



CAUDAN
DEVELOPMENT
LIMITED

ANNUAL
REPORT
&
FINANCIAL
STATEMENTS

REPORTS

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FINANCIAL STATEMENTS

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NOTICE OF MEETING 48

2005

DIRECTORATE AND ADMINISTRATION

DIRECTORS

The directors of the company during the year ended June 30th 2005 and at June 30th 2005

Jean Pierre Montocchio	<i>Chairman appointed December 29th 2004</i>
Jean-Raymond Harel	<i>resigned December 29th 2004</i>
Bertrand de Chazal	<i>appointed December 29th 2004</i>
Carrim A Currimjee gosk	
Arnaud Dalais	
Hector Espitalier-Noël	<i>appointed December 29th 2004</i>
Antoine Harel	
Ramesh Kalachand gosk	<i>resigned August 17th 2005</i>
J Cyril Lagesse	
René Leclézio	<i>appointed December 29th 2004</i>
Loïs Le Vieux	<i>resigned August 13th 2004</i>
Areff Salauroo	<i>resigned September 22nd 2005</i>
Antoine Seeyave	
Adolphe Vallet	

AUDIT COMMITTEE

Bertrand de Chazal	<i>Chairman</i>
Hector Espitalier Noël	
Ramesh Kalachand gosk	<i>resigned August 17th 2005</i>

CORPORATE GOVERNANCE COMMITTEE

Arnaud Dalais	<i>Chairman</i>
Bertrand de Chazal	
Carrim A Currimjee gosk	
René Leclézio	
Jean Pierre Montocchio	

MANAGER

Promotion and Development Ltd

COMPANY SECRETARY

Jocelyne Martin

AUDITORS

PricewaterhouseCoopers

REGISTRAR AND TRANSFER OFFICE

MCB Registry and Securities Limited
Raymond Lamusse Building
Sir William Newton Street
Port Louis
Mauritius

REGISTERED OFFICE

MCB Centre
11–15 Sir William Newton Street
Port Louis

POSTAL ADDRESS

Barkly Wharf
Le Caudan Waterfront
Port Louis
Mauritius

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DATE OF INCORPORATION

February 17th 1989

A N N U A L R E P O R T

The directors have pleasure in submitting the annual report of Caudan Development Limited, together with the audited financial statements for the year ended June 30th 2005.

PRINCIPAL ACTIVITIES

The main activity of the company is the promotion of a mixed commercial project on the waterfront of Port Louis. Apart from the waterfront project, the company also rents out industrial buildings situated at Pailles, Riche Terre and Albion Dock.

Caudan via a subsidiary, operates in the security business, and is involved in the sale of alarm equipment and the provision of security and property protection services.

RESULTS

The profit and loss accounts are set out on page 17.

	T H E G R O U P		T H E C O M P A N Y	
	2005	2004	2005	2004
	MRs000	MRs000	MRs000	MRs000
Earnings attributable to shareholders	451,099	109,524	352,704	65,473

In accordance with IAS 40, the gain arising from changes in the fair value of investment property has been included in net profit for the year. The gains amounting to MRs487 million (2004: MRs61.6 million) at group level and MRs415.6 million (2004: MRs40.2 million) at company level are however unrealised and reflects the surplus recognised following the revaluation of land at Le Caudan Waterfront and the impact of changes in rates used in the discounted cash flow model. Freehold land at Le Caudan Waterfront was revalued to MRs1,443.5 million on an open market value by Alan Tinkler, Ramlackhan & Co and the value of undeveloped land was therefore estimated at MRs647.4 million. The fair value of industrial buildings and buildings at Le Caudan Waterfront has been determined on the basis of discounted future net cash flow method using the following main assumptions: future net rental increases of 5.5% (2004: 3–5%) and discount rates of 9.6–9.8% (2004: 11.5%). The discount rates have been revised to reflect more accurately the group's economic environment. We draw your attention to the use of estimates and assumptions which may give rise to material adjustments to the carrying amounts of investment property.

You are invited therefore to focus your attention on the following:

Adjusted earnings excluding the gain on investment property

	T H E G R O U P		T H E C O M P A N Y	
	2005	2004	2005	2004
	Mrs000	Mrs000	Mrs000	Mrs000
Earnings attributable to shareholders	451,099	109,524	352,704	65,473
Fair value gains on investment property	(486,964)	(61,626)	(415,561)	(40,212)
Deferred tax thereon	105,781	8,245	103,890	5,033
Adjusted earnings attributable to shareholders	69,916	56,143	41,033	30,294

DIVIDENDS

The directors have declared a dividend of MRe0.05 per share, 25% up on the previous year's. This represents a total distribution of MRs40.976 million, which was paid in July 2005.

DIRECTORS

The directors of the company are listed on page 2 and the directors of the subsidiaries are stated in note 31 to the financial statements.

directors' service contracts

There are no service contracts between the company or its subsidiaries and the directors.

directors' remuneration

Remuneration and benefits received and receivable from the company and its subsidiaries

	T H E C O M P A N Y		S U B S I D I A R I E S		R E L A T E D C O R P O R A T I O N S	
	2005	2004	2005	2004	2005	2004
	Mrs000	Mrs000	Mrs000	Mrs000	Mrs000	Mrs000
Full-time executive directors	14	-	-	-	6,265	-
Non-executive directors	200	105	-	-	806	400

statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flow of the company and of the group. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed and complied with subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. 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.

AUDITORS' FEES

Fees payable to the auditors for audit and other services	T H E G R O U P		T H E C O M P A N Y	
	2005	2004	2005	2004
	MRs000	MRs000	MRs000	MRs000
PricewaterhouseCoopers				
Audit services	350	280	180	155
Other services	29	152	12	136
	379	432	192	291
Other firms				
Audit services	52	52	-	-
Other services	14	12	-	-
	66	64	-	-

Approved by the board of directors on September 30th 2005 and signed on its behalf

Jean-Pierre Montocchio *Chairman and Director*

René Leclézio *Director*

C O R P O R A T E G O V E R N A N C E

C O M P L I A N C E S T A T E M E N T

The company is committed to the highest standard of business integrity, transparency and professionalism in all activities to ensure that the activities within the company are managed ethically and responsibly to enhance business value for all stakeholders. As an essential part of this commitment, the board subscribes to and is fully committed to complying with the Code of Corporate Governance of Mauritius.

The directors continuously consider the implications of best practice corporate governance and are of the opinion that the company complies with the requirements of the Code of Corporate Governance in all material respects.

G R O U P S T R U C T U R E

the holding structure up to and including Promotion and Development Ltd, the ultimate holding company



M A J O R S H A R E H O L D E R S

Shareholders holding more than 5% of the share capital of the company at November 14th 2005

	number of shares	% holding
Promotion and Development Ltd	411,632,609	50.23
Ferryhill Enterprise Limited	80,000,000	9.76

DIVIDEND POLICY

The company aims to supply its shareholders with ongoing returns in the form of stable dividends. Dividends are declared and paid once a year.

Dividend per share: trend over the past five years	year	cents
	2005	5.0
	2004	4.0
	2003	3.5
	2002	3.0
	2001	2.0

THE BOARD OF DIRECTORS

composition

The company's articles provides that the board of the company shall consist of a minimum of 5 and a maximum of 14 directors.

Of the 12 members serving at year end, there was one executive director and 11 non-executive directors. The non-executive directors come from diverse business background and possess the necessary knowledge, skills, objectivity, integrity, experience and commitment to make sound judgments on various key issues relevant to the business of the company independent of management.

One third of the directors or if their number is not three or a multiple of three, then the number is nearest one third shall retire from office. A retiring director shall be eligible for re-election. New directors are appointed to the board on recommendation of the nomination committee.

In the course of the year, the board has set up a number of board committees, which meet under the terms of reference set by the board.

directors' profiles

Jean Pierre Montocchio

Notary Public. Has participated in the National Committee on Corporate Governance. Director of the Mauritius Commercial Bank, Fincorp, Rogers & Co and New Mauritius Hotels.

Bertrand de Chazal

Fellow Member of the Institute of Chartered Accountants of England and Wales and *Commissaire aux Comptes*. Worked with Touche Ross, Paris and West Africa; retired as senior financial analyst of the World Bank. Director of the Mauritius Commercial Bank and Golden Agri-Resources.

Carrim A Currimjee, gosk	BSc (Econ) Industry and Trade (London School of Economics). Director of Currimjee Jeewanjee & Co and Chairman of Currimjee Jeewanjee Properties and Compagnie Immobilière.
Arnaud Dalais	Chief Executive of CIEL Group. Director of several public companies including Ireland Blyth, Swan Group, Sun Resorts. Has been Chairman of the Mauritius Chamber of Agriculture, the Mauritius Sugar Syndicate and the Joint Economic Council.
Hector Espitalier-Noël	Member of the Institute of Chartered Accountants of England and Wales. Worked for Coopers and Lybrand, London and De Chazal Du Mée. Chief Executive Officer of Espitalier-Noël Ltd, Chairman of New Mauritius Hotels and Rogers & Co. Director of several public companies.
Antoine Harel	Chartered Accountant. Chairman of Compagnie d'Investissement et de Gestion de Portefeuilles, Compagnie Sucrière de Mont Choisy, Constantine and Produits Basaltiques du Nord. Director of several companies.
J Cyril Lagesse	Looked after the business interests of Mon Loisir SE. Set up the Compagnie d'Investissement et de Développement. Director of several private and public companies.
René Leclézio	Degree in Chemical Engineering and MBA (London Business School). Worked for Lloyds Merchant Bank, London. Chief Executive Officer and director of Promotion and Development. Director of several private and public companies including Medine SE and Mauritius Freeport Development Co.
Antoine Seeyave	Chairman of Happy World and director of several companies.
Adolphe Vallet	Worked for the Mauritius Commercial Bank and Roger Fayd'herbe, before The Constance & La Gaieté SE. Director of several companies including Ireland Blyth and Belle Mare Holding.

directors' interests in shares

Interests of directors in the share capital of the company at June 30th 2005

ordinary shares	direct	indirect
Jean Pierre Montocchio	100,000	31,000
Arnaud Dalais	300,000	-
J Cyril Lagesse	15,000	-
René Leclézio	-	125,000

None of the other directors had a direct or indirect interest in the equity of the company and its subsidiaries.

directors' dealings in shares of the company

With regards to directors' dealings in the shares of their own company, the directors confirm that they have followed the principles of the model code on securities transactions by directors as detailed in appendix 6 of the listing rules of the Stock Exchange of Mauritius.

SHAREHOLDERS' AGREEMENT AFFECTING THE GOVERNANCE OF THE COMPANY BY THE BOARD

There was no such agreement during the year under review.

RELATED PARTY TRANSACTIONS

For related party transactions, please refer to note 28 of the financial statements.

BOARD COMMITTEES

The board of directors has established a number of committees of which the most important are:

the Corporate Governance Committee

The setting up of the Corporate Governance Committee (incorporating the Nomination and Remuneration Committees) was approved by the board on June 15th 2005. The committee is chaired by Mr Arnaud Dalais, and comprises of Messrs Bertrand de Chazal, Carrim A Currimjee, René Leclézio and Jean Pierre Montocchio. The main objects and functions of the committee are to determine, agree and develop the company's general policy on corporate governance, advise and make recommendations to the board on all aspects thereof.

the Audit Committee

The committee comprises of Mr Bertrand de Chazal, chairman and Hector Espitalier Noel (Mr Ramesh Kalachand served on the committee until 17th August 2005). The committee consists solely of independent non-executive directors. All members of the audit committee are financially literate. The Audit Committee monitors the adequacy of the financial information reported to shareholders, monitors the group's internal financial controls and provides a forum for communication between the board and the auditors. In particular the Audit Committee reviews the results and financial statements prior to submission to the board. Executives attend as required.

DONATIONS

The company did not make any political or charitable donations during the year under review.

COMPANY SECRETARY'S CERTIFICATE



I certify that to the best of my knowledge and belief, the company has filed with the registrar of companies all such returns as are required of the company under the Companies Act 2001 in terms of section 166(d).

Jocelyne Martin *Company Secretary*

September 30th 2005



I N D E P E N D E N T
A U D I T O R S ' R E P O R T

1

We have audited the financial statements of Caudan Development Limited (the Company) for the year ended June 30th 2005 on pages 16 to 46 which have been prepared in accordance with the accounting policies set out on pages 22 to 26.

2

As described on page 6, the Company's directors are responsible for the preparation and presentation of financial statements which are in accordance with and comply with International Financial Reporting Standards, which give a true and fair view of the matters to which they relate, and which present fairly the financial position, financial performance, changes in equity and cash flows of the Group and Company.

3

We are responsible for expressing an independent opinion, based on our audit, on the financial statements presented by the directors and reporting our opinion to you. This opinion has been prepared for and only for the Company's members 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.

4

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit so as to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

5

We have no relationship with or interests in the Company and its subsidiaries other than in our capacities as auditors and tax advisers.

6

We have obtained all the information and explanations we have required.

7

In our opinion:

A

proper accounting records have been kept by the Company as far as appears from our examination of those records; and

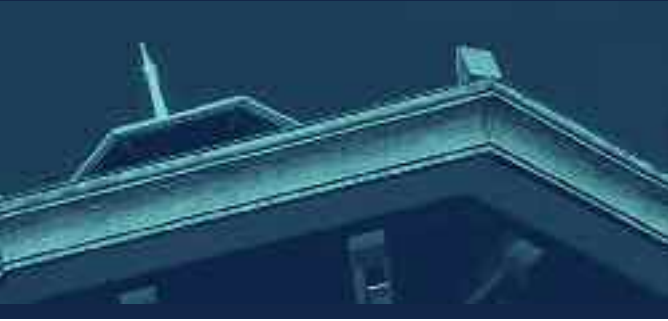
B

the financial statements on pages 16 to 46:

- have been prepared in accordance with and comply with International Financial Reporting Standards;
- give a true and fair view of the matters to which they relate;
- present fairly the financial position of the Group and Company at June 30th 2005 and their financial performance, changes in equity and cash flows for the year ended on that date; and
- comply with the Mauritian Companies Act 2001.

PricewaterhouseCoopers *September 30th 2005*

Mohammad Issa Taujoo *Signing partner*





FINANCIAL



STATEMENTS



BALANCE SHEETS

JUNE 30TH 2005

		THE GROUP		THE COMPANY	
		2005	2004	2005	2004
	notes	MRs000	MRs000	MRs000	MRs000
A S S E T S					
Non-current assets					
Investment property	2	2,207,695	1,739,037	1,706,351	1,309,096
Prepaid operating lease payments	3	523	529	523	529
Property, plant and equipment	4	58,961	40,133	48,810	31,489
Intangible assets	5	151	-	-	-
Investments in subsidiaries	6	-	-	4,347	4,347
Investments in associates	7	18,339	19,996	-	-
Available-for-sale investments	8	41,800	41,350	41,800	41,350
Non-current receivable	9	-	1,200	-	1,200
		2,327,469	1,842,245	1,801,831	1,388,011
Current assets					
Inventories	10	7,755	4,815	2,525	2,472
Receivables	11	24,680	56,615	246,782	287,381
Bank and cash balances		2,107	3,096	1,089	2,267
		34,542	64,526	250,396	292,120
Total assets		2,362,011	1,906,771	2,052,227	1,680,131
E Q U I T Y A N D L I A B I L I T I E S					
Shareholders' equity					
Share capital	12	819,520	819,520	819,520	819,520
Share premium		2,862	2,862	2,862	2,862
Fair value reserve		1,800	1,350	1,800	1,350
Retained earnings	13	1,099,164	689,041	836,712	524,984
Total shareholders' equity		1,923,346	1,512,773	1,660,894	1,348,716
Non-current liabilities					
Borrowings	14	111,140	210,216	103,140	186,216
Deferred tax liabilities	15	182,143	80,832	167,163	66,572
Retirement benefit obligations	16	799	713	284	301
		294,082	291,761	270,587	253,089
Current liabilities					
Trade and other payables	17	29,192	35,726	22,071	27,815
Current income tax liabilities		9,255	-	8,539	-
Borrowings	14	65,160	33,730	49,160	17,730
Dividend proposed	18	40,976	32,781	40,976	32,781
		144,583	102,237	120,746	78,326
Total liabilities		438,665	393,998	391,333	331,415
Total equity and liabilities		2,362,011	1,906,771	2,052,227	1,680,131

Approved by the board of directors on September 30th 2005 and signed on its behalf

Jean-Pierre Montocchio Chairman and Director

René Leclézio Director

PROFIT & LOSS

ACCOUNTS

YEAR ENDED JUNE 30TH 2005

	notes	THE GROUP		THE COMPANY	
		2005 MRs000	2004 MRs000	2005 MRs000	2004 MRs000
Turnover	1	162,941	157,694	87,119	89,701
Operating expenses		(84,668)	(76,918)	(34,239)	(33,963)
Operating profit	19	78,273	80,776	52,880	55,738
Dividend income	20	1,200	1,200	1,200	1,200
Increase in fair value of investment property	2	486,964	61,626	415,561	40,212
Finance costs	21	(20,018)	(24,528)	(7,807)	(10,746)
Share of profit of associated company	7	15,246	15,749	-	-
Profit before taxation		561,665	134,823	461,834	86,404
Taxation	22	(110,566)	(25,299)	(109,130)	(20,931)
Profit attributable to shareholders		451,099	109,524	352,704	65,473
		MRe	MRe		
Earnings per share – basic and diluted	23A	0.55	0.13		
Adjusted earnings per share	23B	0.09	0.07		

STATEMENTS OF CHANGES IN EQUITY

		share	share	fair value	T H E	G R O U P
		capital	premium	reserve	retained	total
	notes	MRs000	MRs000	MRs000	earnings	MRs000
At July 1st 2003		819,520	2,862	(1,200)	612,298	1,433,480
Increase in fair value of available-for-sale investments	8	-	-	2,550	-	2,550
Profit attributable to shareholders		-	-	-	109,524	109,524
Dividend proposed	18	-	-	-	(32,781)	(32,781)
At June 30th 2004		819,520	2,862	1,350	689,041	1,512,773
At July 1st 2004		819,520	2,862	1,350	689,041	1,512,773
Increase in fair value of available-for-sale investments	8	-	-	450	-	450
Profit attributable to shareholders		-	-	-	451,099	451,099
Dividend proposed	18	-	-	-	(40,976)	(40,976)
At June 30th 2005		819,520	2,862	1,800	1,099,164	1,923,346

GROUP AND COMPANY

Share premium account

A share premium arises when the value of the consideration received for the issue of shares exceeds the nominal value of the shares issued. The share premium account is regarded as permanent capital of the company and only certain expenses of a capital nature may be set-off against it, namely

- the preliminary expenses of the company; or
- the expenses of, or the commission paid on, the creation or issue of any shares.

The share premium account may also be applied

- in paying up shares of the company to be issued to shareholders of the company as fully paid shares;
- to reflect the decrease in the share premium account arising from shares acquired or redeemed.

YEAR ENDED JUNE 30TH 2005

	T H E C O M P A N Y				
	share capital	share premium	fair value reserve	retained earnings	total
notes	MRs000	MRs000	MRs000	MRs000	MRs000
At July 1st 2003	819,520	2,862	(1,200)	492,292	1,313,474
Increase in fair value of available-for-sale investments	8	-	2,550	-	2,550
Profit attributable to shareholders	18	-	-	65,473	65,473
Dividend proposed	-	-	-	(32,781)	(32,781)
At June 30th 2004	819,520	2,862	1,350	524,984	1,348,716
At July 1st 2004	819,520	2,862	1,350	524,984	1,348,716
Increase in fair value of available-for-sale investments	8	-	450	-	450
Profit attributable to shareholders	-	-	-	352,704	352,704
Dividend proposed	18	-	-	(40,976)	(40,976)
At June 30th 2005	819,520	2,862	1,800	836,712	1,660,894

Fair value reserve

The fair value reserve represents the unrealised gain or loss arising on the restatement of available-for-sale investments at their fair values.

CASH FLOW STATEMENTS

JUNE 30TH 2005

	T H E G R O U P		T H E C O M P A N Y	
	2005	2004	2005	2004
	MRs000	MRs000	MRs000	MRs000
OPERATING ACTIVITIES				
Cash received from tenants	129,325	127,993	86,982	86,478
Security fees received	32,883	24,044	-	-
Cash payments net of other operating receipts	(88,293)	(71,241)	(34,973)	(29,649)
	73,915	80,796	52,009	56,829
Interest paid	(20,723)	(25,535)	(18,282)	(21,562)
Net cash inflow from operating activities	53,192	55,261	33,727	35,267
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(6,583)	(8,508)	(1,898)	(4,236)
Amount paid by/(on behalf of) subsidiary companies	-	-	8,728	(1,049)
Proceeds from disposals of property, plant and equipment	247	299	195	277
Proceeds from disposals of properties	-	20,019	-	20,000
Loan granted to holding company	(44,800)	(40,000)	(44,800)	(40,000)
Loan repaid by holding company	73,800	11,000	73,800	11,000
Interest received	1,470	240	11,240	10,050
Dividends received	21,890	9,824	2,400	1,200
Other cash inflows/(outflows)	221	1,227	(144)	1,209
Net cash inflow/(outflow) from investing activities	46,245	(5,899)	49,521	(1,549)
Net cash inflow before financing activities	99,437	49,362	83,248	33,718
FINANCING ACTIVITIES				
Loan received	-	210,000	-	210,000
Loan repaid	(89,258)	(21,054)	(73,258)	(6,054)
Dividends paid	(32,781)	(28,683)	(32,781)	(28,683)
Net cash (outflow)/inflow from financing activities	(122,039)	160,263	(106,039)	175,263
(Decrease)/increase in cash and cash equivalents	(22,602)	209,625	(22,791)	208,981
Cash and cash equivalents at July 1st 2004	3,096	(206,529)	2,267	(206,714)
Cash and cash equivalents at June 30th 2005	(19,506)	3,096	(20,524)	2,267
Analysis of cash and cash equivalents				
Bank and cash balances	2,107	3,096	1,089	2,267
Bank overdrafts	(21,613)	-	(21,613)	-
	(19,506)	3,096	(20,524)	2,267



NOTES

TO THE FINANCIAL STATEMENTS



1 ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below:

basis of accounting

The consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of investment property and available-for-sale investments.

consolidation

The consolidated financial statements include the financial statements of Caudan Development Limited and enterprises controlled by the company (its subsidiaries), made up to June 30th 2005.

Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

All intercompany transactions and balances between group companies are eliminated.

In the company's financial statements, investments in subsidiaries are stated at cost and any dividends receivable are credited to the profit and loss account.

investment in associate

An associate is an enterprise over which the group is in a position to exercise significant influence, but not control, through participation in the financial and operating policy decisions of the investee.

The group's share of profits and losses of associated companies is included in the consolidated profit and loss account in accordance with the equity method of accounting.

The group's share of post acquisition reserves is added to the cost of the associated company investments in the consolidated balance sheet.

Investments in the associated company include goodwill (net of any accumulated impairment loss) identified on acquisition.

goodwill

Goodwill on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

investment property

Investment property, held for long-term rental yields and/or capital appreciation, which is not occupied by the companies in the consolidated group, is stated at its fair value at the balance sheet date.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the group uses alternative valuation methods such as discounted cash flow projections or recent prices on less active markets.

Under IAS 40, gains or losses arising from changes in the fair value of investment property are included in the net profit or loss for the period in which they arise.

Where a building is located on land which is held under an operating lease, the building is accounted for as a separate asset only if the lease of land extends beyond the expected life of the building and there are no provisions in the lease to return the land with the building remaining intact. Otherwise, the building is accounted for as an operating lease.

prepaid operating lease payments

Land held under an operating lease (including land on which the investment property is located) is accounted for as an operating lease: where up-front payments for operating leases of land are made, these up-front payments are capitalised as non-current assets and in subsequent periods are presented at amortised cost so as to record a constant annual charge to the income statement over the lease term. These non-current assets are not revalued.

property, plant and equipment

Property which is occupied by the companies in the consolidated group is stated at historical cost less depreciation.

Depreciation is calculated on the straight line method to write off the cost or revalued amount of each asset to their residual values over their estimated useful lives as follows:

Buildings	1%
Furniture and equipment	5–33 ¹ / ₃ %
Motor vehicles	20–33 ¹ / ₃ %

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in operating profit. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the group. Major renovations are depreciated over the remaining useful life of the related asset.

intangible assets

Computer software Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding five years).

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 added to the cost of those 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 cost of those assets.

All other borrowing costs are recognised in net profit or loss in the period in which they are incurred.

available-for-sale investments

Available-for-sale investments are stated at their market prices on the balance sheet date or if not quoted on that day, the last preceding market price. Unrealised gains and losses are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

impairment loss

Where an indication of impairment of an asset exists, the recoverable amount of the asset is measured as the higher of net selling price and value in use. Where the estimated recoverable amount of the asset is less than its carrying amount, the carrying amount is immediately reduced to the recoverable amount and the impairment loss is recognised as an expense in the income statement.

operating leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the leases.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Costs comprise direct costs. Net realisable value is the estimate of the selling price in the ordinary course of business less the costs of completion and selling expenses.

Spares and accessories included under inventories consist of items which are regularly used for repairs, maintenance and new installations. They are stated at the lower of cost and net realisable value.

cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

financial instruments

Financial assets and financial liabilities are recognised on the group's balance sheet when the group has become a party to the contractual provisions of the instrument.

The group's accounting policies in respect of the main financial instruments are set out below:

Receivables

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off when identified.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are stated at their nominal value.

Financial risk factors

Credit risk

The group has no significant concentrations on credit risk.

Interest rate risk

The group is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Liquidity risk

The group is exposed to calls on its available cash resources from maturing loans.

deferred tax

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax.

The principal temporary differences arise from revaluation of investment property and depreciation of property, plant and equipment, provision for doubtful receivables and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

retirement benefit obligations

Defined contribution plan

The company and its subsidiaries operate a defined contribution retirement benefit plan for all qualifying employees. Payments to the deferred contribution retirement plan are charged as an expense as they fall due.

Severance allowance on retirement

For employees who are not covered or are insufficiently covered by the above retirement benefit plan, the net present value of severance allowances payable under the Labour Act has been calculated and provided for. The obligations arising under this item are not funded.

provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

share capital

Ordinary shares are classified as equity.

revenue recognition

Revenue comprises the fair value for the sale of goods and services net of value-added tax, rebates and discounts and after eliminating sales within the group. Revenue is recognised as follows:

- Rental income: on the accruals basis.
- Interest income: on the accruals basis, unless collectibility is in doubt.
- Dividend income is recognised on the ex-dividend date (*ex-date*) except for the cumulative portion of dividends on preference shares which are accounted for on the accruals basis unless receipt is in doubt.

dividends

Dividends are recorded in the group's financial statements in the period in which they are declared by the board of directors.

segmental reporting

The group has adopted as primary segmentation its products and services (business segments) and as secondary segmentation, geographical segments.

Business segments (primary)

The main business segments of the group are property and security.

Geographical segments (secondary)

All activities of the group are carried out in Mauritius.

Transfer pricing

The group has presently no policy in respect of transfer pricing.

Detailed analysis of segment reporting are shown in note 24.

related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

2 INVESTMENT PROPERTY

	freehold le Caudan Waterfront	freehold land & other buildings	long leasehold buildings	total
notes	MRs000	MRs000	MRs000	MRs000

T H E G R O U P

Fair value

At July 1st 2004	1,584,287	63,596	91,154	1,739,037
Transfer to property, plant and equipment	4 (18,306)	-	-	(18,306)
Fair value gains	426,796	21,845	38,323	486,964
At June 30th 2005	1,992,777	85,441	129,477	2,207,695

T H E C O M P A N Y

Fair value

At July 1st 2004	1,154,346	63,596	91,154	1,309,096
Transfer to property, plant and equipment	4 (18,306)	-	-	(18,306)
Fair value gains	355,393	21,845	38,323	415,561
At June 30th 2005	1,491,433	85,441	129,477	1,706,351

Investment property is stated at fair value.

Fair value of investment property determined by the directors**Le Caudan Waterfront**

Undeveloped land at Le Caudan Waterfront on the basis of the open market value at June 30th 2005. The open market value of land at Le Caudan Waterfront was determined by Alan Tinkler, Ramlakhan & Co. Chartered Valuation Surveyors, at MRs1,443.5 million. The value of undeveloped land has therefore been estimated at MRs647.4 million.

Pailles

Land at Pailles on an open market value basis.

Freehold and long leasehold buildings**On the basis of discounted future net cashflow method using the following principal assumptions**

%

Future net rental increases		5.47
Discount rate	June 30th 2005	9.61–9.83
	June 30th 2004	11.50
	June 30th 2003	12.75
	June 30th 2002	14.00
	June 30th 2001	14.50

Bank borrowings are secured by floating charges on the assets of the borrowing companies, including investment property (note 14).

Rental income from investment property amounted to MRs129.6 million (2004: MRs131.4 million) for the group and MRs87.0 million (2004: MRs89.6 million) for the company. Direct operating expenses arising on the income generating investment property in the year amounted to MRs38.4 million (2004: MRs36.2 million) for the group and MRs30.1 million (2004: MRs27.9 million) for the company. No cost was incurred in respect of the non-income generating investment property.

3 PREPAID OPERATING LEASE PAYMENTS

GROUP AND COMPANY	2005	2004
	MRs000	MRs000
Cost		
At July 1st 2004 and June 30th 2005	602	602
Amortisation		
At July 1st 2004	73	67
Charge for the year	6	6
At June 30th 2005	79	73
Net book values		
At June 30th 2005	523	529

4 PROPERTY, PLANT AND EQUIPMENT

THE GROUP	buildings	furniture & equipment	motor vehicles	total	
	MRs000	MRs000	MRs000	MRs000	
	notes				
Cost					
At July 1st 2004		21,636	30,418	10,543	62,597
Additions		-	3,167	3,283	6,450
Transfer from investment property	2	18,306	-	-	18,306
Transfer to intangible assets	5	-	(92)	-	(92)
Disposals		-	(277)	(1,818)	(2,095)
At June 30th 2005		39,942	33,216	12,008	85,166
Depreciation					
At July 1st 2004		973	15,495	5,996	22,464
Charge for the year		407	3,128	2,290	5,825
Transfer to intangible assets	5	-	(54)	-	(54)
Disposal adjustment		-	(212)	(1,818)	(2,030)
At June 30th 2005		1,380	18,357	6,468	26,205
Net book values					
At June 30th 2005		38,562	14,859	5,540	58,961
At June 30th 2004		20,663	14,923	4,547	40,133

T H E C O M P A N Y	buildings	furniture & equipment	motor vehicles	total
note	MRs000	MRs000	MRs000	MRs000
Cost				
At July 1st 2004	21,636	17,965	5,849	45,450
Additions	-	613	1,285	1,898
Transfer from investment property	2 18,306	-	-	18,306
Disposals	-	(147)	(1,489)	(1,636)
At June 30th 2005	39,942	18,431	5,645	64,018
Depreciation				
At July 1st 2004	973	9,834	3,154	13,961
Charge for the year	407	1,614	827	2,848
Disposal adjustment	-	(112)	(1,489)	(1,601)
At June 30th 2005	1,380	11,336	2,492	15,208
Net book values				
At June 30th 2005	38,562	7,095	3,153	48,810
At June 30th 2004	20,663	8,131	2,695	31,489

5 I N T A N G I B L E A S S E T S

T H E G R O U P	2005	2004
notes	MRs000	MRs000
Cost		
At July 1st 2004	-	-
Transfer from property, plant and equipment	4 92	-
Additions	133	-
At June 30th 2005	225	-
Amortisation		
At July 1st 2004	-	-
Transfer from property, plant and equipment	4 54	-
Charge for the year	20	-
At June 30th 2005	74	-
Net book values		
At June 30th 2005	151	-

6 INVESTMENTS IN SUBSIDIARIES

THE COMPANY	2005	2004
	MRs000	MRs000

Cost

At July 1st 2004 and June 30th 2005	4,347	4,347
-------------------------------------	--------------	-------

Subsidiaries of Caudan Development Limited	nominal value of investment MRs000	direct holding %	indirect holding %	main business
Best Sellers Limited	25	-	100	property
Caudan Leisure Limited	1,000	100	-	leisure & property
Caudan Security Services Limited	100	100	-	security
Harbour Cruise Limited	300	-	100	leisure
Security & Property Protection Agency Co Ltd	25	-	100	security
Société Mauricienne d'Entreprise Générale Ltée	3,000	100	-	investment

Société Mauricienne d'Entreprise Générale Ltée and Best Sellers Limited did not trade during the year.

All the subsidiaries are incorporated in the Republic of Mauritius.

All shares held in the subsidiaries are ordinary shares.

7 INVESTMENTS IN ASSOCIATES

THE GROUP	share of net assets MRs000	goodwill MRs000	2005 MRs000	2004 MRs000
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Cost

At July 1st 2004 and June 30th 2005	8,367	10,709	19,076	19,076
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Share of post acquisition reserves

At July 1st 2004	2,602	(1,682)	920	1,229
Share of profit for the year	15,246	-	15,246	15,749
Dividends receivable	(16,903)	-	(16,903)	(15,523)
Goodwill written off	-	-	-	(535)
At June 30th 2005	945	(1,682)	(737)	920

Net book value

At June 30th 2005	9,312	9,027	18,339	19,996
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The associated company of Caudan Development Limited	class of shares held	indirect holding 2005	2004
		%	%
Le Caudan Waterfront Casino Limited	ordinary	39.2	39.2

The associated company is incorporated in the Republic of Mauritius.

8 AVAILABLE - FOR - SALE INVESTMENTS

GROUP AND COMPANY	2005	2004
	MRs000	MRs000
Quoted on the orc market		
At July 1st 2004	41,350	38,800
Increase in fair value	450	2,550
At June 30th 2005	41,800	41,350

The available-for-sale investments represent 10% of the ordinary share capital (2004: 10%) and 20% of the preference share capital (2004: 20%) of Tropical Paradise Ltd, a company incorporated in the Republic of Mauritius. The fair value of the securities are based on quoted market prices.

9 NON - CURRENT RECEIVABLE

	THE GROUP		THE COMPANY	
	2005	2004	2005	2004
	MRs000	MRs000	MRs000	MRs000
Cumulative preference dividend receivable	-	1,200	-	1,200

10 INVENTORIES

	THE GROUP		THE COMPANY	
	2005	2004	2005	2004
	MRs000	MRs000	MRs000	MRs000
Spares and accessories (at cost)	2,460	2,398	2,460	2,398
Goods for resale (at cost)	5,230	2,343	-	-
Goods for resale (at net realisable value)	65	74	65	74
	7,755	4,815	2,525	2,472

1.1 RECEIVABLES

	THE GROUP		THE COMPANY	
	2005	2004	2005	2004
	MRs000	MRs000	MRs000	MRs000
Trade receivables	16,684	16,710	5,376	6,092
Less: provision for bad and doubtful debts	(4,695)	(4,503)	(1,062)	(1,524)
Trade receivables - net	11,989	12,207	4,314	4,568
Prepayments	592	1,355	180	1,294
Payments made on account	1,566	322	-	322
Amounts owed by holding company	-	737	-	737
Amounts owed by subsidiary companies	-	-	136,306	146,169
Loan to holding company receivable at call	-	29,000	-	29,000
Loan to subsidiary company receivable at call	-	-	100,000	100,000
Other receivables	10,533	12,994	5,982	5,291
	24,680	56,615	246,782	287,381

The credit in the income statement for bad and doubtful debts for the group was MRs21,721 (2004 charge: MRs359,203) and for the company MRs540,496 (2004 charge: MRs81,547).

1.2 SHARE CAPITAL

GROUP & COMPANY		2005	2004
		MRs000	MRs000
Authorised	1,000 million ordinary shares of MRe 1 each	1,000,000	1,000,000
Issued and fully paid	819.52 million ordinary shares of MRe 1 each	819,520	819,520

1.3 RETAINED EARNINGS

	THE COMPANY	SUBSIDIARIES	ASSOCIATES	THE GROUP
note	MRs000	MRs000	MRs000	MRs000
At July 1st 2004	524,984	163,137	920	689,041
Profit/(loss) attributable to shareholders	352,704	100,052	(1,657)	451,099
Dividend proposed	18 (40,976)	-	-	(40,976)
At June 30th 2005	836,712	263,189	(737)	1,099,164

14 BORROWINGS

		T H E G R O U P		T H E C O M P A N Y	
		2005	2004	2005	2004
	notes	MRs000	MRs000	MRs000	MRs000
Bank overdrafts	14A	21,613	-	21,613	-
Bank loans	14B	154,687	243,946	130,687	203,946
		176,300	243,946	152,300	203,946
Current					
Bank overdrafts		21,613	-	21,613	-
Bank loans		43,547	33,730	27,547	17,730
		65,160	33,730	49,160	17,730
Non-current					
Bank loans		111,140	210,216	103,140	186,216
Total borrowings		176,300	243,946	152,300	203,946

A Bank overdrafts

The bank overdrafts are secured by floating charges over the assets of the group.

B Bank loans

		T H E G R O U P		T H E C O M P A N Y	
		2005	2004	2005	2004
		MRs000	MRs000	MRs000	MRs000
Repayable by instalments					
within one year		43,547	33,730	27,547	17,730
between one and two years		38,679	35,874	30,679	19,874
between two and five years		72,461	83,287	72,461	75,287
after five years		-	91,055	-	91,055
		154,687	243,946	130,687	203,946

The bank loans are secured by a floating charge over the assets of the group, bear interest at 8.25%/10.75% p.a. at June 30th 2005 (2004: 9%/10.25%).

The fair values of these floating rate borrowings approximated their carrying values at the balance sheet date.

15 DEFERRED TAX LIABILITIES

Deferred income taxes are calculated on all temporary differences under the liability method at 25%/15% (2004: 25%/15%).

Movement on the deferred income tax account	T H E G R O U P		T H E C O M P A N Y	
	2005	2004	2005	2004
	MRs000	MRs000	MRs000	MRs000
At July 1st 2004	80,832	55,533	66,572	45,641
Charge to profit and loss account	101,311	25,299	100,591	20,931
At June 30th 2005	182,143	80,832	167,163	66,572

Deferred tax liabilities	at July 1st	(credit)/charge	at June 30th
	2004	to profit & loss	2005
	MRs000	MRs000	MRs000
		account	

T H E G R O U P

Accelerated capital allowances	21,273	(7,047)	14,226
Provisions	(1,177)	(156)	(1,333)
Tax losses carried forward	(5,222)	2,733	(2,489)
Fair value gains	65,958	105,781	171,739
	80,832	101,311	182,143

T H E C O M P A N Y

Accelerated capital allowances	18,696	(4,856)	13,840
Provisions	(784)	139	(645)
Tax losses carried forward	(1,418)	1,418	-
Fair value gains	50,078	103,890	153,968
	66,572	100,591	167,163

Deferred tax has been recognised in the consolidated financial statements in respect of certain subsidiaries, that have made losses in the current year, as the directors believe that future taxable profits will be available in these companies, against which the unused tax losses can be utilised.

16 RETIREMENT BENEFIT OBLIGATIONS

	T H E G R O U P		T H E C O M P A N Y		
	2005	2004	2005	2004	
	note	MRs000	MRs000	MRs000	
Amounts recognised in the balance sheet					
Other post retirement benefits		799	713	284	301
Other post-retirement benefits					
Amounts recognised in the profit and loss account					
Release in respect of leavers		(66)	(107)	(6)	(69)
Under/(over)provision in respect of prior years		152	(62)	(2)	(58)
Total included in staff costs	19A	86	(169)	(8)	(127)
Movement in the liability recognised in the balance sheet					
At July 1st, 2004		713	882	301	428
Total as above		86	(169)	(8)	(127)
Transfer		-	-	(9)	-
At June 30th, 2005		799	713	284	301

Other post retirement benefits comprise of severance allowances payable under the Labour Act.

17 TRADE AND OTHER PAYABLES

	T H E G R O U P		T H E C O M P A N Y	
	2005	2004	2005	2004
	MRs000	MRs000	MRs000	MRs000
Amounts owed to holding company	526	-	526	-
Amounts owed to subsidiary companies	-	-	3,190	3,190
Social security and other taxes	1,995	2,008	1,114	1,591
Defined contribution plan	364	252	171	152
Other creditors and accruals	26,307	33,466	17,070	22,882
	29,192	35,726	22,071	27,815

Trade payables are interest free and have settlement dates within one year.

18 DIVIDEND PROPOSED

	2005	2004
	MRs000	MRs000
Final ordinary dividend of MRe 0.05 per share (2004: MRe 0.04)	40,976	32,781

19 OPERATING PROFIT

	T H E G R O U P		T H E C O M P A N Y		
	2005	2004	2005	2004	
	notes	MRs000	MRs000	MRs000	
Operating profit is arrived at after crediting					
Rental income		129,625	131,386	87,119	89,610
Profit on disposal of property, plant and equipment		247	276	195	244
and after charging					
Depreciation of property, plant and equipment	4	5,825	4,511	2,848	2,200
Amortisation of prepaid operating lease payments	3	6	6	6	6
Goodwill written off	7	-	535	-	-
Auditors' remuneration		350	332	180	155
Costs of inventories recognised as expense and included in					
Cost of sales		6,695	4,807	-	-
Operating expenses		1,955	1,766	1,352	650
Operating lease rentals – land		1,836	1,836	1,836	1,836
Bad and doubtful debts written off		738	359	657	82
(Credit)/impairment charge for bad and doubtful debts		(117)	1,948	(540)	2,386
Repairs and maintenance on property, plant and equipment		1,292	2,430	766	869
Staff costs	19A	35,717	30,677	12,314	11,369

A Analysis of staff costs

	T H E G R O U P		T H E C O M P A N Y		
	2005	2004	2005	2004	
	MRs000	MRs000	MRs000	MRs000	
Wages and salaries		32,418	27,850	11,099	10,278
Social security costs		1,873	1,570	513	481
Pension costs					
Defined contribution plan		1,340	1,426	710	737
Other post retirement benefits		86	(169)	(8)	(127)
		35,717	30,677	12,314	11,369
The number of employees at the end of the year was		266	240	69	70

2 0 D I V I D E N D I N C O M E

	T H E G R O U P		T H E C O M P A N Y	
	2005	2004	2005	2004
	MRs000	MRs000	MRs000	MRs000
Dividend income - οτκ quoted	1,200	1,200	1,200	1,200
Receivable dividend income				
Cumulative preference shares	1,200	1,200	1,200	1,200

2 1 F I N A N C E C O S T S

	T H E G R O U P		T H E C O M P A N Y	
	2005	2004	2005	2004
	MRs000	MRs000	MRs000	MRs000
Interest income	704	1,007	10,474	10,817
Interest expense				
Bank overdrafts	1,097	13,160	1,080	13,081
Bank loans repayable by instalments				
Between two and five years	2,424	3,893	-	-
After five years	17,015	8,482	17,015	8,482
Other loan at call	186	-	186	-
	20,722	25,535	18,281	21,563
	(20,018)	(24,528)	(7,807)	(10,746)

2.2 TAXATION

	T H E G R O U P		T H E C O M P A N Y	
	2005	2004	2005	2004
	note	MRs000	MRs000	MRs000
Based on the profit for the year, as adjusted for tax purposes at 25%/15%		(9,255)	-	(8,539)
Deferred tax movement for the year	15	(101,311)	(25,299)	(100,591)
Charge for the year		(110,566)	(25,299)	(109,130)
Deferred tax charge				
Accelerated capital allowances		7,047	(78)	4,856
Provisions		156	383	(139)
Tax losses carried forward		(2,733)	(17,359)	(1,418)
Fair value gains		(105,781)	(8,245)	(103,890)
		(101,311)	(25,299)	(100,591)

Reconciliation between the actual rate of income tax of the group of 19.7% (2004: 18.8%) and the company of 23.6% (2004: 24.2%) and the applicable income tax rate of 25% for the group and company (2004: 25%)

	T H E G R O U P		T H E C O M P A N Y	
	2005	2004	2005	2004
	%	%	%	%
Applicable income tax rate	25.0	25.0	25.0	25.0
Impact of				
Results of subsidiary taxed at different rates	(0.7)	(3.5)	-	-
Results of associate taxed at different rates	(0.4)	(1.8)	-	-
Disallowable items	0.1	0.5	0.1	0.8
Other permanent differences	(4.1)	2.9	(1.3)	4.9
Investment allowances	(0.1)	(0.3)	(0.1)	(0.3)
Exempt income	(0.1)	(4.0)	(0.1)	(6.2)
Actual income tax rate	19.7	18.8	23.6	24.2

23 EARNINGS PER SHARE

T H E G R O U P

2005

2004

MRs000

MRs000

A Earnings per share is calculated on the basis of the group profit for the year and the number of shares in issue and ranking for dividends during the two years under review.

Profit attributable to shareholders	451,099	109,524
Number of ordinary shares in issue	819,520	819,520

B Adjusted earnings per share is calculated on the basis of the group profit for the year excluding fair value adjustments and the number of shares in issue and ranking for dividends during the two years under review.

Profit attributable to shareholders	451,099	109,524
Gain on investment property	(486,964)	(61,626)
Deferred tax thereon	105,781	8,245
Earnings excluding fair value adjustments	69,916	56,143
Number of ordinary shares in issue	819,520	819,520

2.4 SEGMENTAL REPORTING

2005	property	security	eliminations	total
	MRs000	MRs000	MRs000	MRs000
Revenues				
External sales	129,625	33,316	-	162,941
Intersegment sales	-	9,646	(9,646)	-
Total revenue	129,625	42,962	(9,646)	162,941
Segment result	77,050	2,423	-	79,473
Increase in fair value of investment property	486,964	-	-	486,964
	564,014	2,423	-	566,437
Share of profit of associated company				15,246
				581,683
Finance costs				(20,018)
Profit before taxation				561,665
Taxation				(110,566)
Profit attributable to shareholders				451,099
		property	security	total
		MRs000	MRs000	MRs000
Segment assets		2,322,444	21,228	2,343,672
Associates				18,339
				2,362,011
Segment liabilities		396,802	887	397,689
Dividend proposed				40,976
				438,665
Capital expenditure		2,187	4,263	6,450
Depreciation		3,627	2,204	5,831

All the activities of the group are carried out in Mauritius.

2004	property	security	other	eliminations	total
	MRs000	MRs000	MRs000	MRs000	MRs000
Revenues					
External sales	131,386	26,217	91	-	157,694
Intersegment sales	-	7,700	-	(7,700)	-
Total revenue	131,386	33,917	91	(7,700)	157,694
Segment result	81,859	104	13	-	81,976
Increase in fair value of investment property	61,626	-	-	-	61,626
	143,485	104	13	-	143,602
Share of profit of associated company					15,749
					159,351
Finance costs					(24,528)
Profit before taxation					134,823
Taxation					(25,299)
Profit attributable to shareholders					109,524
	property	security	other	total	
	MRs000	MRs000	MRs000	MRs000	
Segment assets	1,872,394	14,307	74	1,886,775	
Associates				19,996	
				1,906,771	
Segment liabilities	359,385	1,832	-	361,217	
Dividend proposed				32,781	
				393,998	
Capital expenditure	4,562	4,008	-	8,570	
Depreciation	2,497	2,020	-	4,517	

2.5 COMMITMENTS

Capital	T H E G R O U P		T H E C O M P A N Y	
	2005	2004	2005	2004
	MRs000	MRs000	MRs000	MRs000

Commitment in respect of future capital expenditure authorised by the directors and not provided in the financial statements

1,641	1,044	-	-
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Operating leases

G R O U P & C O M P A N Y

2005 2004

MRs000 MRs000

Future minimum lease payments under non-cancellable operating leases

Not later than one year	1,986	1,986
Later than one year and not later than two years	2,908	1,986
Later than two years and not later than five years	8,723	8,723
Later than five years	4,257	7,165
	17,874	19,860

The lease is in respect of land, at Le Caudan Waterfront, which is for an initial period of twenty years expiring on June 30th 2014 and is renewable for four further periods of ten years, and at Riche Terre which is for an initial period of twenty years expiring on May 31st 2011 and is renewable for two periods of twenty years and third period of thirty nine years.

2.6 HOLDING AND ULTIMATE HOLDING COMPANY

The directors regard Promotion and Development Ltd, which is incorporated in the Republic of Mauritius, as the holding and ultimate holding company.

27 THREE-YEAR SUMMARY OF PUBLISHED RESULTS AND ASSETS AND LIABILITIES

T H E G R O U P	2005	2004	2003
	MRs000	MRs000	restated MRs000
Profit and loss			
Turnover	162,941	157,694	139,882
Profit before taxation	561,665	134,823	248,325
Share of profit of associated company	15,246	15,749	12,973
Taxation	(110,566)	(25,299)	(47,619)
Profit attributable to shareholders	451,099	109,524	200,706
Rate of dividend (%)	5.0	4.0	3.5
Dividend per share (MRe)	0.050	0.040	0.035
Earnings per share (MRe)	0.550	0.134	0.245
Adjusted earnings per share (MRe)	0.090	0.070	0.064
Balance sheet			
Non-current assets	2,327,469	1,842,245	1,794,346
Current assets	34,542	64,526	18,317
Total assets	2,362,011	1,906,771	1,812,663
Capital and reserves	1,923,346	1,512,773	1,433,480
Non-current liabilities	294,082	291,761	96,415
Current liabilities	144,583	102,237	282,768
Total equity and liabilities	2,362,011	1,906,771	1,812,663

2.8 RELATED PARTY TRANSACTIONS

Transactions carried out by the group with related parties	rental income	interest income
	MRs000	MRs000
2005		
Holding company	1,796	-
Associates	13,196	-
Associates of holding company	684	-
Shareholders with significant influence	1,403	-
Enterprises in which directors/key management personnel (and close families) have significant interest	-	-
2004		
Holding company	1,666	766
Associates	12,647	-
Associates of holding company	855	-
Shareholders with significant influence	1,332	-
Enterprises in which directors/key management personnel (and close families) have significant interest	-	-

The related party transactions were carried out on normal commercial terms and at prevailing market prices.

There is a management service fee contract between the company and Promotion and Development Ltd (PAD) which is the ultimate holding company. The management fees paid to PAD are equivalent to 5% of the net income after operating costs, but before interest, depreciation and tax plus 2.5% of the cost of construction, excluding professional fees, government fees and interest.

operating expenses	management fees	interest expense	loan received	loan repaid to	loan advanced	loan repaid by
MRs000	MRs000	MRs000	MRs000	MRs000	MRs000	MRs000
1,536	4,967	186	8,800	8,800	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
249	-	20,432	-	89,258	-	-
330	-	-	-	-	-	-
1,536	5,111	-	-	-	40,000	11,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
303	-	25,304	210,000	21,054	-	-
553	-	-	-	-	-	-

Outstanding balances in respect of related party transactions at the balance sheet date

	receivables from related companies	loan receivable at call	loan payable to related companies	payables to related companies
	MRs000	MRs000	MRs000	MRs000
2005				
Holding company	-	-	-	526
Associates of holding company	1,515	-	-	-
Shareholders with significant influence	-	-	175,224	26
2004				
Holding company	737	29,000	-	-
Associates of holding company	1,891	-	-	-
Shareholders with significant influence	-	-	243,946	303

29 INCORPORATION

The company is incorporated in the Republic of Mauritius under the Mauritian Companies Act 2001 as a public company with limited liability.

30 CURRENCY

The financial statements are presented in thousands of Mauritian rupees.

31 DIRECTORS OF SUBSIDIARIES

Directors of subsidiaries holding office at the end of the accounting period

Caudan Leisure Limited

René Leclezio
Jocelyne Martin

Caudan Security Services Limited & Security and Property Protection Agency Co Ltd

Philippe de Labauve d'Arifat
René Leclezio
Appanah Yerriah

Harbour Cruise Limited

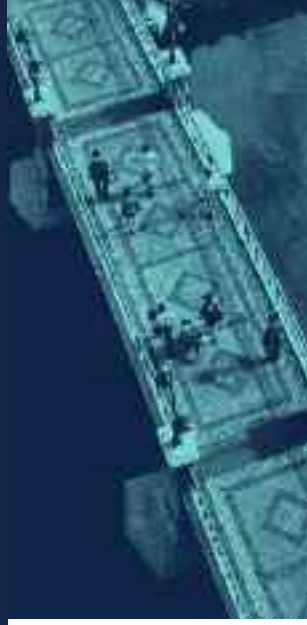
Philippe de Labauve d'Arifat
René Leclezio

Société Mauricienne d'Entreprise Générale Ltée & Best Sellers Limited

Arnaud Dalais
René Leclezio



CarolineLeclezioDesignAssociates Photography Jean-Bernard Adoue Printed in Mauritius by IPC 11.05



MEETING OF THE SHAREHOLDERS 2005

Notice is hereby given that the annual meeting of Caudan Development Limited will be held at its registered office, 11–15 Sir William Newton Street, Port Louis on Wednesday, December 14th 2005 at 15 hours, for the following purposes

- 1 To approve the minutes of the last annual meeting.
- 2 To consider and approve the group's and company's financial statements for the year ended June 30th 2005, including the annual report and the auditors' report.
- 3 To ratify the dividends for the year ended June 30th 2005 declared by the board of directors and paid in July 2005.
- 4 To re-appoint Mr Carrim A Currimjee who is one of the four directors due for retirement by rotation and who is over 70, as director of the company until the next annual meeting, in terms of the articles of the company and section 138(6) of the Companies Act 2001 respectively.
- 5 To re-appoint Mr Antoine Harel who is one of the four directors due for retirement by rotation and who is over 70, as director of the company until the next annual meeting, in terms of the articles of the company and section 138(6) of the Companies Act 2001 respectively.
- 6 To re-appoint Mr Adolphe Vallet who is one of the four directors due for retirement by rotation and who is over 70, as director of the company until the next annual meeting, in terms of the articles of the company and section 138(6) of the Companies Act 2001 respectively.
- 7 To re-appoint Mr Antoine Seeyave who is the fourth director, who retires in terms of the articles of the company and being eligible offers himself for re-election.
- 8 To fix the directors remuneration.
- 9 To re-appoint Messrs PricewaterhouseCoopers as auditors of the company and authorize the board of directors to fix their remuneration.
- 10 To transact such other business if any as may be transacted at an annual meeting.

Members entitled to attend the vote at the meeting may appoint proxies to attend and vote for them. The instrument appointing a proxy shall be deposited at the registered office not less than twenty four hours before the day fixed for the meeting or else that instrument shall not be treated as valid.

By order of the board

Jocelyne Martin *Company Secretary*