

**Profit and dividend announcement**  
**for the quarter and half year ended 30 June 2006 ( Unaudited )**

### Financial results

The Group unaudited results for the quarter and half year ended 30 June 2006 are as follows:

Group income statement ( Abridged )	Quarter to 30 June			Half-Year to 30 June		
	2006	% change	2005 Restated	2006	% change	2005 Restated
Revenue	655,146	3	635,101	1,733,279	4	1,663,871
Operating profit	42,843	(9)	47,194	359,298	(3)	368,547
Net finance costs	(84,741)	(29)	(65,710)	(168,239)	(30)	(129,207)
Share of profits of associates	9,701	183	3,432	40,675	95	20,832
Profit before taxation	(32,197)	(113)	(15,084)	231,734	(11)	260,172
Taxation	3,844	24	3,097	(35,924)	4	(37,444)
<b>Profit for the quarter</b>	<b>(28,353)</b>	<b>(137)</b>	<b>(11,987)</b>	<b>195,810</b>	<b>(12)</b>	<b>222,728</b>
Attributable to :						
Equity holders of the parent	(28,368)	(136)	(12,002)	195,780	(12)	222,698
Minority interest	15	-	15	30	-	30
	(28,353)	(137)	(11,987)	195,810	(12)	222,728
Earnings per share (Rs)	<b>(0.30)</b>	<b>(136)</b>	<b>(0.13)</b>	<b>2.07</b>	<b>(12)</b>	<b>2.35</b>

Group balance sheet ( Abridged )	30 June	31 December
	2006	2005
	Rs'000	Rs'000
<b>EQUITY AND LIABILITIES</b>		
Shareholders' equity	4,261,370	4,254,739
Minority interest	2,536	2,506
<b>Total equity</b>	<b>4,263,906</b>	<b>4,257,245</b>
Loans	1,944,426	2,154,393
Debentures	465,000	527,000
Obligations under finance leases	33,648	38,756
Deferred tax liability	606,839	581,950
Retirement benefit obligations	97,584	82,361
<b>Non-current liabilities</b>	<b>3,147,497</b>	<b>3,384,460</b>
<b>Current liabilities</b>	<b>1,573,140</b>	<b>1,685,307</b>
<b>Total equity and liabilities</b>	<b>8,984,543</b>	<b>9,327,012</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	7,144,269	7,242,195
Operating equipment	135,977	143,398
Interest in associates	50,953	68,497
Other Investments	1,093,713	1,074,771
Leasehold land prepayments	47,153	47,602
Other assets	13,589	13,589
	<b>8,485,654</b>	<b>8,590,052</b>
<b>Current assets</b>	<b>498,889</b>	<b>736,960</b>
<b>Total assets</b>	<b>8,984,543</b>	<b>9,327,012</b>

Group cash flow statement ( Abridged )	Half-Year to 30 June	
	2006	2005
	Rs'000	Rs'000
Cash generated from operations	574,180	574,831
Interest paid	(169,948)	(133,803)
<b>Net cash inflow from operating activities</b>	<b>404,232</b>	<b>441,028</b>
Net cash used in investing activities	(57,441)	(201,647)
Net cash used in financing activities	(417,886)	(419,016)
<b>Net change in cash and cash equivalents</b>	<b>(71,095)</b>	<b>(179,635)</b>
Cash and cash equivalents at 1 January	(284,785)	(102,859)
<b>Cash and cash equivalents at 30 June</b>	<b>(355,880)</b>	<b>(282,494)</b>

Statement of changes in equity ( Abridged )	2006	2005
	Rs'000	Restated Rs'000
At 1 January	4,257,245	4,660,917
Currency translation differences	-	3,940
Profit for the period	195,810	222,728
Dividends ( Note (iii) )	(189,149)	(196,715)
At 30 June	4,263,906	4,690,870

#### Notes to the above:

- The above financial results for the quarter and half year, which are unaudited, have been prepared using the same accounting policies and methods adopted in the audited financial statements for the year ended 31 December 2005.
- Depreciation of buildings and other assets for the quarter and half year ended 30 June 2005 have been re-stated to reflect the effect of the new IFRSs and revised IASs, which were applicable from 1 January 2005. The impact of the adjustments on taxation has also been recognized. The changes have resulted in a net decrease of Rs 12.1 million and Rs 18.1 million in profit of same quarter and half year respectively last year.
- On 17 February 2006, a final dividend of Rs 2.00 per share ( 2005 : Rs 2.08 ) totaling Rs 189.1 million ( 2005 : Rs 196.7 million ) was declared in respect of the year ended 31 December 2005 and paid on 24 April 2006.

#### 1. Comments on results

Revenue for the quarter and half year ended 30 June 2006 were Rs 655 million and Rs 1,723 million respectively representing an increase of 3% and 4% for the quarter and the half year compared to last year. As reported in the last announcement, the business has continued to be badly affected in the second quarter due to the Chikungunya scare prevailing on the island. The estimated shortfall in revenues attributable to the cancellations amounted to Rs 138 million during the second quarter making a total of Rs 205 million for the half year. On the national front, the Chikungunya scare also contributed to a decline of 0.7% in tourist arrivals for the second quarter but there was still a 3.1% growth for the half year. Against this background, the group achieved an average room occupancy of 56% (2005:62%) and 69% (2005:69%) compared to the national average room occupancy for large hotels of 54% (2005: 55%) for the quarter and 65% (2005:62%) for the half year.

Operating profit for the quarter and the half year were Rs 43 million and Rs 359 million respectively representing a decrease of 9% and 3% over the corresponding period in 2005. This is due to the Easter peak period which was impacted this year and the increases in utility costs.

The increase in net finance costs is due to the financing of our additional Maldives investment in the second half of last year. On the other hand, this has resulted in an increase in our share of earnings from associates.

The group achieved an attributable loss to equity holders of the parent of Rs 28 million for the quarter and the attributable profit for the half year at Rs 196 million was 12% behind same period last year.

#### 2. Dividend

The directors have declared an interim dividend of Rs 1.50 (2005: Rs 1.50) per share.

#### 3. Prospects

Although earnings in the third quarter will continue to be under pressure due to the impact of Chikungunya, the booking trends for the last quarter are back to normal and provided these conditions prevail, prospects for the last quarter look promising. In the event of a return of Chikungunya and surrounding negative publicity, all preventive measures to mitigate the propagation of this virus are continuing and shall be intensified in the forthcoming summer period at our hotels. The Company is also contributing through the hotel association to the national campaign against Chikungunya.

#### Declaration of dividend

Notice is hereby given that the Company has declared an interim dividend of Rs 1.50 per share for shareholders registered at the close of business on 18 October 2006, in respect of the half year ended 30 June 2006.

The dividend will be paid on 7 December 2006 and cheques posted on or about that date to shareholders at their registered addresses recorded on 18 October 2006.

The shares of the Company will be traded cum-dividend up to the market day of 13 October 2006 and ex-dividend on 16 October 2006.

*By order of the Board*

**26 September 2006.**

This interim report is issued pursuant to Listing Rule 12.21 and complies with IAS 34.

*The Board of Directors of Sun Resorts Ltd accepts full responsibility for the accuracy of the information contained in this interim report*

*Copies of this report are available to the public, free of charge, at the registered office of the Company*

For and on behalf of the Board

G. C. Dalais  
Chairman

P. T. Jones  
Director

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