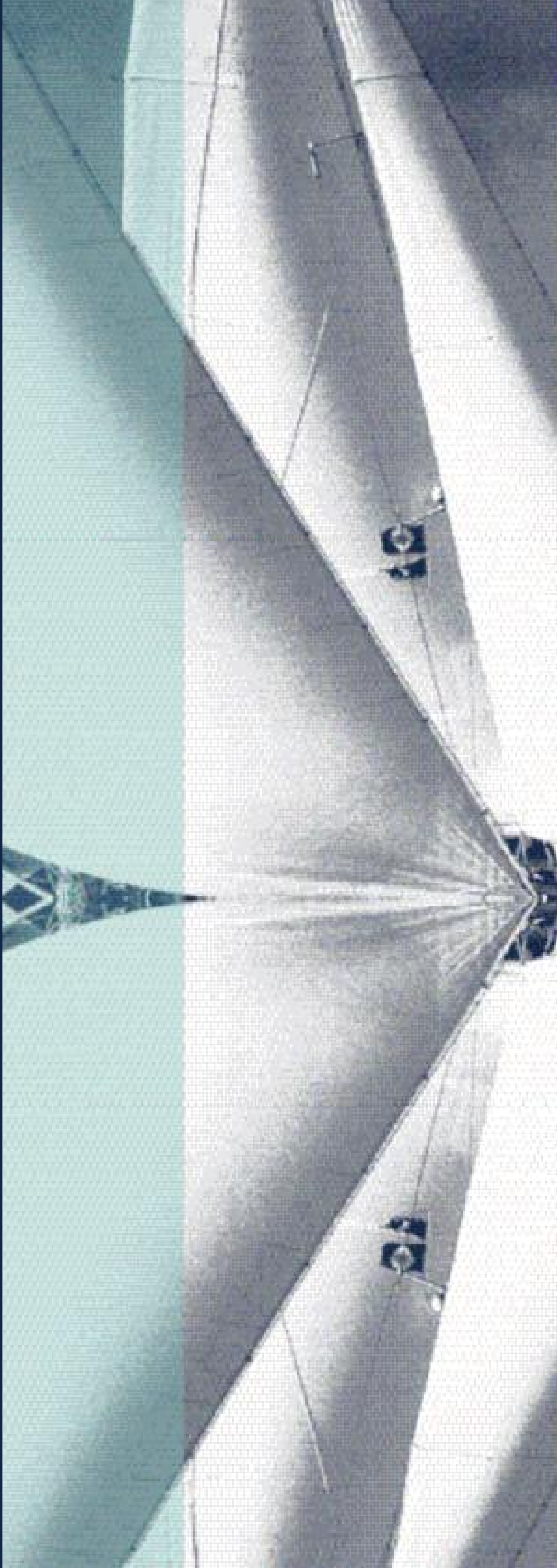


06

CORPORATE INFORMATION

DIRECTORS

The directors of the company during the year ended June 30th 2006 and at June 30th 2006

Jean Pierre Montocchio	*Chairman*
Arnaud Dalais	*Deputy chairman*
Bertrand de Chazal	
Carrim A Currimjee GOSK	
Hector Espitalier-Noël	
Antoine Harel	
Ramesh Kalachand GOSK	*resigned 17th August 2005*
J Cyril Lagesse	*resigned 22nd February 2006*
René Leclézio	
Jocelyne Martin	*appointed 22nd February 2006*
Areff Salauroo	*resigned 22nd September 2005*
Antoine Seeyave	
Adolphe Vallet	
Bernard Yen	*appointed 10th March 2006*

AUDIT COMMITTEE

Bertrand de Chazal	*Chairman*
Hector Espitalier Noël	
Ramesh Kalachand GOSK	*resigned 17th August 2005*
Bernard Yen	*appointed 10th March 2006*

CORPORATE GOVERNANCE COMMITTEE

Carrim A Currimjee	*Chairman as from 20th December 2005*
Arnaud Dalais	*Chairman up to 20th December 2005*
Bertrand de Chazal	
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

Telephone (230) 211 9430
Fax (230) 211 0239
Email pad@intnet.mu

DATE OF INCORPORATION

February 17th 1989

CHAIRMAN'S STATEMENT

I am pleased to present the 2006 annual results; we report a profit before tax excluding valuation gains of MRs74.1m, almost unchanged from last year's MRs74.7m, reflecting the flat rental trends in 2006.

RESULTS FOR THE YEAR

During 2006, rental has been adversely affected by the continued sluggish office demand, the tough retail environment, a general curtailment of the rates of increase obtained on rent reviews and certain retail casualties leading to vacant periods. Retail sales were particularly affected by a range of factors including the impact on disposable incomes from higher prices and the decline in tourist arrivals.

The share of profit of associate decreased by 29%, reflecting the difficult year experienced by Le Caudan Waterfront Casino which having had to face increased competition, registered its first decline in profits since the start of its operations in December 1996.

On a more positive note, we are pleased to report a significant increase in the performance of our security business and a reduction in finance costs. Our security business has fared well and has provided a powerful combination of a significant revenue stream and a major development opportunity. During the year we took over the principal guarding sites of Gray Security, and this has contributed to enhance the already active response business and alarm sales.

INVESTMENT PROPERTY

We are pleased to report that we have reached a consensus with our auditors as to the method of assessing the fair value of investment property. In the past, the fair value of investment property buildings was determined on the basis of a discounted future net cash flow model and a discount rate, sensitive to short term fluctuations in interest rates, which, gave rise to abnormal adjustments and blurred the assessment of the company's operating performance. It was acknowledged that it was unlikely that the increase in interest rates during the year should impact overwhelmingly on the carrying value of the buildings. The directors, after discussion with the auditors, decided therefore to determine the fair value of property on the basis of prices prevailing on the market with the result that no revaluation adjustment in respect of investment property was recorded in this year's accounts.

PROSPECTS

Our financial year 2007 has got off to a good start. Office demand has picked up during the year and we are currently 96% let and the vacant commercial units have all been let so that by the end of the year, we should be fully let.

The high level of activity continues with Phase II project going ahead. The project comprising essentially 7,200 square metres of office space, 400 odd parking spaces and 2,600 square metres of commercial space is estimated at MRs700m. At 30th June 2006, an amount of MRs22m had already been disbursed. Funding of the project is being raised through bank borrowings and sales of offices and the directors do not at this stage envisage having recourse to a rights issue.

The project will provide added impetus to the centre and will allow the company's overheads to be spread over a larger leasable area and thus improve our profit margins.

Le Caudan Waterfront remains extremely resilient to retail market conditions. Against a retail environment of increased competition, Le Caudan Waterfront as a quality asset should prove robust. Looking forward, it is clear that there will be many significant developments to come. I believe that within the constraints of the economy and the market we are superbly positioned to enhance the company's performance to the benefit of our shareholders.

DIVIDENDS

The directors have declared an ordinary dividend of MRe0.05 per share, paid in August 2006. The directors decided to maintain the same dividend as last year in view of the level of profits achieved during the year and also in anticipation of the strain which Phase 2 will put on our financing.

DIRECTORATE CHANGES

2006 has seen some changes at Board level. Ramesh Kalachand and Cyril Lagesse stepped down as directors. Their ready grasp of the main issues confronting us and their contribution to the debates in the boardroom have been exemplary, and we shall miss them greatly. During the year, we have welcomed on the board Bernard Yen and Jocelyne Martin. Bernard has a well established reputation as an actuary and the managing director of Hewitt LY Ltd. Jocelyne who is a chartered accountant has been responsible for the finance department of the Caudan Group since 1995. We are confident that both have the necessary expertise to fulfill their positions.

I wish to express my gratitude to the board members for their unfailing support. I would also like to acknowledge the unfailing hard work and perseverance of our staff at every level. The directors and the shareholders alike are fortunate to have their contribution.

Jean-Pierre Montocchio *Chairman and Director*

ANNUAL REPORT

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 2006.

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 21.

The directors consider it helpful for shareholders to show an additional presentation of the income statement to that of the published income statement. Accordingly, the adjusted profit shown below has been arrived at by making adjustments to exclude accounting adjustments in respect of investment properties that do not reflect the group's underlying activities:

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	MRs000	MRs000	MRs000	MRs000
Adjusted profit before taxation and valuation adjustments	**74,131**	74,701	**49,609**	46,273
Taxation	**(8,868)**	(4,785)	**(6,763)**	(5,240)
Adjusted profit after taxation before valuation adjustments	**65,263**	69,916	**42,846**	41,033
Adjustment on investment property	**-**	486,964	**-**	415,561
Deferred tax thereon	**-**	(105,781)	**-**	(103,890)
Effect of reduced tax rates for computation of deferred tax on fair value gains	**61,587**	-	**61,587**	-
Reported profit per income statement	**126,850**	451,099	**104,433**	352,704

The chairman's statement on pages 4–5 provides further information relating to the performance of the group and its future propsects.

DIVIDENDS

The directors have declared a dividend of MRe0.05 per share, same as the previous year's. This represents a total distribution of MRs40.976 million, which was paid in August 2006.

DIRECTORS

The directors of the company are listed on page 2 and the directors of the subsidiaries are stated in note 30 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

	THE COMPANY		SUBSIDIARIES	
	2006	2005	**2006**	2005
	MRs000	MRs000	MRs000	MRs000
Full-time executive directors	**60**	14	**-**	-
Non-executive directors	**525**	200	**-**	-

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 inappropri-ate 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	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	MRs000	MRs000	MRs000	MRs000
PricewaterhouseCoopers				
Audit services	**430**	350	**220**	180
Other services	**33**	29	**13**	12
	463	379	**233**	192
Other firms				
Audit services	**66**	52	**-**	-
Other services	**14**	14	**-**	-
	80	66	**-**	-

Approved by the board of directors on September 18th 2006 and signed on its behalf

Jean-Pierre Montocchio *Chairman and Director*

René Leclézio *Director*

CORPORATE GOVERNANCE

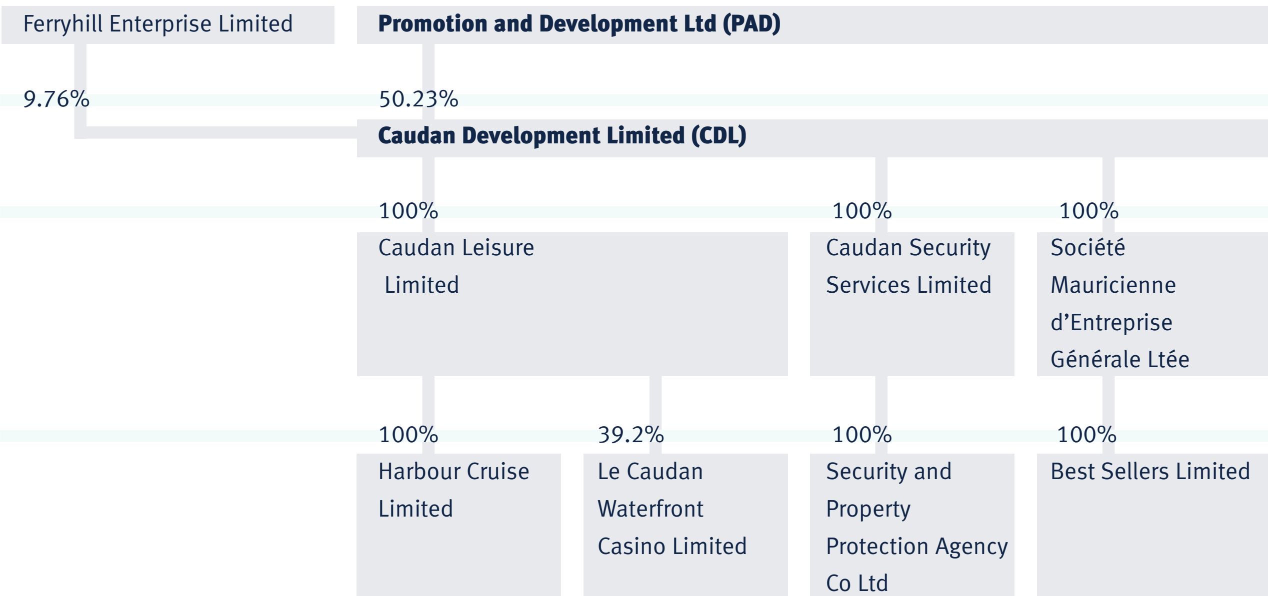
COMPLIANCE STATEMENT

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.

GROUP STRUCTURE

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



MAJOR SHAREHOLDERS

Shareholders holding more than 5% of the share capital of the company at November 17th 2006

	number of shares	% holding
Promotion and Development Ltd	411,632,609	50.23
Ferryhill Enterprise Limited	80,000,000	9.76
Fincorp Investment Limited	43,758,300	5.34

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
2006	**5.0**
2005	5.0
2004	4.0
2003	3.5
2002	3.0

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.

At year end, the board consisted of two executive directors and 9 non-executive directors including the chairman and deputy chairman. 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.

In accordance with the articles of the company directors are subject to retirement and re-election by shareholders as follows: one third of the directors or if their number is not three or a multiple of three, the number nearest one third shall retire from office and be eligible for re-election. New directors are appointed to the board on recommendation of the nomination committee.

The board is accountable not only to the company's shareholders for the good conduct of the company's affairs but is also responsible to its other stakeholders for the effective control and proper management of the Caudan Group. The company's internal procedures are regularly reviewed and updated by the board and the various relevant board committees.

The board has a schedule of matters reserved to it and discusses and makes decisions relating to, but not limited to strategy and management, structure and capital, financial measures and performance, financial reporting and internal controls, contracts, communication, board membership and other appointments, remuneration, delegation of authority, corporate governance matters and policies, significant acquisitions and disposals of assets and development approvals. The board delegates authority to the board sub-committees and to executive management in respect of certain transactions within defined, limited parameters.

The Company maintains directors' and officers liability insurance, which is reviewed annually.

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 Promotion and Development.
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 Mauritius Commercial Bank, 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.
René Leclézio	Degree in Chemical Engineering and MBA (London Business School). Worked as a manager for Lloyds Merchant Bank, London before joining the holding company, Promotion and Development, as its General Manager in 1988. Director of several private and public companies including Promotion and Development, Medine SE and Mauritius Freeport Development Co.
Jocelyne Martin	BSc (Econ) (London School of Economics). Member of the Institute of Chartered Accountants of England and Wales. After several years of experience in UK, worked at De Chazal du Mée before joining Promotion and Development as group Financial Controller in 1995. She is also the Company Secretary.

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.
Bernard Yen	Fellow of the Institute of Actuaries. Is currently the managing director of Hewiit LY (Mauritius). Before settling in Mauritius, worked at William M Mercer and speciliazed in actuarial services in UK and Belgium. Has advised many organisations based in Africa. Director of several companies including Promotion and Development, Multipliant Management, MCB Capital Partners and Prokid.

directors' interests in shares

Interests of directors in the share capital of the company at June 30th 2006

ordinary shares	direct	indirect
Jean Pierre Montocchio	100,000	31,000
Bertrand de Chazal	-	242,500
Arnaud Dalais	300,000	-
René Leclézio	-	125,000
Jocelyne Martin	65,000	-
Bernard Yen	60,000	-

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 27 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 committee which incorporates the nomination and remuneration committee is chaired by Mr Carrim A. Currimjee, and comprises of Messrs Arnaud Dalais, Bertrand de Chazal, 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, Mr Hector Espitalier Noel and Mr Bernard Yen who was appointed on March 10th, 2006, following the resignation of Mr Ramesh Kalachand. The committee consists solely of 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 18th 2006

INDEPENDENT AUDITORS' REPORT

1

We have audited the financial statements of Caudan Development Limited (the company) for the year ended June 30th 2006 on pages 20 to 50 which have been prepared in accordance with the accounting policies set out on pages 26 to 30.

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:

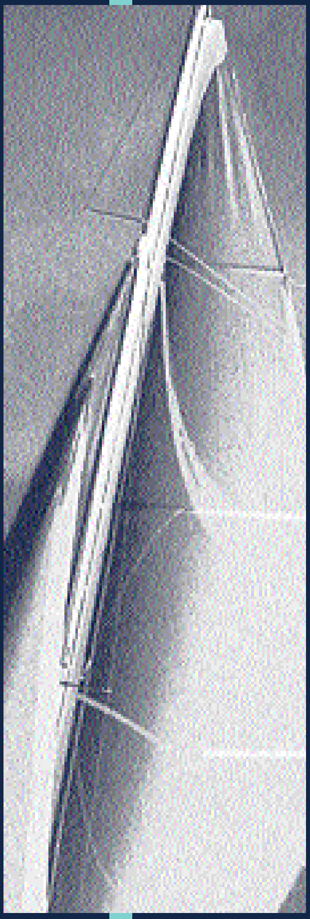
A proper accounting records have been kept by the company as far as appears from our examination of those records; and

B the financial statements on pages 20 to 50:

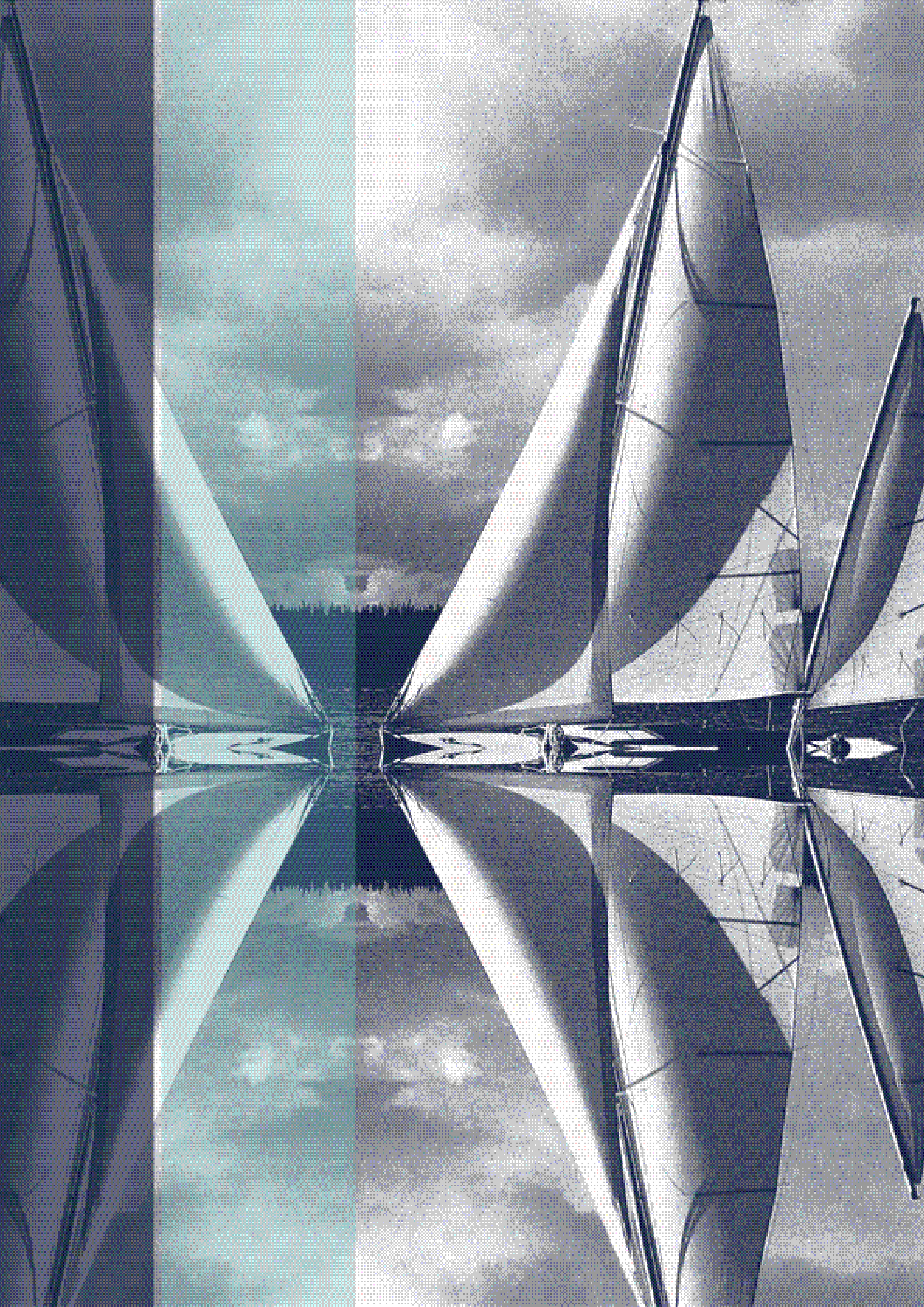
- have been prepared in accordance with and comply with International Financial Reporting Standards;
- give a true and fair view of the matters to which they relate;
- present fairly the financial position of the group and company at June 30th 2006 and their financial performance, changes in equity and cash flows for the year ended on that date; and
- comply with the Mauritian Companies Act 2001.

PricewaterhouseCoopers *September 18th 2006*
Port-Louis, Mauritius

Mohammad Issa Taujoo *Signing partner*



FINANCIAL STATEMENTS



JUNE 30TH 2006

BALANCE
SHEETS

		THE GROUP		THE COMPANY	
		2006	2005	**2006**	2005
	notes	MRs000	MRs000	MRs000	MRs000
ASSETS					
Non-current assets					
Property, plant and equipment	2	**60,708**	58,961	**46,579**	48,810
Prepaid operating lease payments	3	**517**	523	**517**	523
Investment property	4	**2,193,635**	2,207,695	**1,692,291**	1,706,351
Intangible assets	5	**4,298**	151	**-**	-
Investments in subsidiaries	6	**-**	-	**4,347**	4,347
Investments in associates	7	**17,766**	18,339	**-**	-
Available-for-sale investments	8	**36,075**	41,800	**36,075**	41,800
		2,312,999	2,327,469	**1,779,809**	1,801,831
Current assets					
Inventories	9	**9,450**	7,755	**2,525**	2,525
Receivables	10	**48,408**	24,680	**270,362**	246,782
Bank and cash balances		**1,165**	2,107	**359**	1,089
		59,023	34,542	**273,246**	250,396
Total assets		**2,372,022**	2,362,011	**2,053,055**	2,052,227
EQUITY					
Capital and reserves attributable to equity holders of the company					
Share capital	11	**819,520**	819,520	**819,520**	819,520
Share premium		**2,862**	2,862	**2,862**	2,862
Fair value reserve		**(3,925)**	1,800	**(3,925)**	1,800
Retained earnings	12	**1,185,038**	1,099,164	**900,169**	836,712
Total shareholders' equity		**2,003,495**	1,923,346	**1,718,626**	1,660,894
LIABILITIES					
Non-current liabilities					
Borrowings	13	**75,700**	111,140	**75,700**	103,140
Deferred tax liabilities	14	**116,931**	182,143	**101,270**	167,163
Retirement benefit obligations	15	**1,348**	799	**512**	284
		193,979	294,082	**177,482**	270,587
Current liabilities					
Trade and other payables	16	**32,850**	29,192	**24,665**	22,071
Current income tax liabilities		**12,485**	9,255	**11,069**	8,539
Borrowings	13	**88,237**	65,160	**80,237**	49,160
Dividend proposed	17	**40,976**	40,976	**40,976**	40,976
		174,548	144,583	**156,947**	120,746
Total liabilities		**368,527**	438,665	**334,429**	391,333
Total equity and liabilities		**2,372,022**	2,362,011	**2,053,055**	2,052,227

These financial statements were approved by the board of directors on September 18th 2006 and signed on its behalf

Jean-Pierre Montocchio *Chairman and Director*

René Leclézio *Managing Director*

The notes on pages 26 to 50 form an integral part of these financial statements. The auditors' report is on pages 16 and 17.

YEAR ENDED JUNE 30TH 2006

PROFIT & LOSS
ACCOUNTS

		THE GROUP		THE COMPANY	
		2006	2005	**2006**	2005
			RESTATED		RESTATED
	notes	MRs000	MRs000	MRs000	MRs000
Turnover	1	**198,548**	172,742	**93,940**	92,265
Operating expenses		**(117,568)**	(94,469)	**(39,134)**	(39,385)
Operating profit	18	**80,980**	78,273	**54,806**	52,880
Dividend income	19	**1,200**	1,200	**1,200**	1,200
Increase in fair value of investment property	4	**-**	486,964	**-**	415,561
Finance costs	20	**(18,773)**	(20,018)	**(6,397)**	(7,807)
Share of profit of associated company	7	**10,724**	15,246	**-**	-
Profit before taxation		**74,131**	561,665	**49,609**	461,834
Taxation	21	**52,719**	(110,566)	**54,824**	(109,130)
Profit attributable to shareholders		**126,850**	451,099	**104,433**	352,704

		MRe	MRe
Earnings per share – basic and diluted	22A	**0.15**	0.55
Adjusted earnings per share	22B	**0.08**	0.09

YEAR ENDED JUNE 30TH 2006

STATEMENTS OF CHANGES IN EQUITY

THE GROUP						
Attributable to equity holders of the company	notes	share capital MRs000	share premium MRs000	fair value reserve MRs000	retained earnings MRs000	total MRs000
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	17	-	-	-	(40,976)	(40,976)
At June 30th 2005		819,520	2,862	1,800	1,099,164	1,923,346
At July 1st 2005		819,520	2,862	1,800	1,099,164	1,923,346
Decrease in fair value of available-for-sale investments	8	-	-	(5,725)	-	(5,725)
Profit attributable to shareholders		-	-	-	126,850	126,850
Dividend proposed	17	-	-	-	(40,976)	(40,976)
At June 30th 2006		**819,520**	**2,862**	**(3,925)**	**1,185,038**	**2,003,495**

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.

THE COMPANY

	notes	share capital MRs000	share premium MRs000	fair value reserve MRs000	retained earnings MRs000	total MRs000
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	17	-	-	-	(40,976)	(40,976)
At June 30th 2005		819,520	2,862	1,800	836,712	1,660,894
At July 1st 2005		819,520	2,862	1,800	836,712	1,660,894
Decrease in fair value of available-for-sale investments	8	-	-	(5,725)	-	(5,725)
Profit attributable to shareholders		-	-	-	104,433	104,433
Dividend proposed	17	-	-	-	(40,976)	(40,976)
At June 30th 2006		**819,520**	**2,862**	**(3,925)**	**900,169**	**1,718,626**

Fair value reserve

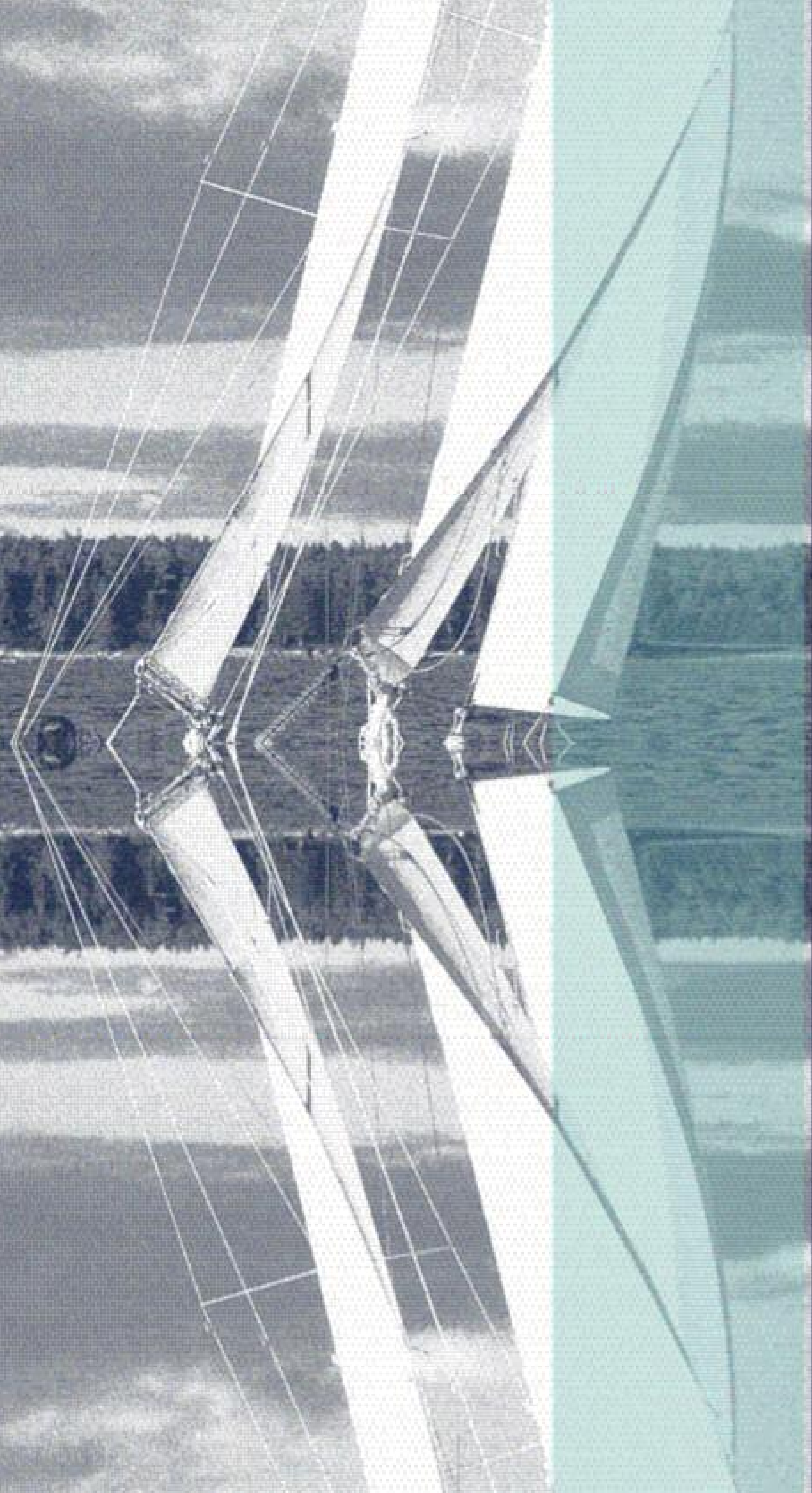
The fair value reserve represents the unrealised gain or loss arising on the restatement of available-for-sale investments at their fair values.

YEAR ENDED JUNE 30TH 2006

CASH FLOW STATEMENTS

	THE GROUP		THE COMPANY	
	2006	2005 RESTATED	**2006**	2005 RESTATED
	MRs000	MRs000	MRs000	MRs000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from tenants	**141,624**	139,126	**95,084**	92,128
Security fees received	**51,647**	32,883	**-**	-
Cash payments net of other operating receipts	**(111,023)**	(98,094)	**(36,411)**	(40,119)
Cash generated from operations	**82,248**	73,915	**58,673**	52,009
Interest paid	**(18,862)**	(20,723)	**(17,502)**	(18,282)
Income tax paid	**(7,571)**	-	**(6,847)**	-
Net cash generated from operating activities	**55,815**	53,192	**34,324**	33,727
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(8,251)**	(6,583)	**(651)**	(1,898)
Purchase of intangible assets	**(4,187)**	-	**-**	-
Payments in respect of investment property	**(22,020)**	-	**(22,020)**	-
Amount paid (on behalf of)/ by subsidiary companies	**-**	-	**(2,328)**	8,728
Proceeds from disposals of property, plant and equipment	**549**	247	**-**	195
Proceeds from disposals of investment property	**14,060**	-	**14,060**	-
Loan granted to holding company	**-**	(44,800)	**-**	(44,800)
Loan repayments received from holding company	**-**	73,800	**-**	73,800
Interest received	**89**	1,470	**11,105**	11,240
Dividends received	**14,869**	21,890	**1,200**	2,400
Other cash inflows/(outflows)	**1,473**	221	**919**	(144)
Net cash (used in)/generated from investing activities	**(3,418)**	46,245	**2,285**	49,521
Net cash generated before financing activities	**52,397**	99,437	**36,609**	83,248
FINANCING ACTIVITIES				
Repayments of bank borrowings	**(42,350)**	(89,258)	**(26,350)**	(73,258)
Loans received from holding company	**104,900**	-	**104,900**	-
Loan repayments to holding company	**(104,900)**	-	**(104,900)**	-
Dividends paid	**(40,976)**	(32,781)	**(40,976)**	(32,781)
Net cash used in financing activities	**(83,326)**	(122,039)	**(67,326)**	(106,039)
Net decrease in cash and cash equivalents	**(30,929)**	(22,602)	**(30,717)**	(22,791)
Cash and cash equivalents at beginning of the year	**(19,506)**	3,096	**(20,524)**	2,267
Cash and cash equivalents at end of the year	**(50,435)**	(19,506)	**(51,241)**	(20,524)
Analysis of cash and cash equivalents				
Bank and cash balances	**1,165**	2,107	**359**	1,089
Bank overdrafts	**(51,600)**	(21,613)	**(51,600)**	(21,613)
	(50,435)	(19,506)	**(51,241)**	(20,524)

The notes on pages 26 to 50 form an integral part of these financial statements. The auditors' report is on pages 16 and 17.



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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the company's accounting policies. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity are disclosed in note 3.

During the year ended June 30th 2006, the company adopted the following revised IFRS that are applicable in the current financial year. The financial statements for the year ended June 30th 2006 have been amended, as required, in accordance with the relevant transitional provisions in the respective IFRS. The following are the IFRS that are relevant to the company:

IAS 1 (revised 2003)	presentation of financial statements
IAS 8 (revised 2003)	accounting policies, changes in accounting estimates and errors
IAS 10 (revised 2003)	events after balance sheet date
IAS 21 (revised 2003)	the effects of changes in foreign exchange rates
IAS 24 (revised 2003)	related party disclosures
IAS 32	financial instruments: disclosure and presentation

The adoption of the above revised IFRS did not result in substantial changes to the company's accounting policies and did not have a significant impact on the financial statements ended June 30th 2006.

Standards, interpretations and amendments to published standards that are not yet effective
Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting period beginning on or after July 1st 2006 or later periods, but which the group has not early adopted.

IAS 19 (amendment)	employee benefits (effective from January 1st 2006)
IFRS 7	financial instruments: disclosures, and a complementary amendment to IAS 1 presentation of financial statements - capital disclosures (effective from January 1st 2006)
IFRIC 4	determining whether an arrangement contains a lease (effective from January 1st 2006)

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 2006.

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%

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).

customer list

Customer list acquired during the year with an indefinite useful life is not amortised. The useful life of the asset is reviewed each reporting period for impairment.

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 23.

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 PROPERTY, PLANT AND EQUIPMENT

THE GROUP	buildings	furniture & equipment	motor vehicles	total
	MRs000	MRs000	MRs000	MRs000
Cost				
At July 1st 2005	39,942	33,216	12,008	85,166
Additions	-	4,110	4,153	8,263
Disposals	-	(228)	(1,150)	(1,378)
At June 30th 2006	**39,942**	**37,098**	**15,011**	**92,051**
Depreciation				
At July 1st 2005	1,380	18,357	6,468	26,205
Charge for the year	407	3,502	2,106	6,015
Disposal adjustment	-	(179)	(698)	(877)
At June 30th 2006	**1,787**	**21,680**	**7,876**	**31,343**
Net book values				
At June 30th 2006	**38,155**	**15,418**	**7,135**	**60,708**
At June 30th 2005	38,562	14,859	5,540	58,961

THE COMPANY	buildings	furniture & equipment	motor vehicles	total
	MRs000	MRs000	MRs000	MRs000
Cost				
At July 1st 2005	39,942	18,431	5,645	64,018
Additions	-	626	-	626
Disposals	-	(218)	-	(218)
At June 30th 2006	**39,942**	**18,839**	**5,645**	**64,426**
Depreciation				
At July 1st 2005	1,380	11,336	2,492	15,208
Charge for the year	407	1,680	730	2,817
Disposal adjustment	-	(178)	-	(178)
At June 30th 2006	**1,787**	**12,838**	**3,222**	**17,847**
Net book values				
At June 30th 2006	**38,155**	**6,001**	**2,423**	**46,579**
At June 30th 2005	38,562	7,095	3,153	48,810

3 PREPAID OPERATING LEASE PAYMENTS

GROUP AND COMPANY	2006	2005
	MRs000	MRs000
Cost		
At July 1st 2005 and June 30th 2006	**602**	602
Amortisation		
At July 1st 2005	**79**	73
Charge for the year	**6**	6
At June 30th 2006	**85**	79
Net book values		
At June 30th 2006	**517**	523

4 INVESTMENT PROPERTY

	freehold le Caudan Waterfront	freehold land & other buildings	long leasehold buildings	total
	MRs000	MRs000	MRs000	MRs000
THE GROUP				
Fair value				
At July 1st 2005	1,992,777	85,441	129,477	2,207,695
Disposal	(14,060)	-	-	(14,060)
At June 30th 2006	**1,978,717**	**85,441**	**129,477**	**2,193,635**
At June 30th 2005	1,992,777	85,441	129,477	2,207,695
THE COMPANY				
Fair value				
At July 1st 2005	1,491,433	85,441	129,477	1,706,351
Disposal	(14,060)	-	-	(14,060)
At June 30th 2006	**1,477,373**	**85,441**	**129,477**	**1,692,291**
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 2006. 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 on 30th June 2005. 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 prices prevailing on the market and in prior years, 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 13).

Rental income from investment property amounted to MRs141.2 million (2005: MRs139.4 million) for the group and MRs93.6 million (2005: MRs92.3 million) for the company. Direct operating expenses arising on the income generating investment property in the year amounted to MRs47.4 million (2005: MRs48.2 million) for the group and MRs33.9 million (2005: MRs35.2 million) for the company. No cost was incurred in respect of the non-income generating investment property.

5 INTANGIBLE ASSETS

THE GROUP	computer software	other	**total**
	MRs000	MRs000	MRs000
Cost			
At July 1st 2005	225	-	**225**
Additions	9	4,178	**4,187**
At June 30th 2006	**234**	**4,178**	**4,412**
Amortisation			
At July 1st 2005	74	-	**74**
Charge for the year	40	-	**40**
At June 30th 2006	**114**	**-**	**114**
Net book values			
At June 30th 2006	**120**	**4,178**	**4,298**
At June 30th 2005	151	-	151

Other intangible assets relate to the consideration paid in respect of the acquisition of a customer list. At June 30th 2006, the directors have reviewed the list for impairment in accordance with IAS 36, impairment of assets and have noted that there was no indication that the list was impaired.

6 INVESTMENTS IN SUBSIDIARIES

THE COMPANY	2006	2005
	MRs000	MRs000
Cost		
At July 1st 2005 and June 30th 2006	**4,347**	4,347

Subsidiaries of Caudan Development Limited	nominal value of investment	direct holding	indirect holding	main business
	MRs000	%	%	
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	goodwill	2006	2005
	MRs000	MRs000	MRs000	MRs000
Cost				
At July 1st 2005 and June 30th 2006	8,367	10,709	**19,076**	19,076
Share of post acquisition reserves				
At July 1st 2005	945	(1,682)	**(737)**	920
Share of profit for the year	10,724	-	**10,724**	15,246
Dividends receivable	(11,297)	-	**(11,297)**	(16,903)
At June 30th 2006	372	(1,682)	**(1,310)**	(737)
Net book value				
At June 30th 2006	**8,739**	**9,027**	**17,766**	18,339

The associated company of Caudan Development Limited	class of shares held	indirect holding 2006	indirect holding 2005
		%	%
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	2006	2005
	MRs000	MRs000
Quoted on the OTC market		
At July 1st 2005	**41,800**	41,350
(Decrease)/increase in fair value	**(5,725)**	450
At June 30th 2006	**36,075**	41,800

The available-for-sale investments represent 10% of the ordinary share capital (2005: 10%) and 20% of the preference share capital (2005: 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 INVENTORIES

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	MRs000	MRs000	MRs000	MRs000
Spares and accessories (at cost)	**2,498**	2,460	**2,498**	2,460
Consumables	**358**	-	**-**	-
Goods for resale (at cost)	**6,567**	5,230	**-**	-
Goods for resale (at net realisable value)	**27**	65	**27**	65
	9,450	7,755	**2,525**	2,525

10 RECEIVABLES

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	MRs000	MRs000	MRs000	MRs000
Trade receivables	**22,282**	16,684	**4,374**	5,376
Less: provision for bad and doubtful debts	**(5,922)**	(4,695)	**(1,201)**	(1,062)
Trade receivables - net	**16,360**	11,989	**3,173**	4,314
Prepayments	**1,665**	592	**341**	180
Payments made on account	**22,020**	1,566	**22,020**	-
Amounts owed by holding company	**30**	-	-	-
Amounts owed by subsidiary companies	-	-	**138,465**	136,306
Loan to subsidiary company receivable at call	-	-	**100,000**	100,000
Other receivables	**8,333**	10,533	**6,363**	5,982
	48,408	24,680	**270,362**	246,782

The charge in the income statement for bad and doubtful debts for the group was MRs1,338,811 (2005 credit: MRs21,721) and for the company MRs419,472 (2005 credit: MRs540,496).

11 SHARE CAPITAL

GROUP & COMPANY		2006	2005
		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

12 RETAINED EARNINGS

	note	THE COMPANY	SUBSIDIARIES	ASSOCIATES	THE GROUP
		MRs000	MRs000	MRs000	MRs000
At July 1st 2005		836,712	263,189	(737)	1,099,164
Profit/(loss) attributable to shareholders		104,433	22,990	(573)	126,850
Dividend proposed	17	(40,976)	-	-	(40,976)
At June 30th 2006		**900,169**	**286,179**	**(1,310)**	**1,185,038**

13 BORROWINGS

	notes	THE GROUP 2006 MRs000	THE GROUP 2005 MRs000	THE COMPANY 2006 MRs000	THE COMPANY 2005 MRs000
Bank overdrafts	A	**51,600**	21,613	**51,600**	21,613
Bank loans	B	**112,337**	154,687	**104,337**	130,687
		163,937	176,300	**155,937**	152,300
Current					
Bank overdrafts		**51,600**	21,613	**51,600**	21,613
Bank loans		**36,637**	43,547	**28,637**	27,547
		88,237	65,160	**80,237**	49,160
Non-current					
Bank loans		**75,700**	111,140	**75,700**	103,140
Total borrowings		**163,937**	176,300	**155,937**	152,300

A Bank overdrafts

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

B Bank loans

	THE GROUP 2006 MRs000	THE GROUP 2005 MRs000	THE COMPANY 2006 MRs000	THE COMPANY 2005 MRs000
Repayable by instalments				
within one year	**36,637**	43,547	**28,637**	27,547
between one and two years	**32,413**	38,679	**32,413**	30,679
between two and five years	**43,287**	72,461	**43,287**	72,461
	112,337	154,687	**104,337**	130,687

The bank loans are secured by a floating charge over the assets of the group, bear interest at 10.75%/12.25% p.a. at June 30th 2006 (2005: 8.25%/10.75%).

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

14 DEFERRED TAX LIABILITIES

Deferred income taxes are calculated on all temporary differences under the liability method at 22.5%/15% (2005: 25%/15%).

Movement on the deferred income tax account		THE GROUP		THE COMPANY	
		2006	2005	**2006**	2005
	note	MRs000	MRs000	MRs000	MRs000
At July 1st 2005		**182,143**	80,832	**167,163**	66,572
(Credit)/charge to profit and loss account	21	**(65,212)**	101,311	**(65,893)**	100,591
At June 30th 2006		**116,931**	182,143	**101,270**	167,163

Deferred tax liabilities	at July 1st 2005	(credit)/charge to profit & loss account	**at June 30th 2006**
	MRs000	MRs000	MRs000
THE GROUP			
Accelerated capital allowances	14,226	(4,157)	**10,069**
Provisions	(1,333)	176	**(1,157)**
Tax losses carried forward	(2,489)	356	**(2,133)**
Fair value gains	171,739	(61,587)	**110,152**
	182,143	(65,212)	**116,931**
THE COMPANY			
Accelerated capital allowances	13,840	(4,603)	**9,237**
Provisions	(645)	297	**(348)**
Fair value gains	153,968	(61,587)	**92,381**
	167,163	(65,893)	**101,270**

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.

15 RETIREMENT BENEFIT OBLIGATIONS

		THE GROUP		THE COMPANY	
		2006	2005	**2006**	2005
	note	MRs000	MRs000	MRs000	MRs000
Amounts recognised in the balance sheet					
Other post retirement benefits		**1,348**	799	**512**	284

Other post-retirement benefits

		THE GROUP		THE COMPANY	
	note	**2006**	2005	**2006**	2005
Amounts recognised in the profit and loss account					
Release in respect of leavers		**14**	(66)	**7**	(6)
Under/(over)provision in respect of prior years		**626**	152	**248**	(2)
Total included in staff costs	18A	**640**	86	**255**	(8)
Movement in the liability recognised in the balance sheet					
At July 1st, 2005		**799**	713	**284**	301
Total as above		**640**	86	**255**	(8)
Severance allowance paid		**(91)**	-	**(27)**	(9)
At June 30th, 2006		**1,348**	799	**512**	**284**

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

16 TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	MRs000	MRs000	MRs000	MRs000
Amounts owed to holding company	**296**	526	**296**	526
Amounts owed to subsidiary companies	**-**	-	**3,190**	3,190
Social security and other taxes	**1,402**	1,995	**112**	1,114
Defined contribution plan	**180**	364	**85**	171
Other creditors and accruals	**30,972**	26,307	**20,982**	17,070
	32,850	29,192	**24,665**	22,071

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

17 DIVIDEND PROPOSED

	2006	2005
	MRs000	MRs000
Final ordinary dividend of MRe 0.05 per share (2005: MRe 0.05)	**40,976**	40,976

18 OPERATING PROFIT

		THE GROUP		THE COMPANY	
		2006	2005 restated	**2006**	2005 restated
	notes	MRs000	MRs000	MRs000	MRs000
Operating profit is arrived at after crediting					
Rental income		**141,175**	139,426	**93,640**	92,265
Profit on disposal of property, plant and equipment		**94**	247	**-**	195
and after charging					
Depreciation of property, plant and equipment	2	**6,015**	5,825	**2,817**	2,848
Amortisation of prepaid operating lease payments	3	**6**	6	**6**	6
Auditors' remuneration		**430**	350	**220**	180
Costs of inventories recognised as expense and included in					
Cost of sales		**7,659**	6,695	**-**	-
Operating expenses		**2,412**	1,955	**1,804**	1,352
Operating lease rentals – land		**1,836**	1,836	**1,836**	1,836
Bad and doubtful debts written off		**261**	738	**95**	657
Bad and doubtful debts recovered		**(55)**	-	**(50)**	-
Impairment charge/(credit) for bad and doubtful debts		**1,339**	(117)	**419**	(540)
Repairs and maintenance on property, plant and equipment		**953**	1,292	**103**	766
Staff costs	18A	**56,369**	35,717	**13,476**	12,314

A Analysis of staff costs

		THE GROUP		THE COMPANY	
		2006	2005	**2006**	2005
		MRs000	MRs000	MRs000	MRs000
Wages and salaries		**50,895**	32,418	**11,783**	11,099
Social security costs		**2,964**	1,873	**550**	513
Pension costs					
Defined contribution plan		**1,870**	1,340	**888**	710
Other post retirement benefits	15	**640**	86	**255**	(8)
		56,369	35,717	**13,476**	12,314
The number of employees at the end of the year was		**473**	266	**69**	69

19 DIVIDEND INCOME

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	MRs000	MRs000	MRs000	MRs000
Dividend income - OTC quoted	**1,200**	1,200	**1,200**	1,200
Receivable dividend income				
Cumulative preference shares	**1,200**	1,200	**1,200**	1,200

20 FINANCE COSTS

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	MRs000	MRs000	MRs000	MRs000
Interest income	**88**	704	**11,105**	10,474
Interest expense				
Bank overdrafts	**2,318**	1,097	**2,316**	1,080
Bank loans repayable by instalments				
Between two and five years	**15,275**	2,424	**13,918**	-
After five years	**-**	17,015	**-**	17,015
Oher loan at call	**1,268**	186	**1,268**	186
	18,861	20,722	**17,502**	18,281
	(18,773)	(20,018)	**(6,397)**	(7,807)

21 TAXATION

		THE GROUP		THE COMPANY	
		2006	2005	**2006**	2005
	note	MRs000	MRs000	MRs000	MRs000
Based on the profit for the year, as adjusted for tax purposes at 25%/15%		**(12,485)**	(9,255)	**(11,069)**	(8,539)
Underprovision		**(8)**	-	**-**	-
Deferred tax movement for the year	14	**65,212**	(101,311)	**65,893**	(100,591)
Credit/(charge) for the year		**52,719**	(110,566)	**54,824**	(109,130)
Deferred tax credit/(charge)					
Accelerated capital allowances		**4,157**	7,047	**4,603**	4,856
Provisions		**(176)**	156	**(297)**	(139)
Tax losses carried forward		**(356)**	(2,733)	**-**	(1,418)
Fair value gains		**61,587**	(105,781)	**61,587**	(103,890)
		65,212	(101,311)	**65,893**	(100,591)

Reconciliation between the actual rate of income tax of the group of (71.1)% (2005: 19.7%) and the company of (110.5)% (2005: 23.6%) and the applicable income tax rate of 25% for the group and company (2005: 25%)

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	%	%	%	%
Applicable income tax rate	**25.0**	25.0	**25.0**	25.0
Impact of				
Results of subsidiary taxed at different rates	**(2.7)**	(0.7)	**-**	-
Results of associate taxed at different rates	**(2.1)**	(0.4)	**-**	-
Disallowable items	**0.2**	0.1	**0.2**	0.1
Other permanent differences	**0.6**	(4.1)	**0.6**	(1.3)
Investment allowances	**(0.7)**	(0.1)	**(0.1)**	(0.1)
Exempt income	**(0.4)**	(0.1)	**(0.6)**	(0.1)
Effect of using different tax rate for computing deferred tax	**(91.2)**	-	**(135.9)**	-
Underprovision of deferred tax	**0.2**	-	**0.3**	-
Actual income tax rate	**(71.1)**	19.7	**(110.5)**	23.6

22 EARNINGS PER SHARE

THE GROUP	2006	2005
	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.

	2006 MRs000	2005 MRs000
Profit attributable to shareholders	**126,850**	451,099
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.

	2006 MRs000	2005 MRs000
Profit attributable to shareholders	**126,850**	451,099
Gain on investment property	**-**	(486,964)
Deferred tax thereon	**-**	105,781
Effect of using different tax rate for computing deferred tax on fair value gains	**(61,587)**	-
Earnings excluding fair value adjustments	**65,263**	69,916
Number of ordinary shares in issue	**819,520**	819,520

23 SEGMENTAL REPORTING

2006	property	security	eliminations	total
	MRs000	MRs000	MRs000	MRs000
Revenues				
External sales	141,175	57,373	-	198,548
Intersegment sales	-	10,557	(10,557)	-
Total revenue	141,175	67,930	(10,557)	198,548
Segment result	78,111	4,069	-	82,180
Share of profit of associated company				10,724
				92,904
Finance costs				(18,773)
Profit before taxation				74,131
Taxation				52,719
Profit attributable to shareholders				126,850

	property	security	total
	MRs000	MRs000	MRs000
Segment assets	2,318,057	36,199	2,354,256
Associates			17,766
			2,372,022
Segment liabilities	312,913	2,153	315,066
Current income tax liabilities	12,485	-	12,485
Dividend proposed			40,976
			368,527
Capital expenditure	519	11,931	12,450
Depreciation	3,211	2,844	6,055

2005 restated	property	security	eliminations	total
	MRs000	MRs000	MRs000	MRs000
Revenues				
External sales	139,426	33,316	-	172,742
Intersegment sales	-	9,646	(9,646)	-
Total revenue	139,426	42,962	(9,646)	172,742
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	387,547	887	388,434
Current income tax liabilities	9,255	-	9,255
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.

24 COMMITMENTS

Capital	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	MRs000	MRs000	MRs000	MRs000
Commitment in respect of future capital expenditure authorised by the directors and not provided in the financial statements	**680,000**	1,641	**680,000**	-

Operating leases	GROUP & COMPANY	
	2006	2005
	MRs000	MRs000
Future minimum lease payments under non-cancellable operating leases		
Not later than one year	**2,908**	1,986
Later than one year and not later than two years	**2,908**	2,908
Later than two years and not later than five years	**8,723**	8,723
Later than five years	**1,349**	4,257
	15,888	17,874

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.

25 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.

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

THE GROUP	2006	2005 restated	2004 restated
	MRs000	MRs000	MRs000
Profit and loss			
Turnover	**198,548**	172,742	165,752
Profit before taxation	**74,131**	561,665	134,823
Share of profit of associated company	**10,724**	15,246	15,749
Taxation	**52,719**	(110,566)	(25,299)
Profit attributable to shareholders	**126,850**	451,099	109,524
Rate of dividend (%)	**5.0**	5.0	4.0
Dividend per share (MRe)	**0.050**	0.050	0.040
Earnings per share (MRe)	**0.155**	0.550	0.134
Adjusted earnings per share (MRe)	**0.080**	0.090	0.070
Balance sheet			
Non-current assets	**2,312,999**	2,327,469	1,842,245
Current assets	**59,023**	34,542	64,526
Total assets	**2,372,022**	2,362,011	1,906,771
Capital and reserves	**2,003,495**	1,923,346	1,512,773
Non-current liabilities	**193,979**	294,082	291,761
Current liabilities	**174,548**	144,583	102,237
Total equity and liabilities	**2,372,022**	2,362,011	1,906,771

27 RELATED PARTY TRANSACTIONS

Transactions carried out by the group with related parties	rental income	proceeds from disposal of investment property
	MRs000	MRs000
2006		
Holding company	**2,555**	**-**
Associates	**14,194**	**-**
Associates of holding company	**845**	**-**
Shareholders with significant influence	**2,006**	**14,060**
Enterprises in which directors/key management personnel (and close families) have significant interest	**-**	**-**
Key management personnel and directors	**144**	**-**
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	-	-
Key management personnel and directors	-	-

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	emoluments and benefits
	MRs000	MRs000	MRs000	MRs000	MRs000	MRs000
	1,536	**5,114**	**1,268**	**104,900**	**104,900**	**-**
	-	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**	**-**
	204	**-**	**18,861**	**-**	**42,350**	**-**
	520	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**	**10,995**
	1,536	4,967	186	8,800	8,800	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	249	-	20,432	-	89,258	-
	330	-	-	-	-	-
	-	-	-	-	-	7,071

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

	receivables from related companies	loan payable to related companies	payables to related companies
	MRs000	MRs000	MRs000
2006			
Holding company	**30**	**-**	**296**
Associates	**-**	**-**	**15**
Associates of holding company	**1,155**	**-**	**-**
Shareholders with significant influence	**-**	**112,337**	**-**
2005			
Holding company	-	-	526
Associates of holding company	1,515	-	-
Shareholders with significant influence	-	175,224	26

28 INCORPORATION

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

29 CURRENCY

The financial statements are presented in thousands of Mauritian rupees.

30 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

MEETING
OF THE SHAREHOLDERS

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 20th 2006 at 11.00 hrs, 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 2006, including the annual report and the auditors' report.

3

To ratify the dividends for the year ended June 30th 2006 declared by the board of directors and paid in August 2006.

4

To reappoint Messrs Arnaud Dalais, Bertrand de Chazal and Hector Espitalier Noel who retire in terms of the articles of the company and being eligible offer themselves for re-election.

5

To reappoint Messrs Carrim A Currimjee, Antoine Harel and Adolphe Vallet who are over 70, as directors of the company until the next annual meeting, in terms of section 138(6) of the Companies Act 2001.

6

To ratify the appointment of Mrs Jocelyne Martin and Mr Bernard Yen as directors of the company.

7

To appoint Mr Iqbal Mallam-Hassam as director of the company.

8

To reappoint Messrs PricewaterhouseCoopers as auditors of the company and authorize the board of directors to fix their remuneration.

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*

CarolineLeclezioDESIGNassociates Images Natacha Mallac-Koenig Printed in Mauritius by IPC 11.06