FINANCIAL STATEMENTS & ANNUAL REPORT

CORPORATE INFORMATION

DIRECTORS

The directors of the company during the year ended June 30th 2007 and at June 30th 2007

Jean Pierre Montocchio	*Chairman*
Arnaud Dalais	*Deputy chairman*
Bertrand de Chazal	
Carrim A Currimjee GOSK	
Hector Espitalier-Noël	
Antoine Harel	
René Leclézio	
Jocelyne Martin	
Iqbal Mallam-Hasham	*appointed December 20th 2006*
Antoine Seeyave	
Adolphe Vallet	
Bernard Yen	

AUDIT COMMITTEE

Bertrand de Chazal	*Chairman*
Hector Espitalier-Noël	
Bernard Yen	

CORPORATE GOVERNANCE COMMITTEE

Carrim A Currimjee GOSK	*Chairman*
Arnaud Dalais	
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	Telephone (230) 211 9430
Le Caudan Waterfront	Fax (230) 211 0239
Port Louis	Email pad@intnet.mu
Mauritius	

DATE OF INCORPORATION

February 17th 1989

CHAIRMAN'S STATEMENT

Dear Shareholder

2007 has been yet another tough year. In spite of having registered an increase in turnover from MRs198.5m to MRs225.0m this year, profit before tax has been squeezed and fell to MRs72.7m, down 1.9%, compared to last year's MRs74.1m, whilst shareholders' funds remained unchanged at MRs2bn.

RESULTS FOR THE YEAR

Our results have been adversely impacted by the following factors:

- Retail casualties with the ensuing vacant periods of 2006 which persisted during the earlier part of financial year 2007.
- Reduction in the number of available income-generating parking spaces, following the start of construction work on Phase 2 development.
- Major repair works undertaken at our industrial buildings at Riche Terre and Pailles.
- Further reduction in the level of profits achieved by our associate Le Caudan Waterfront Casino.

INVESTMENT PROPERTY

The investment property was valued, at June 30th 2007, at MRs2.2bn, of which Le Caudan Waterfront (LCW) amounts to 90%. We are proud that Le Caudan Waterfront, an established prime shopping centre, currently providing some 111,000 sq ft of retail space and 38,000 sq ft of prime office accommodation, attracts some four million customer visits per annum. Apart from the waterfront, Caudan also manages approximately 203,000 sq ft of industrial buildings situated at Riche Terre, Pailles and Albion Dock.

Our strategy aimed at maximizing the total returns from investment property and more particularly LCW has the following strands:

- Proactive asset management – managing the existing property so that it remains attractive to our customers enabling us to increase rental income and other revenue over time. Thus, we have an ongoing programme of refurbishing, renewing to ensure our product remains up to date and suitable for current market needs.
- Development of future phases which will generate attractive income and capital returns and enable our overheads to be spread over a larger leasable area, whilst at the same time, increasing the value of Caudan's undeveloped land.

Our strategy is based on an active tenant mix management; we focus on our tenants to ensure that their current and prospective property needs are being addressed as well as on their customers' needs. Our aim is to have the leading retailers trading in our centre and to meet shoppers' aspirations for an enjoyable and satisfying experience, in a safe, secure and quality environment.

RETAIL PROPERTY

The Mauritian retail landscape remains extremely competitive and during the year conditions in the retail industry have remained difficult. More generally and encouragingly, however, after a rather sluggish 2006, Mauritian market retail sales nevertheless improved in 2007, aided largely by the pickup in the number of tourist arrivals. We expect retailers generally to see positive sales growth in 2008, leading to an improved trend of increased demand from retailers for space and increases in rental levels.

OFFICE PROPERTY

The office market, supported by continued expansion in the business services and financial sectors, has led to an improvement in demand for office accommodation. LCW saw a substantial increase in the level of take-up of space during 2007 compared to the previous year with office occupiers seeking to consolidate their businesses. The trend of increased leasing activity is expected to continue into 2008, leading to further rental growth.

RENTAL INCOME

Gross rental income increased from MRs141.2m last year to MRs147.3m. This increase has the following components: like-for-like growth rental rate, primarily attributable to rent reviews, offset by the adverse effect of vacant periods and the temporary reduction in lettable parking space due to Phase 2 construction.

We achieved a like-for-like growth rental rate of 6% at Le Caudan Waterfront and a modest 3% in respect of industrial buildings.

Void periods have cost the group a total of MRs5m (MRs1.5m at Le Caudan Waterfront and MRs3.5m at industrial buildings) in terms of rental foregone during the financial year. We are pleased to report however that as from December 2006, we have maintained full occupancy at Le Caudan Waterfront, whilst at our industrial buildings the occupancy rate at year end was 88%.

PHASE 2

Excellent progress has been made on Phase 2 extension project, involving the construction of an 8 storey building in place of the former parking area adjacent to the motorway. Construction work commenced in June 2006 and the project will see the introduction of 27,000 sq ft of retail, complemented by 65,000 sq ft of office floor space and 450 parking spaces at an estimated total cost of approximately MRs800m. At balance sheet date, MRs251m had been capitalized as buildings in progress, and included in the financial statements under the category property, plant and equipment. We are planning for a phased handover with the shopping mall on the first two floors, providing some 75 shops and restaurants scheduled to open in December 2007. Response of potential tenants including various famous international brands has been overwhelming. I am particularly encouraged by the level of lettings, which we have achieved so far and this augurs well for the future success of this project.

Construction of the parking and offices is on course for completion in May 2008. We have not yet started the marketing of our offices, and intend to do so at a later stage nearer completion date. In the meantime, we have a list of interested clients and we have also received firm offers for the purchase of approx 15,000 sq ft of office space.

Alongside the Phase 2 development, we also have an attractive remodeling project within our existing Phase 1, together with our ongoing refurbishment works through the malls so as to add value and respond to the changing requirements of both retailers and shoppers.

Our aim is to restore the same level of service throughout the whole of LCW, be it Phase 1 or 2. To this end, we are leaving no stone unturned; we have commissioned an independent audit of all operations of LCW so as to identify potential areas for improvement. The results of this survey have been communicated to our operations teams, who are taking the necessary remedial actions. We have also called in professionals to review all our concepts, decorations and signage with a view to give a facelift to our existing Phase 1.

By December 2007, our enlarged centre will be providing the public with more shopping opportunities and attracting even more visitors.

SECURITY OPERATIONS

Our security subsidiary has built its reputation on its excellent service and is performing well. During the year, the company consolidated its position as a major security service-provider and went on to launch its professional cash transfer service known as Cash in Transit. The company has experienced substantial growth in client numbers and turnover from outside the group increased from MRs57m to MRs78m. On the expenditure front however, we were hit by costs associated with the launch of our new activity and the move to new regions for our rapid intervention service. We have no doubt that a much improved situation will emerge next year and that increased revenue will be matched with increased profitability.

PROSPECTS AND OUTLOOK

It is clear that 2008 is going to be at least as busy and difficult as 2007. There is no doubt that the high financial costs will continue to be a strain to the company in the short term. The momentum continues, with the start of operations of the Phase II extension during the forthcoming year. Market conditions are however encouraging and the company looks well placed to take advantage of the opportunities and economies of scale available. With our improved occupancy rates and increased income stream attributable to Phase 2 and the expansion of our security activities, we remain confident that the results of 2008 will show a marked improvement on previous years'.

Caudan has always shown ongoing innovations in commercial and entertainment activities as well as its organization; it has one big attribute – property and business of exceptional quality, a high degree of specialization and the benefits of scale. Shareholders can be reassured that the underlying strengths of our business mean we are well placed to prosper and to respond to challenges which lie ahead. I believe that our excellent management team and staff along with our tenants will take the business forward for the benefit of shareholders.

DIVIDEND

In spite of the difficult year, the company was able to maintain its dividend payout; the directors declared an ordinary dividend of MRe0.05 per share, which was paid in August 2007.

BOARD APPOINTMENTS

On December 20th 2006, we were delighted to welcome Iqbal Mallam Hasham to the Board as a non-executive director. Iqbal Mallam Hasham brings valuable and relevant experience to our affairs and I am confident that he will make a major contribution to Caudan.

Caudan's success is due to the skills, commitment and enthusiasm of our staff. I am sure that our shareholders will join me, on behalf of the Board, in thanking them for their tremendous commitment and continuing efforts. It is noticeable how many unprompted comments we receive from visitors praising the professionalism, enthusiasm and cheerfulness at all levels of our organization, one of the group's tremendous strengths.

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, 2007.

PRINCIPAL ACTIVITIES

Caudan Development Limited specialises in the ownership, promotion and development of Le Caudan Waterfront, 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 income statements are set out on page 25 .

The directors consider it helpful for shareholders to show an additional presentation of the income statement to that of the published income statement and to calculate an adjusted profit which eliminates the distorting effect of exceptional charges and hence provides a more meaningful measure of the underlying performance of the group's ongoing activities. Accordingly, the adjusted profit shown below has been arrived at, by making adjustments to exclude the accounting adjustments in respect of deferred tax in last year's accounts.

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	MRs000	MRs000	MRs000	MRs000
Adjusted profit before income tax and valuation adjustments	**72,708**	74,131	**49,659**	49,609
Income tax expense	**(13,164)**	(8,868)	**(10,514)**	(6,763)
Adjusted profit after income tax before valuation adjustments	**59,544**	65,263	**39,145**	42,846
Effect of reduced tax rates for computation of deferred tax on fair value gains	**-**	61,587	**-**	61,587
Reported profit per income statement	**59,544**	126,850	**39,145**	104,433

The chairman's statement on page 4 provides further information relating to the performance of the group and its future prospects.

DIVIDEND

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 2007.

DIRECTORS

The directors of the company are listed on page 2 and the directors of the subsidiaries are stated in note 30 of 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	
	2007	2006	**2007**	2006
	MRs000	MRs000	MRs000	MRs000
Full-time executive directors	**70**	60	**-**	-
Non-executive directors	**452**	525	**-**	-

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

The company's external auditors are PricewaterhouseCoopers.

Fees payable to the auditors for audit and other services	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	MRs000	MRs000	MRs000	MRs000
PricewaterhouseCoopers				
Audit services	**420**	430	**220**	220
Other services	**37**	33	**15**	13
	457	463	**235**	233
Other firms				
Audit services	**83**	66	**-**	-
Other services	**14**	14	**-**	-
	97	80	**-**	-

Approved by the board of directors on September 27th 2007 and signed on its behalf by

Jean-Pierre Montocchio *Chairman*

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 parent

Ferryhill Enterprise Limited

Promotion and Development Ltd (PAD)

9.76%

50.23%

Caudan Development Limited (CDL)

100% Caudan Leisure Limited

100% Caudan Security Services Limited

100% Société Mauricienne d'Entreprise Générale Ltée

100% Harbour Cruise Limited

39.2% Le Caudan Waterfront Casino Limited

100% Security and Property Protection Agency Co Ltd

100% Best Sellers Limited

MAJOR SHAREHOLDERS

Shareholders holding more than 5% of the share capital of the company at November 30th 2007

	number of shares	% holding
Promotion and Development Ltd	411,632,609	50.23
Ferryhill Enterprises 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 years	year	cents
	2007	**5.0**
	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 10 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.

All directors are expected to attend all meetings of the board, and of those committees on which they serve, and to devote sufficient time to the group's affairs to enable them to properly fulfill their duties as directors. However, on occasion, it may be necessary to convene meetings at short notice which may preclude directors from attending. The board met five times in the year to consider all aspects of the company's affairs and any further information which it requested from management.

The following table gives the record of attendance at the Caudan Board and its Committee meetings for the financial year 2006/07.

Meetings attended	board of directors	sub-committees	
		corporate governance	audit
Number of meetings	5	2	3
Jean Pierre Montocchio	5	2	n/a
Arnaud Dalais	4	2	n/a
Bertrand de Chazal	5	2	2
Carrim A Currimjee GOSK	4	2	n/a
Hector Espitalier-Noël	3	n/a	2
Antoine Harel	3	n/a	n/a
René Leclézio	5	2	n/a
Iqbal Mallam-Hasham *	3	n/a	n/a
Jocelyne Martin	5	n/a	n/a
Antoine Seeyave	3	n/a	n/a
Adolphe Vallet	4	n/a	n/a
Bernard Yen	5	n/a	3

* *Iqbal Mallam-Hasham has been a director as from December 20th, 2006.*

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 and its subsidiaries' 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 executive directors meet with senior management on a monthly basis to discuss business, operational and other issues and keep the board regularly informed about the company, its subsidiaries, its activities, performance and its projects, particularly including any significant variances from a planned course of progress.

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 Investment Limited, Promotion and Development, 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 during his career 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 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. Director of Promotion and Development.
Arnaud Dalais	Chief Executive of CIEL Group of companies. Director of several public companies including Ireland Blyth Ltd, Swan Group, Sun Resorts, Promotion and Development. 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 Group, Chairman of New Mauritius Hotels and Rogers & Co and member of the board of directors of several listed companies, including Promotion and Development, General Investment & Development Co, Liberty Investment Trust, Mon Desert Alma, Savannah SE and Swan Insurance Co.
Antoine Harel	Fellow Member of the Institute of Chartered Accountants of England and Wales, Chairman of Compagnie d'Investissement et de Gestion de Portefeuilles, Compagnie Sucrière de Mont Choisy, Constantine and Produits Basaltique du Nord. Director of Promotion and Development.
René Leclézio	Degree in Chemical Engineering and MBA (London Business School). Worked as a manager at Lloyds Merchant Bank, London before joining the parent, Promotion and Development, as its General Manager in 1988. Director of several private and public companies including Promotion and Development, Liberty Investment Trust, Medine SE and Mauritius Freeport Development.
Iqbal Mallam-Hasham	DESS and MBA. Has a wide-ranging experience of the banking sector. Managing director of State Investment Corporation. Director of Sun Resorts, and the Mauritius

Leasing Company.

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. Director of Promotion and Development.
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 Hewitt LY Ltd (Mauritius). Before settling in Mauritius, worked at William M Mercer and specialised in actuarial services in UK and Belgium. Has advised many organisations based in Africa. Director of 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 2007

ordinary shares	direct	indirect
Jean Pierre Montocchio	-	131,000
Bertrand de Chazal	-	242,500
Arnaud Dalais	300,000	50,000
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 Mauritius Stock Exchange

Listing Rules.

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 has established a number of committees, each of which has written terms of reference which deal clearly with their authorities and duties. The most important committees are listed below:

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 audit committee monitors the adequacy of the financial information reported to shareholders, and monitors the group's internal financial controls. The audit committee reviews the draft interim and annual reports and associated results announcements prior to their submission to the board for approval.

The committee also provides a forum for communication between the board and the external auditors; in particular, it reviews their effectiveness, objectivity and independence and considers both the scope of their work and the fees paid to them for audit and non-audit services.

The committee currently comprises of Messrs Bertrand de Chazal, Chairman, Hector Espitalier-Noel and Bernard Yen. The committee consists solely of non-executive directors. All members of the audit committee are financially literate. The chief executive and the group finance director are invited to attend all meetings. The audit committee chairman reports the outcome of the committee meetings to the board. The committee meets with external auditors in the absence of management at least once each year.

internal control

The board has ultimate responsibility for the system of internal control across the group and for reviewing its effectiveness and for identifying, evaluating and managing the group's significant risks.

The group's system of internal control is designed to safeguard assets against unauthorized use or disposition, ensure the maintenance of proper accounting records, provide reliable financial information and ensure compliance with relevant legislation and regulations. Such a system however can provide only a reasonable rather than absolute assurance against material misstatement or loss.

There is a regular review process throughout the year of the effectiveness of the group's systems of internal controls, including financial operational and compliance controls and risk management. The risk management procedures involve the analysis, evaluation and management of the key risks to the group and include plans for the continuance of the company's business in the event of unforeseen interruption. The board considers that it has clear and robust procedures for monitoring the signing of all documents within the group and the approval of all transactions, no matter what their size, through formal board committees and formally delegated authority limits.

In view of its size and the nature of the business, the group does not have an internal audit function; The key elements of the group's systems of internal control are as follows:

- Regular meetings of the board and the respective committees whose overall objectives are set out above;

- A management structure that is designed to enable effective decision making with clearly defined responsibilities and limits of authority. The monthly meetings of the executive directors with the management team are an important part of this structure;

- The formulation of policies and approval procedures in a number of key areas;

- The measurement of the group's financial performance on a regular basis against budgets.

The audit committee also reacts on external auditor reports regarding any recommendations for improvements in controls or processes identified in the course of their work. The assistance of independent external advisers is sought from time to time to assess, review and consider the adequacy or otherwise of the system of internal control.

DONATIONS

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

CORPORATE SOCIAL RESPONSIBILITY

Caudan has always recognized its social responsibilities within the wider community in which it operates. Le Caudan Waterfront has always been actively involved in the support of social aid and the promotion of arts and culture, local craftsmanship and sports. Management continually strives to identify opportunities to work with the local community and national organizations, pre-eminent in their respective fields. Our contribution is provided by way of provision of free mall space and services, staff time and other support. Thus Le Caudan Waterfront hosted many social, cultural and artistic as well as sporting events.

More recently, in September Caudan left Le Caudan Waterfront to go to Grande Riviere Nord d'Ouest and took over the patronage of the basket ball team of La Fraternité Mauricienne des Malades et Handicapés.

Caudan creates environments in which people work and spend their leisure time. We place paramount importance on health and safety for our employees, occupiers and shoppers and upgrade our facilities whenever possible. The centre also provides free service and reserved parking facilities for the handicapped and has access ramps.

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 27th 2007

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the consolidated financial statements of Caudan Development Limited (the company) and its subsidiaries and the company's separate financial statements on pages 24 to 62 which comprise the balance sheet at June 30th 2007 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements on pages 24 to 62 give a true and fair view of the financial position of the group and of the company at June 30th 2007 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

– we have no relationship with or interests in the company and its subsidiaries other than in our capacities as auditor and tax adviser ;

– we have obtained all the information and explanations we have required; and

– in our opinion, proper accounting records have been kept by the company as far as appears from our examination of those records.

OTHER MATTERS

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

PricewaterhouseCoopers *September 27th 2007*
Port-Louis, Mauritius

Mohammad Issa Taujoo *Licensed auditor*

financial STATEMENTS

JUNE 30TH 2007

BALANCE SHEETS

	notes	THE GROUP 2007 MRs000	THE GROUP 2006 MRs000	THE COMPANY 2007 MRs000	THE COMPANY 2006 MRs000
ASSETS					
Non-current assets					
Investment property	2	**2,183,325**	2,193,635	**1,681,981**	1,692,291
Prepaid operating lease payments	3	**511**	517	**511**	517
Property, plant and equipment	4	**315,713**	60,708	**295,903**	46,579
Intangible assets	5	**4,240**	4,298	**-**	-
Investments in subsidiaries	6	**-**	-	**4,347**	4,347
Investments in associate	7	**18,423**	17,766	**-**	-
Available-for-sale financial assets	8	**37,750**	36,075	**37,750**	36,075
		2,559,962	2,312,999	**2,020,492**	1,779,809
Current assets					
Inventories	9	**9,670**	9,450	**2,466**	2,525
Trade and other receivables	10	**64,331**	48,408	**276,932**	270,362
Cash and cash equivalents		**672**	1,165	**187**	359
		74,673	59,023	**279,585**	273,246
Total assets		**2,634,635**	2,372,022	**2,300,077**	2,053,055
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		**(2,250)**	(3,925)	**(2,250)**	(3,925)
Retained earnings	12	**1,203,606**	1,185,038	**898,339**	900,169
Total equity		**2,023,738**	2,003,495	**1,718,471**	1,718,626
LIABILITIES					
Non-current liabilities					
Borrowings	13	**45,298**	75,700	**45,298**	75,700
Deferred income tax liabilities	14	**117,864**	116,931	**101,138**	101,270
Retirement benefit obligations	15	**1,763**	1,348	**511**	512
		164,925	193,979	**146,947**	177,482
Current liabilities					
Trade and other payables	16	**94,133**	32,850	**82,914**	24,665
Current income tax liabilities		**9,006**	12,485	**8,915**	11,069
Borrowings	13	**301,857**	88,237	**301,854**	80,237
Dividend proposed	17	**40,976**	40,976	**40,976**	40,976
		445,972	174,548	**434,659**	156,947
Total liabilities		**610,897**	368,527	**581,606**	334,429
Total equity and liabilities		**2,634,635**	2,372,022	**2,300,077**	2,053,055

These financial statements were approved by the board of directors on September 27th 2007 and signed on its behalf by

Jean-Pierre Montocchio *Chairman and Director*

René Leclézio *Managing Director*

The notes on pages 29 to 62 form an integral part of these financial statements. The auditor's report is on pages 20 and 21.

YEAR ENDED JUNE 30TH 2007

INCOME STATEMENTS

		THE GROUP		THE COMPANY	
		2007	2006	**2007**	2006
	notes	MRs000	MRs000	MRs000	MRs000
Turnover	1	**225,014**	198,548	**96,522**	93,940
Operating expenses		**(146,773)**	(117,568)	**(44,977)**	(39,134)
Dividend income	18	**3,150**	1,200	**3,150**	1,200
Operating profit	19	**81,391**	82,180	**54,695**	56,006
Finance income	20	**202**	88	**12,992**	11,105
Finance costs	20	**(18,205)**	(18,861)	**(18,028)**	(17,502)
Share of profit of associate	7	**9,320**	10,724	**-**	-
Profit before income tax		**72,708**	74,131	**49,659**	49,609
Income tax (expense)/credit	21	**(13,164)**	52,719	**(10,513)**	54,824
Profit for the year		**59,544**	126,850	**39,146**	104,433
Attributable to					
Equity holders of the company		**59,544**	126,850	**39,146**	104,433

		MRe	MRe
Earnings per share – basic and diluted	22A	**0.07**	0.15
Adjusted earnings per share	22B	**0.07**	0.08

YEAR ENDED JUNE 30TH 2007

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 equity MRs000
At July 1st 2005		819,520	2,862	1,800	1,099,164	1,923,346
Decrease in fair value of available-for-sale financial assets	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
At July 1st 2006		819,520	2,862	(3,925)	1,185,038	2,003,495
Increase in fair value of available-for-sale financial assets	8	-	-	1,675	-	1,675
Profit attributable to shareholders		-	-	-	59,544	59,544
Dividend proposed	17	-	-	-	(40,976)	(40,976)
At June 30th 2007		**819,520**	**2,862**	**(2,250)**	**1,203,606**	**2,023,738**

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 equity MRs000
At July 1st 2005		819,520	2,862	1,800	836,712	1,660,894
Decrease in fair value of available-for-sale financial assets	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
At July 1st 2006		819,520	2,862	(3,925)	900,169	1,718,626
Increase in fair value of available-for-sale financial assets	8	-	-	1,675	-	1,675
Profit attributable to shareholders		-	-	-	39,146	39,146
Dividend proposed	17	-	-	-	(40,976)	(40,976)
At June 30th 2007		**819,520**	**2,862**	**(2,250)**	**898,339**	**1,718,471**

Fair value reserve

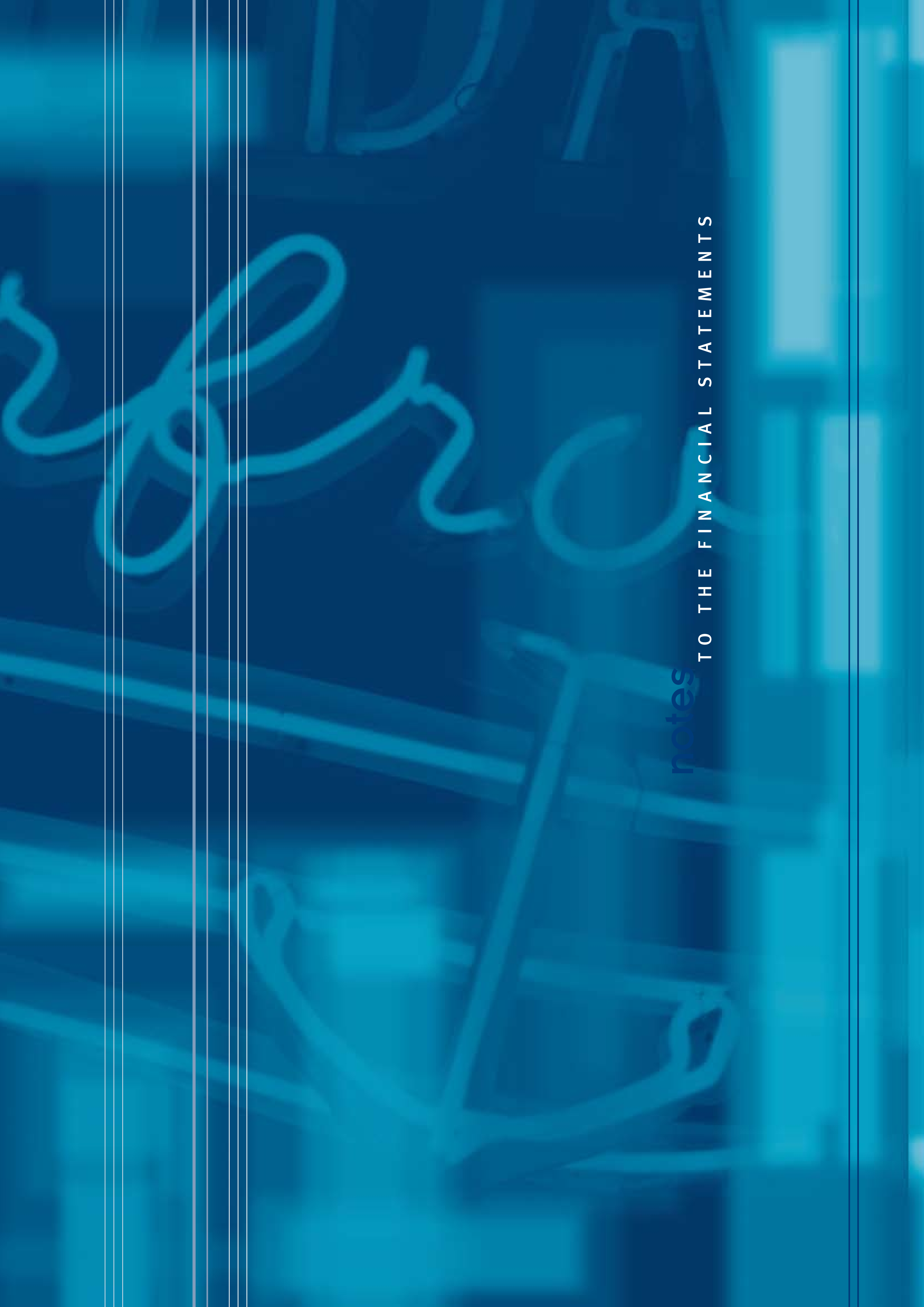
The fair value reserve represents the unrealised gain or loss arising on the restatement of available-for-sale financial assets at their fair values.

YEAR ENDED JUNE 30TH 2007

CASH FLOW STATEMENTS

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	MRs000	MRs000	MRs000	MRs000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from tenants	**142,051**	141,624	**93,424**	95,084
Security fees received	**78,529**	51,647	**-**	-
Cash payments net of other operating receipts	**(129,426)**	(111,023)	**(34,403)**	(36,411)
Cash generated from operations	**91,154**	82,248	**59,021**	58,673
Interest paid	**(18,204)**	(18,862)	**(18,028)**	(17,502)
Income tax paid	**(12,452)**	(7,571)	**(11,048)**	(6,847)
Net cash generated from operating activities	**60,498**	55,815	**29,945**	34,324
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(233,508)**	(8,251)	**(223,787)**	(651)
Purchase of intangible assets	**(251)**	(4,187)	**-**	-
Payments in respect of investment property	**-**	(22,020)	**-**	(22,020)
Amount paid by/(on behalf of) subsidiary companies	**-**	-	**11,466**	(2,328)
Proceeds from disposals of property, plant and equipment	**63**	549	**3**	-
Proceeds from disposals of investment property	**10,310**	14,060	**10,310**	14,060
Interest received	**203**	89	**12,993**	11,105
Dividends received	**14,953**	14,869	**4,350**	1,200
Other cash inflows	**4,997**	1,473	**4,309**	919
Net cash (used in)/generated from investing activities	**(203,233)**	(3,418)	**(180,356)**	2,285
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of bank borrowings	**(35,895)**	(42,350)	**(27,895)**	(26,350)
Loans received from parent	**324,110**	104,900	**324,110**	104,900
Loans received from related companies	**13,400**	-	**13,400**	-
Loan repayments to parent	**(80,210)**	(104,900)	**(80,210)**	(104,900)
Loan repayment to related company	**(7,000)**	-	**(7,000)**	-
Dividends paid	**(40,976)**	(40,976)	**(40,976)**	(40,976)
Net cash generated from/(used in) financing activities	**173,429**	(83,326)	**181,429**	(67,326)
Net increase/(decrease) in cash and cash equivalents	**30,694**	(30,929)	**31,018**	(30,717)
Cash and cash equivalents at beginning of the year	**(50,435)**	(19,506)	**(51,241)**	(20,524)
Cash and cash equivalents at end of the year	**(19,741)**	(50,435)	**(20,223)**	(51,241)
Analysis of cash and cash equivalents disclosed above				
Cash and cash equivalents	**672**	1,165	**187**	359
Bank overdrafts	**(20,413)**	(51,600)	**(20,410)**	(51,600)
	(19,741)	(50,435)	**(20,223)**	(51,241)

The notes on pages 29 to 62 form an integral part of these financial statements. The auditor's report is on pages 20 and 21.



notes TO THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented.

basis of preparation

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention except that investment property and available-for-sale financial assets are carried at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1B.

Amendments to published standards effective during the year

IAS 19 (amendment)	employee benefits, is mandatory for the group's accounting periods beginning on or after January 1st 2006. It introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment only impacts the format and extent of disclosures presented in the accounts.

Standards, amendments and interpretations effective during the year but not relevant
The following standards, amendments and interpretations to standards are mandatory for the group's accounting periods beginning on July 1st 2006 and later periods but are not relevant to the group's operations:

IAS 21(amendment)	net investment in a foreign operation
IAS 39 (amendment)	cash flow hedge accounting of forecast intragroup transactions
IAS 39 (amendment)	the fair value option
IAS 39 & IFRS 4 (amendment)	financial guarantee contracts
IFRS 1 (amendment)	first time adoption of international financial reporting standards and IFRS 6 (amendment), exploration for and evaluation of mineral resources
IFRS 6	exploration for and evaluation of mineral resources
IFRIC 4	determining whether an arrangement contains a lease
IFRIC 5	rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
IFRIC 6	liabilities arising from participating in a specific market – waste electrical and electric equipment
IFRIC 7	applying the restatement approach under IAS 29 financial reporting in hyperinflationary economies
IFRIC 8	scope of IFRS 2
IFRIC 9	reassessment of embedded derivatives

Interpretations to existing standards that are not yet effective and not relevant for the group's operations
The following interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after July 1st 2007 or later periods but are not relevant for the group's operations:

IFRIC 11, IFRS 2	group treasury share transactions (effective from March 1st 2007)
IFRIC 12	service concession arrangements (effective from January 1st 2009)
IFRIC 13	customer loyalty programmes (effective from July 1st 2008)
IFRIC 14, IAS 19	the limit on a defined benefit asset, minimum funding requirements and their Interaction (effective from January 1st 2008).

Interpretations to existing standards that are not yet effective and have not been early adopted by the group
The following interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after July 1st 2007 or later periods but that the group has not early adopted:

IAS 23 (revised 2007)	borrowing costs (effective from January 1st 2009)
IFRS 7	financial instruments: disclosures , and a complementary amendment to IAS 1, presentation of financial statements – capital disclosures (effective from January 1st 2007)
IFRS 8 (issued 2007)	operating segments (effective from January 1st 2009)
IFRIC 10	interim financial reporting and impairment (effective from November 1st 2006)

The standards and interpretations included hereafter may have an impact on the group's operations. An assessment has been included in the analysis of each representative standard and interpretation below.

IFRS 7	financial instruments: disclosures, and a complementary amendment to IAS 1, presentation of financial statements – capital disclosures (effective from January 1st 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about exposure to risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, disclosures and presentation. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The group has assessed the impact of IFRS 7 and the amendment to IAS 1 and has concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning July 1st 2007.

GROUP ACCOUNTING

basis of consolidation

The consolidated financial statements incorporate the financial statements of Caudan Development Limited and of its subsidiaries and associates (together referred to as the group).

subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the net assets transferred.

Investments in subsidiaries are initially recognised at cost (which include transaction costs) in the separate financial statements of the company.

investments in subsidiaries and associates

Where an indication of impairment exists, the recoverable amount of the investment is estimated and if its carrying amount is greater than its estimated recoverable amount, the investment is written down immediately to its recoverable amount with the difference charged to the income statement. On disposal, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associate is accounted for using the equity method of accounting and is initially recognised at cost. The group's investment in associate includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associate's post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated group, is classified as investment property.

Investment property comprises freehold land, freehold buildings and land held under operating lease.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specified asset. If the information is not available, the group uses alternative valuation models such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed every three years by external valuers.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that the future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All these repairs and maintenance costs are charged to the income statement during the period in which they are incurred.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until the construction or development is complete. At that time, it is reclassified and subsequently accounted for as investment property.

Changes in fair values are recorded in the income statement.

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, plant and equipment is stated at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate the cost 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	14.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement.

intangible assets

computer software

Costs that are directly associated with the development of identifiable and unique software products controlled by the group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Associated costs include staff costs of the implementation team. 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 has an indefinite useful life and is not amortised. The useful life of the asset is reviewed each reporting period for impairment.

borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Available-for-sale are initially recognised at fair value plus transaction costs. They are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. The fair value of quoted investments are based on current bid prices.

When the securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Dividends on available-for-sale equity instruments are recognised in the income statement when the group's right to receive payments is established.

The group assesses at each balance sheet date whether there is objective evidence that the available-for-sale financial assets have been impaired. A significant or prolonged decline in fair value of the security below cost is considered an indication that the securities are impaired. If such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity recognised in the income statement on equity disbursements are not reversed through the income statement.

operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

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.

cash and cash equivalents

Cash and cash equivalents include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

deferred income tax

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount. Bad debts are written off during the year in which they are identified.

trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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 plans 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 embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

financial instruments

Financial instruments carried on the balance sheet include available-for-sale financial assets, trade and other receivables, cash and cash equivalents, borrowings and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the group is a party are provided in note 1A.

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.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Rental income is recognised in income on a straight-line basis over the lease term. Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised on the ex-dividend 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 accounts in the period in which they are declared by the board of directors.

segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

1A FINANCIAL RISK MANAGEMENT

The group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by the finance department under policies approved by the board of directors.

market risk

fair value 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.

currency risk
The group's financial assets and liabilities are all denominated in Mauritian rupees and therefore the group is not exposed to fluctuations in foreign currency exchange rates.

credit risk

The group has no significant concentrations of credit risk. The group has policies in place to ensure that sales of products and services are made to clients with an appropriate credit history.

liquidity risk

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

fair values

The carrying amounts of investment property, available-for-sale financial assets, trade and other receivables, cash and cash equivalents, retirement benefit obligations and trade and other payables approximate their fair values.

1B CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the group determines the amount within a range of reasonable fair value estimates. In making its judgment, the group considers information from a variety of sources including:

- current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

- discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

2 INVESTMENT PROPERTY

	freehold le Caudan Waterfront MRs000	freehold land & other buildings MRs000	leasehold buildings on leasehold land MRs000	total 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 July 1st 2006	1,978,717	85,441	129,477	2,193,635
Disposal	(10,310)	-	-	(10,310)
At June 30th 2007	**1,968,407**	**85,441**	**129,477**	**2,183,325**
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 July 1st 2006	1,477,373	85,441	129,477	1,692,291
Disposal	(10,310)	-	-	(10,310)
At June 30th 2007	**1,467,063**	**85,441**	**129,477**	**1,681,981**

Fair value of investment property determined by the directors

Le Caudan Waterfront

Undeveloped land at Le Caudan Waterfront is valued 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 at June 30th 2005. The value of undeveloped land has therefore been estimated at MRs647.4 million.

Pailles

Land at Pailles on an open market value basis.

INVESTMENT PROPERTY continued

Freehold and buildings on leasehold land

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		5.00-7.50
Discount rate	June 30th 2007	12.74
	June 30th 2006	9.61-9.83
	June 30th 2005	11.50

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 MRs147.3 million (2006: MRs141.2 million) for the group and MRs96.5 million (2006: MRs93.6 million) for the company. Direct operating expenses arising on the income generating investment property in the year amounted to MRs54.6 million (2006: MRs47.4 million) for the group and MRs39.7 million (2006: MRs33.9 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	**2007**	2006
	MRs000	MRs000
Cost		
At July 1st 2006 and June 30th 2007	**602**	602
Amortisation		
At July 1st 2006	**85**	79
Charge for the year	**6**	6
At June 30th 2007	**91**	85
Net book values		
At June 30th 2007	**511**	517

4 PROPERTY, PLANT AND EQUIPMENT

THE GROUP	buildings	buildings in progress	furniture & equipment	motor vehicles	total
	MRs000	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
At July 1st 2006	39,942	-	37,098	15,011	92,051
Additions	-	251,225	7,688	2,723	261,636
Disposals	-	-	(3,981)	(51)	(4,032)
At June 30th 2007	**39,942**	**251,225**	**40,805**	**17,683**	**349,655**
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 adjustments	-	-	(179)	(698)	(877)
At June 30th 2006	1,787	-	21,680	7,876	31,343
At July 1st 2006	1,787	-	21,680	7,876	31,343
Charge for the year	407	-	4,109	1,038	5,554
Disposal adjustments	-	-	(2,945)	(10)	(2,955)
At June 30th 2007	**2,194**	**-**	**22,844**	**8,904**	**33,942**
Net book values					
At June 30th 2007	**37,748**	**251,225**	**17,961**	**8,779**	**315,713**
At June 30th 2006	38,155	-	15,418	7,135	60,708

PROPERTY, PLANT AND EQUIPMENT continued

THE COMPANY	buildings	buildings in progress	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
At July 1st 2006	39,942	-	18,839	5,645	64,426
Additions	-	251,225	689	-	251,914
Disposals	-	-	(1,752)	-	(1,752)
At June 30th 2007	**39,942**	**251,225**	**17,776**	**5,645**	**314,588**
Depreciation					
At July 1st 2005	1,380	-	11,336	2,492	15,208
Charge for the year	407	-	1,680	730	2,817
Disposal adjustments	-	-	(178)	-	(178)
At June 30th 2006	1,787	-	12,838	3,222	17,847
At July 1st 2006	1,787	-	12,838	3,222	17,847
Charge for the year	407	-	1,636	316	2,359
Disposal adjustments	-	-	(1,521)	-	(1,521)
At June 30th 2007	**2,194**	**-**	**12,953**	**3,538**	**18,685**
Net book values					
At June 30th 2007	**37,748**	**251,225**	**4,823**	**2,107**	**295,903**
At June 30th 2006	38,155	-	6,001	2,423	46,579

Borrowing costs of MRs10.9 million (2006: nil) (see note 20), arising on financing specifically entered into for the construction of Phase II, were capitalised during the year and are included in additions.

A capitalisation rate of 10.25%/11.25% (2006: nil) was used representing the actual borrowing rate of the loan taken to finance the project.

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
At July 1st 2006	234	4,178	4,412
Additions	251	-	251
At June 30th 2007	**485**	**4,178**	**4,663**
Amortisation			
At July 1st 2005	74	-	74
Amortisation charge	40	-	40
At June 30th 2006	114	-	114
At July 1st 2006	114	-	114
Amortisation charge	45	-	45
Impairment charge	-	264	264
At June 30th 2007	**159**	**264**	**423**
Net book values			
At June 30th 2007	**326**	**3,914**	**4,240**
At June 30th 2006	120	4,178	4,298

Other intangible assets relate to the consideration paid in respect of the acquisition of a customer list. At June 30th 2007, the directors have reviewed the list for impairment in accordance with IAS 36, impairment of assets and an impairment charge arose in respect of one customer who discontinued his activities.

Amortisation and impairment charges are included in operating expenses in the income statement.

6 INVESTMENTS IN SUBSIDIARIES

THE COMPANY	2007	2006
	MRs000	MRs000
Cost		
At July 1st 2006 and June 30th 2007	**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 ASSOCIATE

THE GROUP	2007	2006
	MRs000	MRs000
Cost		
At July 1st 2006 and June 30th 2007	**19,076**	19,076
Share of post acquisition reserves		
At July 1st 2006	**(1,310)**	(737)
Share of profit for the year	**9,320**	10,724
Dividends received	**(8,663)**	(11,297)
At June 30th 2007	**(653)**	(1,310)
Net book value		
At June 30th 2007	**18,423**	17,766

Investments in associate at June 30, 2007 include goodwill of MRs9,025,344 (2006: MRs9,025,344).

The associated company of Caudan Development Limited	class of shares held	indirect holding 2007	indirect holding 2006
		%	%
Le Caudan Waterfront Casino Limited	ordinary	**39.2**	39.2

The associate is incorporated in the Republic of Mauritius.

The group's share of the results of its associate, which is unlisted, and its share of the assets (including goodwill and liabilities) are

THE GROUP	total assets	total liabilities	revenues	profit
	MRs000	MRs000	MRs000	MRs000
2007	**72,922**	**48,952**	**156,032**	**26,425**
2006	74,116	54,470	157,830	23,979

8 AVAILABLE-FOR-SALE FINANCIAL ASSETS

GROUP AND COMPANY	2007	2006
	MRs000	MRs000
Quoted on the DEM market		
At July 1st 2006	**36,075**	41,800
Increase/(decrease) in fair value	**1,675**	(5,725)
At June 30th 2007	**37,750**	36,075

The available-for-sale financial assets represents 10% of the ordinary share capital (2006: 10%) and 20% of the preference share capital (2006: 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	
	2007	2006	**2007**	2006
	MRs000	MRs000	MRs000	MRs000
Spares and accessories (at cost)	**2,455**	2,498	**2,455**	2,498
Consumables	**770**	358	**-**	-
Goods for resale (at cost)	**6,434**	6,567	**-**	-
Goods for resale (at net realisable value)	**11**	27	**11**	27
	9,670	9,450	**2,466**	2,525
Costs of inventories recognised as expense and included in				
– cost of sales	**8,956**	7,659	**-**	-
– operating expenses	**4,003**	2,412	**1,568**	1,804

10 TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	MRs000	MRs000	MRs000	MRs000
Trade receivables	**23,390**	22,282	**5,282**	4,374
Less: provision for impairment of receivables	**(7,136)**	(5,922)	**(1,989)**	(1,201)
Trade receivables – net	**16,254**	16,360	**3,293**	3,173
Prepayments	**2,210**	1,665	**1,186**	341
Payments made on account	**34,022**	22,020	**34,022**	22,020
Receivables from parent	**-**	30	**-**	-
Receivables from subsidiary less impairment	**-**	-	**126,829**	138,465
Loan to subsidiary company receivable at call	**-**	-	**100,000**	100,000
Other receivables	**11,845**	8,333	**11,602**	6,363
	64,331	48,408	**276,932**	270,362

The charge in the income statement for impaired debts was MRs1,304,323 (2006: MRs1,338,811) for the group and MRs1,048,027 (2006: MRs419,472) for the company.

11 SHARE CAPITAL

GROUP & COMPANY		2007	2006
		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

		THE COMPANY	SUBSIDIARIES	ASSOCIATE	THE GROUP
	note	MRs000	MRs000	MRs000	MRs000
At July 1st 2006		900,169	286,179	(1,310)	1,185,038
Profit attributable to shareholders		39,146	19,741	657	59,544
Dividend proposed	17	(40,976)	-	-	(40,976)
At June 30th 2007		**898,339**	**305,920**	**(653)**	**1,203,606**

13 BORROWINGS

		THE GROUP		THE COMPANY	
		2007	2006	**2007**	2006
	notes	MRs000	MRs000	MRs000	MRs000
Bank overdrafts	A	**20,413**	51,600	**20,410**	51,600
Bank loan	B	**76,442**	112,337	**76,442**	104,337
Loan from parent payable at call	C	**243,900**	-	**243,900**	-
Loan from related companies payable at call	D	**6,400**	-	**6,400**	-
		347,155	163,937	**347,152**	155,937
Current					
Bank overdrafts		**20,413**	51,600	**20,410**	51,600
Bank loan		**31,144**	36,637	**31,144**	28,637
Loan from parent payable at call		**243,900**	-	**243,900**	-
Loan from related companies payable at call		**6,400**	-	**6,400**	-
		301,857	88,237	**301,854**	80,237
Non-current					
Bank loan		**45,298**	75,700	**45,298**	75,700
Total borrowings		**347,155**	163,937	**347,152**	155,937

A Bank overdrafts

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

B Bank loan

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	MRs000	MRs000	MRs000	MRs000
Repayable by instalments				
– within one year	**31,144**	36,637	**31,144**	28,637
– between one and two years	**36,031**	32,413	**36,031**	32,413
– between two and five years	**9,267**	43,287	**9,267**	43,287
	76,442	112,337	**76,442**	104,337

The bank loan is secured by a floating charge over the assets of the group, bears interest at 13.75% p.a. at June 30th 2007 (2006: 10.75%/12.25%).

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

C Loan from parent payable at call

The unsecured loan from parent is repayable at call and bears interest at 11.25% p.a.

D Loan from related companies payable at call

The unsecured loan from related companies are repayable at call and bears interest at 11% p.a.

14 DEFERRED INCOME TAX LIABILITIES

Deferred income taxes are calculated on all temporary differences under the liability method at 15% (2006: 22.5%/15%).

Movement on the deferred income tax account		THE GROUP		THE COMPANY	
		2007	2006	**2007**	2006
	note	MRs000	MRs000	MRs000	MRs000
At July 1st 2006		**116,931**	182,143	**101,270**	167,163
Charge/(credit) to income statement	21	**933**	(65,212)	**(132)**	(65,893)
At June 30th 2007		**117,864**	116,931	**101,138**	101,270

Deferred income tax liabilities	at July 1st 2006	charge/(credit) to income statement	at June 30th 2007
	MRs000	MRs000	MRs000
THE GROUP			
Accelerated capital allowances	10,069	1,058	**11,127**
Provisions	(1,157)	(568)	**(1,725)**
Tax losses carried forward	(2,133)	443	**(1,690)**
Fair value gains	110,152	-	**110,152**
	116,931	933	**117,864**
THE COMPANY			
Accelerated capital allowances	9,237	206	**9,443**
Provisions	(348)	(338)	**(686)**
Fair value gains	92,381	-	**92,381**
	101,270	(132)	**101,138**

Deferred income 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	
		2007	2006	**2007**	2006
	note	MRs000	MRs000	MRs000	MRs000
Amounts recognised in the balance sheet					
Other post retirement benefits		**1,763**	1,348	**511**	512

Other post-retirement benefits

		THE GROUP		THE COMPANY	
	note	**2007**	2006	**2007**	2006
Amounts recognised in the income statement					
Release in respect of leavers		**(64)**	14	**(6)**	7
Underprovision in respect of prior years		**479**	626	**5**	248
Total included in staff costs	19A	**415**	640	**(1)**	255
Movement in the liability recognised in the balance sheet					
At July 1st, 2006		**1,348**	799	**512**	284
Expense for the year		**415**	640	**(1)**	255
Severance allowance paid		**-**	(91)	**-**	(27)
At June 30th, 2007		**1,763**	1,348	**511**	512

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

16 TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	MRs000	MRs000	MRs000	MRs000
Amounts owed to parent	**3,247**	296	**3,215**	296
Amounts owed to subsidiaries	**-**	-	**3,190**	3,190
Social security and other taxes	**1,805**	1,402	**406**	112
Defined contribution plan	**533**	180	**169**	85
Accrued expenses	**88,548**	30,972	**75,934**	20,982
	94,133	32,850	**82,914**	24,665

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

17 DIVIDEND PROPOSED

	2007	2006
	MRs000	MRs000
Final ordinary dividend of MRe 0.05 per share (2006: MRe 0.05)	**40,976**	40,976

18 DIVIDEND INCOME

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	MRs000	MRs000	MRs000	MRs000
Dividend income on available-for-sale financial assets	**3,150**	1,200	**3,150**	1,200
Dividend income received				
Ordinary shares	**750**	-	**750**	-
Cumulative preference shares	**2,400**	1,200	**2,400**	1,200
	3,150	1,200	**3,150**	1,200

19 OPERATING PROFIT

		THE GROUP		THE COMPANY	
		2007	2006	**2007**	2006
	notes	MRs000	MRs000	MRs000	MRs000
Operating profit is arrived at after crediting					
Rental income		**147,261**	141,175	**96,522**	93,640
Profit on disposal of property, plant and equipment		**17**	94	**-**	-
and after charging					
Depreciation of property, plant and equipment	4	**5,554**	6,015	**2,359**	2,817
Amortisation of prepaid operating lease payments	3	**6**	6	**6**	6
Loss on disposal of property, plant and equipment		**8**	-	**-**	-
Auditors' remuneration		**503**	481	**220**	220
Operating lease rentals – land		**2,458**	1,836	**2,458**	1,836
Bad and doubtful debts written off		**80**	261	**18**	95
Bad and doubtful debts recovered		**-**	(55)	**-**	(50)
Impairment loss on receivables		**1,304**	1,339	**1,048**	419
Impairment loss on inventories		**2,139**	1,855	**1,541**	1,375
Property, plant and equipment written off		**919**	40	**123**	40
Repairs and maintenance on property, plant and equipment		**281**	953	**31**	103
Staff costs	19A	**73,452**	56,369	**14,809**	13,476

A Analysis of staff costs

		THE GROUP		THE COMPANY	
		2007	2006	**2007**	2006
		MRs000	MRs000	MRs000	MRs000
Wages and salaries		**66,866**	50,895	**13,265**	11,783
Social security costs		**3,806**	2,964	**585**	550
Pension costs					
Defined contribution plan		**2,365**	1,870	**960**	888
Other post retirement benefits	15	**415**	640	**(1)**	255
		73,452	56,369	**14,809**	13,476
The number of employees at the end of the year was		**548**	473	**71**	69

20 FINANCE INCOME AND COSTS

		THE GROUP		THE COMPANY	
		2007	2006	**2007**	2006
	note	MRs000	MRs000	MRs000	MRs000
Finance costs					
Interest expense					
Bank overdrafts		**2,664**	2,318	**2,660**	2,316
Bank loans		**12,546**	15,275	**12,373**	13,918
Other loan at call		**13,845**	1,268	**13,845**	1,268
		29,055	18,861	**28,878**	17,502
Less interest capitalised	4	**(10,850)**	-	**(10,850)**	-
		18,205	18,861	**18,028**	17,502
Finance income					
Interest income		**(202)**	(88)	**(12,992)**	(11,105)

21 INCOME TAX (EXPENSE)/CREDIT

		THE GROUP		THE COMPANY	
		2007	2006	**2007**	2006
	note	MRs000	MRs000	MRs000	MRs000
Based on the profit for the year, as adjusted for tax purposes at 15%		**(12,264)**	(12,485)	**(10,666)**	(11,069)
Over/(under)provision		**33**	(8)	**21**	-
Deferred tax movement for the year	14	**(933)**	65,212	**132**	65,893
(Charge)/credit for the year		**(13,164)**	52,719	**(10,513)**	54,824
Deferred tax (charge)/credit					
Accelerated capital allowances		**(1,058)**	4,157	**(206)**	4,603
Provisions		**568**	(176)	**338**	(297)
Tax losses carried forward		**(443)**	(356)	**-**	-
Fair value gains		**-**	61,587	**-**	61,587
		(933)	65,212	**132**	65,893

Reconciliation between the effective rate of income tax of the group of 18.1% (2006: (71.1%)) and the company of 21.2% (2006: (110.5%)) and the applicable income tax rate of 22.5% for the group and company (2006: 25%)

As a percentage of profit before income tax	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	%	%	%	%
Income tax rate	**22.5**	25.0	**22.5**	25.0
Impact of				
Results of subsidiary taxed at different rates	**(2.1)**	(2.7)	**-**	-
Results of associate taxed at different rates	**(1.9)**	(2.1)	**-**	-
Disallowable items	**0.5**	0.8	**0.1**	0.8
Investment allowances	**-**	(0.7)	**-**	(0.1)
Exempt income	**(1.0)**	(0.4)	**(1.4)**	(0.6)
Effect of using different tax rate for computing deferred tax		-	(91.2)	-
(135.9)				
Underprovision of deferred income tax	**0.1**	0.2	**-**	0.3
Average effective income tax rate	**18.1**	(71.1)	**21.2**	(110.5)

22 EARNINGS PER SHARE

THE GROUP	**2007**	2006
	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	**59,544**	126,850
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	**59,544**	126,850
Effect of using different tax rate for computing deferred tax on fair value gains		-
(61,587)		
Earnings excluding fair value adjustments	**59,544**	65,263
Number of ordinary shares in issue	**819,520**	819,520

23 SEGMENT INFORMATION

2007	property	security	eliminations	total
	MRs000	MRs000	MRs000	MRs000
Revenues				
External sales	147,261	77,753	-	225,014
Intersegment sales	-	11,165	(11,165)	-
Total revenue	147,261	88,918	(11,165)	225,014
Operating profit	75,169	3,072	-	78,241
Other income	3,150	-	-	3,150
Segment result	78,319	3,072	-	81,391
Share of profit of associate				9,320
				90,711
Finance costs – net				(18,003)
Profit before income tax				72,708
Income tax expense				(13,164)
Profit attributable to shareholders				59,544

	property	security	total
	MRs000	MRs000	MRs000
Segment assets	2,574,206	42,006	2,616,212
Associate			18,423
			2,634,635
Segment liabilities	557,224	3,691	560,915
Current income tax liabilities	9,006	-	9,006
Dividend proposed			40,976
			610,897
Capital expenditure	252,622	9,265	261,887
Depreciation	2,801	3,062	5,863

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
Operating profit	76,911	4,069	-	80,980
Other income	1,200	-	-	1,200
Segment result	78,111	4,069	-	82,180
Share of profit of associate				10,724
				92,904
Finance costs – net				(18,773)
Profit before income tax				74,131
Income tax credit				52,719
Profit attributable to shareholders				126,850

	property	security	total
	MRs000	MRs000	MRs000
Segment assets	2,318,057	36,199	2,354,256
Associate			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

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

24 COMMITMENTS

Capital	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	MRs000	MRs000	MRs000	MRs000
Commitment in respect of future capital expenditure authorised by the directors and not provided in the financial statements	**518,853**	680,000	**518,853**	680,000

Operating leases	GROUP & COMPANY	
	2007	2006
	MRs000	MRs000
Future minimum lease payments under non-cancellable operating leases		
Not later than one year	**2,908**	2,908
Later than one year and not later than two years	**2,908**	2,908
Later than two years and not later than five years	**6,715**	8,723
Later than five years	**450**	1,349
	12,981	15,888

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 a third period of thirty nine years.

25 PARENT AND ULTIMATE PARENT

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

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

THE GROUP	2007	2006	2005
	MRs000	MRs000	MRs000
Income statement			
Turnover	**225,014**	198,548	172,742
Profit before income tax	**72,708**	74,131	561,665
Share of profit of associate	**9,320**	10,724	15,246
Income tax (expense)/credit	**(13,164)**	52,719	(110,566)
Profit attributable to shareholders	**59,544**	126,850	451,099
Rate of dividend (%)	**5.0**	5.0	5.0
Dividend per share (MRe)	**0.050**	0.050	0.050
Earnings per share (MRe)	**0.073**	0.155	0.550
Adjusted earnings per share (MRe)	**0.073**	0.080	0.090
Balance sheet			
Non-current assets	**2,559,962**	2,312,999	2,327,469
Current assets	**74,673**	59,023	34,542
Total assets	**2,634,635**	2,372,022	2,362,011
Total equity	**2,023,738**	2,003,495	1,923,346
Non-current liabilities	**164,925**	193,979	294,082
Current liabilities	**445,972**	174,548	144,583
Total equity and liabilities	**2,634,635**	2,372,022	2,362,011

	operating expenses MRs000	management fees MRs000	interest expense MRs000	loan received MRs000	loan repaid to MRs000	emoluments and benefits MRs000
	2,458	**9,417**	**13,731**	**324,110**	**80,210**	**-**
	-	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**	**-**
	410	**-**	**15,154**	**-**	**35,895**	
	1,140	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**	**18,207**
	1,536	5,114	1,268	104,900	104,900	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	204	-	18,861	-	42,350	-
	520	-	-	-	-	-
	-	-	-	-	-	10,995

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

	receivables from related companies MRs000	loan payable to related companies MRs000	payables to related companies MRs000
2007			
Parent	**30**	**243,900**	**3,247**
Associate	**-**	**-**	**-**
Associate of parent	**498**	**-**	**-**
Shareholders with significant influence	**-**	**76,442**	**-**
Others	**-**	**6,400**	**-**
2006			
Parent	30	-	296
Associate	-	-	15
Associate of parent	1,155	-	-
Shareholders with significant influence	-	112,337	-
Others	-	-	-

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 Leclézio
Jocelyne Martin

Caudan Security Services Limited & Security and Property Protection Agency Co Ltd
Philippe de Labauve d'Arifat
René Leclézio
Appanah Yerriah

Harbour Cruise Limited
Philippe de Labauve d'Arifat
René Leclézio

Société Mauricienne d'Entreprise Générale Ltée & Best Sellers Limited
Arnaud Dalais
René Leclézio

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 Friday, December 28th 2007 at 10.30 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 2007, including the annual report and the auditors' report.

3

To ratify the dividends for the year ended June 30th 2007 declared by the board of directors and paid in August 2007.

4

To reappoint Messrs René Leclézio, Jean-Pierre Montocchio and Antoine Seeyave 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 reappoint Messrs PricewaterhouseCoopers as auditor 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*