly to the renovation of Anahita Hotel Limited (2020: Sugar Beach Resort).

38. RELATED PARTY TRANSACTIONS

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

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
(a) Sales of goods and services	Rs'000	Rs'000	Rs'000	Rs'000
Subsidiaries and associates of parent	10,131	14,886	-	-
Subsidiaries	-	-	102,047	174,494
	10,131	14,886	102,047	174,494
(b) Interest income				
Subsidiaries	-	-	170,005	136,600
(c) Dividend income				
Subsidiaries	-	-	103,346	99,410
(d) Purchases of goods and services				
Subsidiaries and associates of parent	8,296	24,347	3,318	8,528
(e) Administrative and secretarial service fees				
Subsidiaries and associates of parent	9,982	10,324	1,248	1,290
(f) Lease with related party				
Rental payment	4,500	18,000	-	-
Rental amount waived	13,500	-	-	-
Other operating expenses	-	5,401	-	-

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

(h) Compensation	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
Key management personnel	Rs'000	Rs'000	Rs'000	Rs'000
- Short-term benefits	39,682	39,396	28,322	26,781
- Post-employment benefits	4,943	5,243	4,128	3,934
	44,625	44,639	32,450	30,715

(i) Outstanding balances	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Receivables from related parties: Non current				
Subsidiaries and associates of parent	-	2,015	-	-
Loan to subsidiaries	-	-	2,141,538	1,720,000
	-	2,015	2,141,538	1,720,000
Finance lease receivables:				
Subsidiary company	-	-	97,140	170,649

- Loans to related parties are unsecured, with no fixed terms of repayment and carries interest at 6.25% (2020: 6.25%) per annum.

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38. RELATED PARTY TRANSACTIONS (CONT'D)

(i) Outstanding balances (Cont'd)

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Receivables from related parties - Current				
Subsidiaries and associates of parent	72,539	71,082	570	1,302
Subsidiaries	-	-	373,125	1,673,199
	72,539	71,082	373,695	1,674,501

- The current amounts receivable from related parties are unsecured, interest free and will be settled in cash. No guarantees have been given or received. No expense has been recognised as loss allowance in respect of amounts owed by related parties (current).

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Impairment of receivables from related parties	-	-	(135,535)	759,746

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Loans and other borrowings				
Loans from minority shareholder of subsidiary	38,350	-	-	-
Payables to related parties - current				
Subsidiaries and associates of parent	12,581	23,400	4,219	7,909
Subsidiaries	-	-	1,772,211	1,702,841
	12,581	23,400	1,776,430	1,710,750

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 Phantom Share Option Scheme

Refer to note 14(a)

(k) Pension contributions to pension plan

Please refer to note 22.

39. CONTINGENT LIABILITIES

Bank guarantees were given to Anahita Hotel Ltd on behalf of Sun Limited with respect to long-term debts contracted by the former arising in the ordinary course of business from which it is anticipated that no material losses will arise.

Except than those disclose above, 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 2021.

40. FINANCIAL INSTRUMENTS

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 17 to 19 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, the gearing ratio was above the Group's target. Management is looking at various options to ensure that in the medium term, the gearing ratio is brought back within the target figure.

The gearing ratio at the year end was as follows:	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Debt (Note (i))	10,443,055	11,632,547	4,856,671	6,209,896
Cash and cash equivalents	(1,565,064)	(632,445)	(897,039)	(83,052)
Net debt	8,877,991	11,000,102	3,959,632	6,126,844
Capital employed ((Note (ii))	15,797,030	17,107,300	19,835,824	17,174,941
Net debt to capital employed ratio	56.2%	64.3%	20.0%	35.7%
Net debt excluding IFRS 16 Leases to capital employed ratio	50.6%	59.0%	19.4%	34.8%

(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.

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

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

40.2 Categories of financial instruments

	THE GROUP		THE COMPANY	
	2021	2020	2021	2020
Financial assets	Rs'000	Rs'000	Rs'000	Rs'000
Amortised Cost				
Cash and short term deposits	1,565,064	632,445	897,039	83,052
Trade and other receivables	368,180	574,981	469,895	1,694,718
Other financial assets	16,920	18,935	2,178,368	1,834,060
	1,950,164	1,226,361	3,545,302	3,611,830
Assets at Fair Value Through other Comprehensive Income				
Other investments	170,379	158,900	5,550	5,550
Interest in subsidiaries	-	-	18,761,367	14,966,975
	170,379	158,900	18,766,917	14,972,525
Financial liabilities				
Amortised Cost				
Loans and other borrowings	8,795,955	9,581,360	4,805,741	6,075,300
Lease liabilities	1,790,478	2,221,697	129,647	223,588
Trade and other payables	873,145	1,416,774	1,921,079	1,830,947
	11,459,578	13,219,831	6,856,467	8,129,835

Financial assets exclude prepayments.

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. Details of contracts outstanding at the end of the reporting period are given in note 23.

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FOR THE YEAR ENDED 30 JUNE 2021

40. FINANCIAL INSTRUMENTS (CONT'D)

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 2021 and 30 June 2020, are as follows:

	THE GROUP		THE COMPANY	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
2021	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
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		THE COMPANY	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
2020	Rs'000	Rs'000 Restated	Rs'000	Rs'000
US Dollar	78,702	1,024,236	693,505	234,588
Euro	260,018	5,957,555	41,572	3,109,083
South African Rand	136,139	142,067	71	-
UK Pound	128,713	148,385	2,715	1,117
Others	810	13	221	13
Total foreign currencies	604,382	7,272,256	738,084	3,344,801
Mauritian Rupee	621,979	5,947,575	2,873,746	4,785,034
Total	1,226,361	13,219,831	3,611,830	8,129,835

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 post tax results following a sensitivity analysis of 1% increase/decrease in the Mauritian Rupee against the relevant foreign currencies.

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
US Dollar	**(3,485)**	**(9,455)**	(1,434)	4,589
Euro	**(49,143)**	**(54,501)**	(13,549)	(30,675)
South African Rand	**1,266**	**(59)**	1	1
UK Pound	**(1,695)**	**(197)**	9	16
Others	**4**	**8**	-	-

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. FINANCIAL INSTRUMENTS (CONT'D)

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	
	2021	2020
	%	%
South African Rand	**3.69**	3.00 - 7.53
Mauritian Rupee	**0.25**	0.25

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 %*
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**	**2.0**	**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**
2020								
Mauritian Rupee	1.5	4.10	5.00 - 7.05	N/A	N/A	4.10 - 4.80	6.00 - 6.50	3.15 - 3.55
US Dollar	N/A	2.37 - 5.36	11	N/A	N/A	4.66	N/A	N/A
Euro	N/A	1.82 - 3.93	5.00	N/A	N/A	N/A	1.70 - 4.50	3.50 - 4.00
GBP	N/A	4.54	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	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit or loss	**(49,394)**	(48,643)	**(23,774)**	(22,605)

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40. FINANCIAL INSTRUMENTS (CONT'D)

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 2021 and 2020 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 (2020: Rs 1.6m) for the Group and Rs 0.1m (2020: 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.

40.8 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. Following the Covid-19 pandemic, the liquidity of the Group is impacted as it is 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

	Weighted average effective interest rate	At call	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2021							
Non-interest bearing		**343,352**	**181,860**	**347,933**	**-**	**-**	**873,145**
Variable interest rate instruments	**3.7%**	**-**	**32,672**	**861,305**	**3,551,598**	**1,184,726**	**5,630,301**
Fixed interest rate instruments	**4.7% - 7.05%**	**774**	**113,460**	**1,719,650**	**2,703,545**	**4,653,312**	**9,190,741**
		344,126	**327,992**	**2,928,888**	**6,255,143**	**5,838,038**	**15,694,187**
2020 - restated							
Non-interest bearing		77,720	659,265	778,207	72,092	-	1,587,284
Variable interest rate instruments	3.7%	-	192,698	1,438,661	2,807,890	425,021	4,864,270
Fixed interest rate instruments	4.8% - 7.05%	-	83,743	2,061,363	4,061,320	5,664,642	11,871,068
		77,720	935,706	4,278,231	6,941,302	6,089,663	18,322,622

40. FINANCIAL INSTRUMENTS (CONT'D)

40.8 Liquidity risk management (Cont'd)

Non derivative financial instruments

THE COMPANY

	Weighted average effective interest rate	At call	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2021							
Non-interest bearing		**1,831,577**	**13,676**	**76,488**	**-**	**-**	**1,921,741**
Variable interest rate instruments	**3.7%**	**-**	**9,092**	**497,094**	**1,747,064**	**386,460**	**2,639,710**
Fixed interest rate instruments	**5.1% - 6.0%**	**-**	**-**	**1,394,914**	**1,203,213**	**-**	**2,598,127**
		1,831,577	**22,768**	**1,968,496**	**2,950,277**	**386,460**	**7,159,578**
2020							
Non-interest bearing		1,718,645	25,046	112,060	72,092	-	1,927,843
Variable interest rate instruments	3.5%	-	154,397	1,007,581	1,076,195	22,288	2,260,461
Fixed interest rate instruments	5.1% - 5.5%	-	-	1,830,260	2,437,539	-	4,267,799
		1,718,645	179,443	2,949,901	3,585,826	22,288	8,456,103

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.

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40. FINANCIAL INSTRUMENTS (CONT'D)

40.10 Fair value of financial instruments (Cont'd)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- 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				
2021	**3**	**-**	**-**	**3**
2020	3	-	-	3

The table above only includes financial assets.

41. DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS

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.

As a result of the uncertainty in expected foreign currency revenue resulting from the Covid-19 pandemic and the related suspension of its operations, 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 Group's cash flow hedge reserve disclosed in the consolidated statement of changes in equity relates to the following:

	THE GROUP	
	2021	2020
	Rs'000	Rs'000
At 1 July	**(143,483)**	(65,411)
Revaluation loss on loan recognised in other comprehensive income	**(610,267)**	(447,000)
Cash flow hedge reserve released to profit or loss on repayment of loan included in finance cost	**98,934**	26,718
Ineffective portion of cash hedge reserve	**121,503**	342,210
At 30 June	**(533,313)**	(143,483)

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

2021	Within 1 year	1 to 3 years	3 to 5 years	More than 5 years
	Rs'000	Rs'000	Rs'000	Rs'000
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)	-	-

2020	Within 1 year	1 to 3 years	3 to 5 years	More than 5 years
	Rs'000	Rs'000	Rs'000	Rs'000
Cash inflows	-	1,002,307	879,809	4,668,871
Cash outflows	(3,055,407)	(1,002,307)	(879,809)	(4,668,871)
Net cash outflows	(3,055,407)	-	-	-

(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	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
Foreign exchange loss	**982**	153,646	**-**	-

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

	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs'000	Rs'000	**Rs'000**	Rs'000
As at 30 June	**8,635,371**	9,365,446	**4,724,538**	5,984,186

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

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42. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its services and has two reportable segments, as follows:

- Hotel operations which relate to operating and/or managing six resorts in Mauritius and one in Maldives. On 3 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	
	2021	2020 Restated
GEOGRAPHICAL	**Rs'000**	Rs'000
Geographical revenue:		
Continuing operations		
Mauritius	518,656	4,434,530
Others	9,245	200,339
	527,901	4,634,869
Discontinued operation		
Maldives	389,810	422,808
Total revenue	917,711	5,057,677
Geographical results:		
Continuing operations		
Mauritius	(1,819,271)	(1,045,392)
Others	(12,516)	5,142
Loss for the year from continuing operations	(1,831,787)	(1,040,250)
Discontinued operation		
Maldives	(244,927)	(778,061)
Loss for the year	(2,076,714)	(1,818,311)
Segment revenue:		
Hotel operations - External sales	908,466	4,857,338
Hotel operations - Inter-segment sales	-	143,164
	908,466	5,000,502
Others - External sales	9,245	200,339
Elimination of inter-segment sales	-	(143,164)
Total revenue	917,711	5,057,677
Segment results:		
Hotel operations	(2,064,198)	(1,823,480)
Others	(12,516)	5,169
Loss for the year	(2,076,714)	(1,818,311)
Depreciation and amortisation		
Continuing operations		
Hotel operations - Mauritius	558,915	627,286
Others	1,894	2,051
	560,809	629,337
Discontinued operation		
Hotel operation - Maldives	43,300	113,046
Total depreciation and amortisation	604,109	742,383
Finance costs		
Continuing operations		
Hotel operations - Mauritius	883,543	992,143
Others	5	1,731
	883,548	993,874
Discontinued operation		
Hotel operation - Maldives	60,368	86,597
Total finance costs	943,916	1,080,471

42. SEGMENT INFORMATION (CONT'D)

	THE GROUP	
	2021	2020 Restated
	Rs'000	Rs'000
Finance income		
Continuing operations		
Mauritius	5,112	13,644
Others	2,950	7,606
	8,062	21,250
Income tax credit/(charge)		
Continuing operations		
Hotel operations - Mauritius	219,927	(25,034)
Others	4,710	(2,477)
	224,637	(27,511)
Discontinued operation		
Hotel operation - Maldives	49,577	(10,880)
Total income tax credit/(charge)	274,214	(38,391)
Assets		
Non-current		
Hotel operations - Mauritius	17,464,726	16,760,066
Hotel operation - Maldives	-	2,402,768
Others	13,469	4,353
Total non-current assets	17,478,195	19,167,187
Unallocated:		
Interest in associates	392,645	495,991
Interest in joint venture	49,277	51,103
	441,922	547,094
Current		
Hotel operations - Mauritius	1,825,748	1,222,157
Hotel operation - Maldives	-	106,621
Others	262,487	160,417
Total current assets	2,088,235	1,489,195
Liabilities		
Non-current		
Hotel operations - Mauritius	9,648,928	9,256,396
Hotel operation - Maldives	-	793,179
Total non-current liabilities - Hotel operations	9,648,928	10,049,575
Current		
Hotel operations - Mauritius	3,223,727	4,629,396
Hotel operation - Maldives	-	239,711
Others	216,658	177,596
Total current liabilities	3,440,385	5,046,703
Additions to non-current assets		
Hotel operations - Mauritius	266,390	403,687
Others	286	9,903
Total additions to non-current assets	266,676	413,590
Investment in associates		
Mauritius	392,645	495,991
Investment in joint venture		
Others	49,277	51,103

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

43. 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 2021.

44. PRIOR YEAR ADJUSTMENTS - THE GROUP

(a) In the prior years, under the Invest Hotel Scheme ("IHS"), one of the subsidiaries of the Group sold 90 villas to various investors which were immediately leased back to the resort for a period until the end of the underlying Government lease. These villas were classified as property, plant and equipment in 2018 and a corresponding lease liabilities were accounted for based on the present value of the minimum lease payments.

Following a review of all the agreements between the Group and the IHS owners, the following prior year adjustments were considered:
- Derecognition of the property, plant and equipment and corresponding lease liabilities for 57 out of the 90 villas on the ground that these agreements have no fixed guaranteed payments.
- Retranslation of lease liabilities denominated in foreign currencies for the remaining 33 villas to Mauritian Rupees at the rates prevailing at that date.

(b) A reassessment of impairment of the cash generating units was performed at 30 June 2019 following the prior year adjustments as mentioned in note (a) above which resulted in a reversal of impairment of property, plant and equipment by Rs 81.7m.

(c) Accrued interest on borrowings which was previously reported as 'Trade and other payables' has now been reclassified to 'Loans and other borrowings' (Group: 2020: Rs 170.5m, 2019: Rs 82.2m; Company: 2020: Rs 89.0m, 2019: Rs 74.3m).

(d) The lease with a related party which was not disclosed under 'Related party transactions' note to the financial statements in the prior year, has now been included therein (refer to note 38(f)).

The following tables summarise the impact of the adjustments:

	2019		
	As previously stated	Adjustments	As restated
	Rs'000	Rs'000	Rs'000
Statement of financial position (extract)			
The Group			
Property, plant and equipment	17,160,481	(121,622)	17,038,859
(Retained profits)/Accumulated losses	(859,235)	(92,697)	(951,932)
Lease liabilities - non-current liabilities	(406,677)	229,103	(177,574)
Deferred tax liability	(897,241)	(15,803)	(913,044)
Loans and other borrowings - current liabilities	998,873	82,171	1,081,044
Lease liabilities - current liabilities	(3,875)	1,019	(2,856)
Trade and other payables	1,507,185	(82,171)	1,425,014
The Company			
Loans and other borrowings - current liabilities	659,659	74,342	734,001
Trade and other payables	1,064,477	(74,342)	990,135

44. PRIOR YEAR ADJUSTMENTS - THE GROUP (CONT'D)

	2020		
	As previously stated	Adjustments	As restated
	Rs'000	Rs'000	Rs'000
Statement of financial position (extract)			
The Group			
Property, plant and equipment	16,563,067	92,962	16,656,029
Right-of-use assets	2,083,866	(210,362)	1,873,504
Accumulated losses/(Retained profits)	1,890,868	(77,280)	1,813,588
Lease liabilities - non-current liabilities	(2,306,279)	209,473	(2,096,806)
Deferred tax liability	(1,068,276)	(15,803)	(1,084,079)
Loans and other borrowings - current liabilities	3,156,689	170,510	3,327,199
Lease liabilities - current liabilities	(125,901)	1,010	(124,891)
Trade and other payables	1,755,340	(170,510)	1,584,830
The Company			
Loans and other borrowings - current liabilities	2,756,818	88,992	2,845,810
Trade and other payables	1,919,937	(88,992)	1,830,945

	2020		
	As previously stated	Adjustments	As restated
	Rs'000	Rs'000	Rs'000
Consolidated statement of profit or loss (extract)			
Operating expenses	(4,412,577)	(30,739)	(4,443,316)
Depreciation and amortisation	(746,605)	4,222	(742,383)
Finance costs	(1,091,571)	11,100	(1,080,471)
Increase in loss for the year		(15,417)	

	2019		
	As previously stated	Adjustments	As restated
	Rs'000	Rs'000	Rs'000
Consolidated statement of changes in equity (extract)			
Accumulated losses/(Retained profits)	(859,235)	(92,697)	(951,932)

	2020		
	As previously stated	Adjustments	As restated
	Rs'000	Rs'000	Rs'000
Consolidated statement of changes in equity (extract)			
Loss for the year	(1,802,894)	(15,417)	(1,818,311)
Accumulated losses/(Retained profits)	1,890,868	(77,280)	1,813,588

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

44. PRIOR YEAR ADJUSTMENTS - THE GROUP (CONT'D)

	2020		
	As previously stated	Adjustments	As restated
	Rs'000	Rs'000	Rs'000
Consolidated statement of cash flows (extract)			
Loss before tax	(1,764,503)	(15,417)	(1,779,920)
Adjustment for:			
Depreciation and amortisation	746,605	(4,222)	742,383
Finance costs	1,091,571	(11,100)	1,080,471
Unrealised exchange differences	(133,474)	28,710	(104,764)
FINANCING ACTIVITIES			
Lease payments	(187,754)	12,092	(175,662)

45. PARENT AND ULTIMATE COMPANY

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

annexes

SANITARY PROTOCOLS

Since the annual meeting of the shareholders of Sun Limited will be held on 16 December 2021 at 14.00 hours at Hennessy Park Hotel, Ebony 1 Conference Room, 65 Cybercity, Ebène, shareholders are required to follow the sanitary protocols of the hotel in light of the ongoing COVID-19 situation.

For shareholders who wish to attend the annual meeting in person, please be minded that strict sanitary measures will be applicable throughout the meeting:

- Vaccination cards must be presented at the entrance together with the National Identity Cards;
- Temperature checks shall be effected;
- Non-Vaccinated shareholders must present a PCR test result slip, certifying a negative result less than seven days prior to the annual meeting;
- The wearing of masks is compulsory; and
- 1 metre social distancing shall be maintained at all times and shareholders are not allowed to gather in group.

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 **16 December 2021 at 14.00 hours at Hennessy Park Hotel, Ebony 1 Conference Room, 65 Cybercity, Ebène**, 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 2021, 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	**2.7**	Mr. J. Harold Mayer
2.2	Mr. P. Arnaud Dalais	**2.8**	Mr. Olivier Riché
2.3	Mr. R. Thierry Dalais	**2.9**	Mr. Jean-Louis Savoye
2.4	Mr. L. J. Jérôme De Chasteauneuf	**2.10**	Mr. Naderasen Pillay Veerasamy
2.5	Mr. Francois Eynaud	**2.11**	Mr. Pierre Vaquier
2.6	Mrs. Hélène Echevin	**2.12**	Mr. Tommy Wong Yun Shing

3. To appoint, as Director of the Company to hold office until the next annual meeting of the shareholders of the Company, Mr. Guillaume Dalais who has been nominated by the Board of Directors on 20 September 2021.

4. To appoint, as Director of the Company to hold office until the next annual meeting of the shareholders of the Company, Mr. Mushtaq N. Oosman who has been nominated by the Board of Directors on 01 October 2021.

5. To take note of the automatic re-appointment of PricewaterhouseCoopers Ltd as auditor of the Company for the financial year ending 30 June 2022, in accordance with section 200 of the Companies Act 2001 and to authorise the Board of Directors of the Company to fix their remuneration.

6. To ratify the remuneration paid to the auditor for the financial year ended 30 June 2021.

By Order of the Board

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

19 October 2021

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 the 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 17 November 2021.

E. The minutes of proceedings of the annual meeting of the shareholders held on 17 December 2020 are available for inspection at the registered office of the Company during normal trading office hours.

F. The profiles and categories of the Directors appointed/re-elected are available in the corporate governance section of the annual report.

G. The profile of Mr. Mushtaq N. Oosman is as follows:

Mushtaq N. Oosman – Independent Non-Executive Director

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 1 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 on the official market of the Stock Exchange of Mauritius Ltd: *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.*

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 **16 December 2021 at 14.00 hours at Hennessy Park Hotel, Ebony 1 Conference Room, 65 Cybercity, Ebène** 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 2021, 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. R. Thierry Dalais		
	2.4. Mr. L. J. Jérôme De Chasteauneuf		
	2.5. Mr. Francois Eynaud		
	2.6. Mrs. Hélène Echevin		
	2.7. Mr. J. Harold Mayer		
	2.8. Mr. Olivier Riché		
	2.9. Mr. Jean-Louis Savoye		
	2.10. Mr. Naderasen Pillay Veerasamy		
	2.11. Mr. Pierre Vaquier		
	2.12. Mr. Tommy Wong Yun Shing		
3.	To appoint, as Director of the Company to hold office until the next annual meeting of the shareholders of the Company, Mr. Guillaume Dalais who has been nominated by the Board of Directors on 20 September 2021.		
4.	To appoint, as Director of the Company to hold office until the next annual meeting of the shareholders of the Company, Mr. Mushtaq N. Oosman who has been nominated by the Board of Directors on 1 October 2021.		
5.	To take note of the automatic re-appointment of PricewaterhouseCoopers Ltd as auditor of the Company for the financial year ending 30 June 2022 and to authorise the Board of Directors of the Company to fix their remuneration.		
6.	To ratify the remuneration paid to the auditor for the financial year ended 30 June 2021.		

Signed this ____________ day of ____________ 2021. ______________________________

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.*

CONTACTS

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SUN RESORTS

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