



Integrity
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**05 Independent
Auditor's Report**

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 2024, and of their financial performance and their cash flows for the year then ended in accordance with IFRS Accounting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

The consolidated and separate financial statements of Sun Limited set out on pages 90 to 163 comprise:

- the statements of financial position as at 30 June 2024;
- the statements of profit or loss for the year then ended;
- the statements of comprehensive income for the year then ended;
- the statements of changes in equity for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes to the financial statements, which include material accounting policy information and other explanatory information.

Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Fair value of land and buildings (see note 4 to the financial statements) - Consolidated financial statements.</p> <p>As at 30 June 2024, the Group had land and buildings carried at fair value of MUR 7.4 billion (2023: MUR 17.2 billion), included as part of its property, plant and equipment in the consolidated statement of financial position. During the year ended 30 June 2024, land and buildings amounting to MUR 9.7 billion was transferred to 'Assets held for distribution' following a restructuring exercise.</p> <p>It is the Group's policy that land and buildings are stated at fair value based on regular valuations conducted by an independent external valuer. A desktop valuation has been carried out during the year ended 30 June 2024.</p> <p>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.</p> <p>The fair value of land and buildings was considered as a key audit matter due to its significance on the consolidated statement of financial position and due to the fact that it is inherently subjective as it involves significant estimates and judgement which might materially affect the carrying value of the revalued assets.</p>	<p>We obtained the valuation report from management.</p> <p>We assessed the competence, qualifications, experience, and independence of the external independent valuer.</p> <p>With the support of our internal valuation specialists, our audit procedures included the following:</p> <ul style="list-style-type: none"> ■ We assessed the appropriateness of the valuation methodology used by the external valuer for determining the fair value of land and buildings of the Group in the current year by comparing it to prior year. ■ We assessed the key inputs and assumptions used by the external valuer. ■ We assessed the reasonableness of the fair values attributed to the different properties of the Group. <p>We have also assessed the classification as assets held for distribution and whether appropriate disclosures were made by management in the financial statements.</p>

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SUN LIMITED

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

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<p>Accounting for the interest in associate - EastCoast Hotel Investment Ltd ('ECH') (see note 9 to the financial statements) - Consolidated and Separate financial statements.</p> <p>The Company's interest in associate is accounted for at cost less impairment in the separate financial statements and the equity method is used in the consolidated financial statements.</p> <p>Previously, given the risks associated with the previous controlling party, a discounted cash flow method was used to determine the recoverable amount of ECH. During the year, the change in controlling party removed these risks.</p> <p>The Directors assessed that the Company continues to have significant influence over ECH considering the board composition, its voting rights, its entitled returns and the circumstances around the controlling party.</p> <p>The Directors assessed the recoverable amount of the interest in associate as at 30 June 2024 using the discounted cash flow model. An impairment reversal of Rs 417 million has been recognised to revert to the cost of investment in the separate financial statements. A reversal of previously recognised impairment amounting to Rs 107 million and share of profit of Rs 265 million has been recognised in profit or loss of the consolidated financial statements.</p> <p>The assessment of the recoverable of the investment in ECH requires the use of a number of key assumptions and judgements, including the estimated future cash flows, long-term growth rates, and discount rates applied.</p> <p>This was an area of focus in light of the amounts involved and the level of judgement and estimation required from management.</p>	<p>We assessed the reasonableness of the classification of the interest in ECH as an associate by considering the requirements of IAS 28.</p> <p>We obtained management's workings of the recoverable amount of the interest in ECH and assessed if conditions exist to reverse the previous impairment losses. With the support of our internal valuation specialists, our audit procedures included the following:</p> <ul style="list-style-type: none"> ■ We tested the assumptions used in the cash flow model by comparing these assumptions to our independently derived expectations, which are based on the contractual cash flows. ■ Terminal growth rate has been assessed for reasonableness based on market expected long-term growth rates. ■ In order to determine the reasonableness of the discount rate, the rate used in the cash flow model was compared to a range of discount rates independently calculated by us, based on the market in which the business operates and taking into account the nature of the business. ■ We also verified the mathematical accuracy of the model. <p>We have also assessed the reasonableness of the net assets of ECH as at 30 June 2024 which included testing the management expert valuation report of the ECH Land and building as well as its leasehold rights. We obtained and validated the title deed of the property as well.</p> <p>We have assessed whether appropriate disclosures were made by management in the financial statements.</p>
<p>Fair value of Interest in subsidiaries (see note 8 to the financial statements) - Separate financial statements.</p> <p>As at 30 June 2024, the Company held unquoted investments consisting of investments in subsidiaries amounting to MUR 23.4 billion (2023: MUR 20.6 billion) which are carried at fair value in the separate financial statements.</p> <p>The fair value of the unquoted investments is determined by applying valuation methodologies which include the discounted cash flow approach and the net asset value approach.</p> <p>The fair value was determined in line with IFRS 13 to which certain valuation methods are subscribed to determine the fair value. The fair value is computed by the external valuer using factual information and professional judgement concerning market conditions and factors impacting the individual companies.</p> <p>The fair value of investments in subsidiaries was a key area of audit focus owing to its magnitude, the estimation uncertainties in the assumptions, and the degree of judgement required from management.</p>	<p>We obtained the fair value workings from management.</p> <p>We assessed the competence, qualifications, experience, and independence of the external independent valuer.</p> <p>With the support of our internal valuation specialists, our audit procedures included the following:</p> <ul style="list-style-type: none"> ■ We assessed the appropriateness of the valuation methodologies and models used. ■ We assessed the reasonableness of the assumptions underlying the cash flow models used to determine the recoverable amount of the investments, by comparing these assumptions to our independently derived expectations, based on independent external market data and forecasts. <p>We have also assessed whether appropriate disclosures were made by management in the financial statements.</p>

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SUN LIMITED

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 statement of compliance, the corporate governance report, the other statutory disclosures, appendix A, appendix B, the statement of directors' responsibilities and the company secretary's certificate but does not include the consolidated and separate financial statements and our auditor's report thereon.

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.

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SUN LIMITED

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

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

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

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

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

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 advisor of the Company and some of its subsidiaries;
- (b) we have obtained all the information and explanations we have required; and
- (c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Mauritian Financial Reporting Act 2004

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

Other Matter

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

PricewaterhouseCoopers

12 September 2024

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