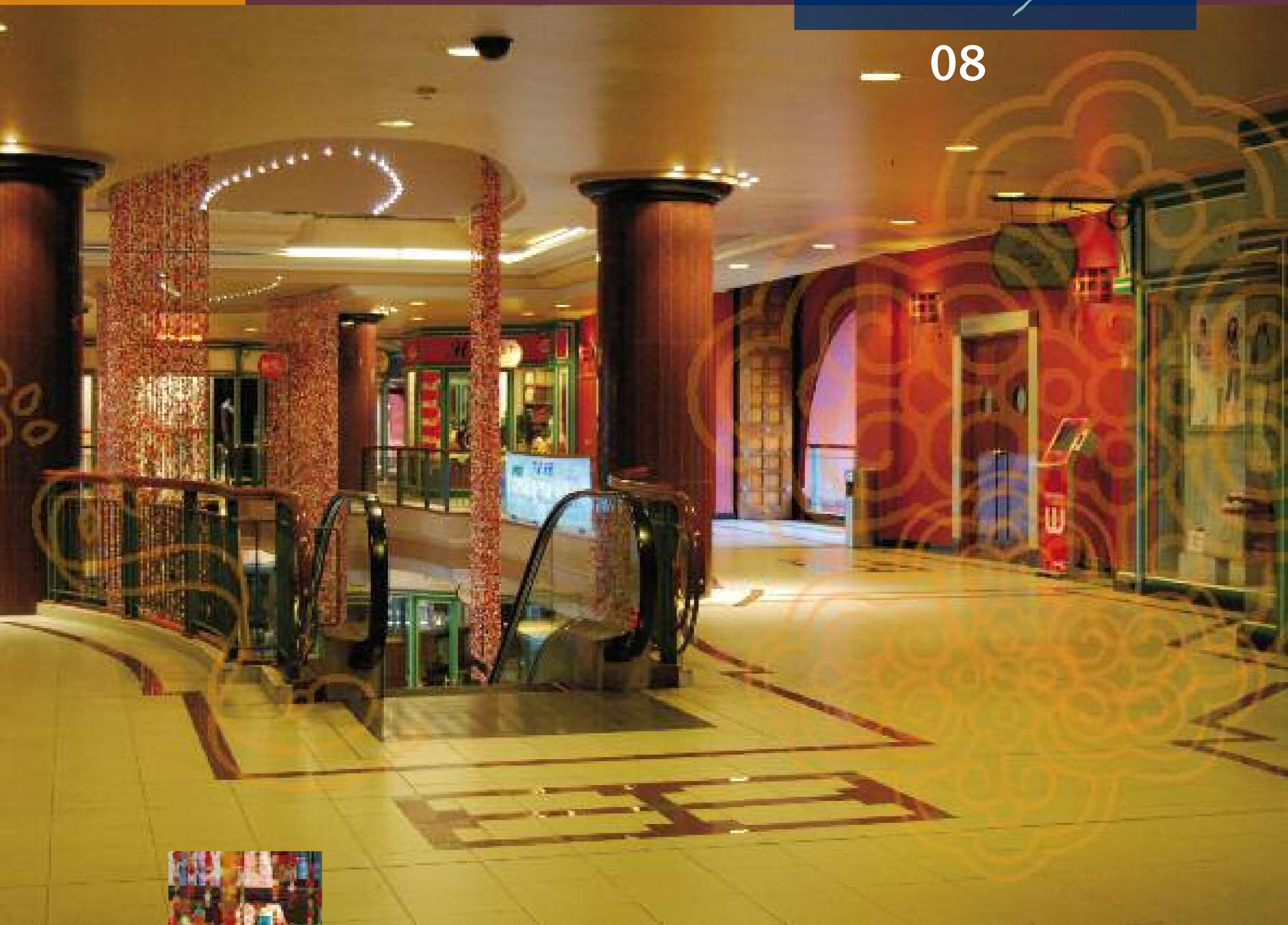
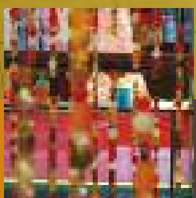
CAUDAN DEVELOPMENT

08





financial statements

corporate INFORMATION

DIRECTORS

The directors of the company during the year ended June 30th 2008 and at June 30th 2008

Jean-Pierre Montocchio	*Chairman*
Arnaud Dalais	*Deputy chairman*
Bertrand de Chazal	
Carrim A Currimjee GOSK	*resigned January 31st 2008*
Hector Espitalier-Noël	
Antoine Harel	
René Leclézio	
Jocelyne Martin	
Iqbal Mallam-Hasham	
Antoine Seeyave	
Adolphe Vallet	
Bernard Yen	

AUDIT COMMITTEE

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

CORPORATE GOVERNANCE COMMITTEE

Arnaud Dalais	*Chairman as from January 31st 2008*
Carrim A Currimjee GOSK	*Chairman up to January 31st 2008*
Bertrand de Chazal	
René Leclézio	
Jean-Pierre Montocchio	

MANAGER

Promotion and Development Ltd

COMPANY SECRETARY

Jocelyne Martin

AUDITOR

PricewaterhouseCoopers

REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

MCB Centre
11–15 Sir William Newton Street
Port Louis

POSTAL ADDRESS

Barkly Wharf
Le Caudan Waterfront
Port Louis
Mauritius

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

DATE OF INCORPORATION

February 17th 1989

chairman's STATEMENT

Dear Shareholder

It is with great pleasure that I present the 2008 annual results. They are an outstanding set of results and show that the group has registered a record surplus on revaluation of property and delivered strong growth in earnings, driven by excellent performance by both our property and non-property activities.

STRATEGY

Our objective is to achieve good growth in both capital and income. At Caudan, we seek to achieve superior total returns for our shareholders by providing a high standard of customer service and pursuing an active management policy aimed at minimizing vacancy rates and enhancing rental values. We continue to invest in our ongoing development programme, maintaining our properties in a continued state of sound repair, extending and making improvements thereto from time to time and simultaneously continue to elaborate our longer term development pipeline, which will present opportunities for Caudan to generate growth well into the future.

RESULTS

Our underlying net asset value per share rose from MRs2.47 last year to MRs3.35 (up by 36%) due mainly to the property valuation uplift.

Caudan has fared extremely well; our adjusted underlying profit before tax, excluding valuation movements, showed a 47% increase from MRs72.7m to MRs107.2m, reflecting additional income following the opening of Phase 2, increased occupancy levels, increased rental income from rent reviews, annual indexation of rent from ongoing leases, as well as a tremendous contribution from our security business.

At June 30th 2008, group borrowings amounted to MRs750.2m compared with MRs347.1m last year. During the year, we arranged and disbursed a new MRs425m twelve-year bank facility for the financing of the Phase 2 construction. We continue to monitor the situation with the Bank and will arrange for additional bank facilities in due course.

VALUATION

The investment property was valued at June 30th 2008 at MRs3.2bn, compared to MRs2.2bn last year. Under IFRS, the revaluation movements on investment properties are presented in the Income Statement. Our overall revaluation gain was a record of MRs751.9m which represents a valuation increase of more than 30% on 2007. This uplift in valuation is a result mainly of the considerable enhancement in value of land following the near completion of the Dias Pier building (Phase 2 development) and also reflects the successful retention and attraction of occupiers, the group's success in achieving uplifts in rental values from rent reviews, the expectation of future uplifts,

CONTENTS

and the stability of Le Caudan Waterfront with its low level of volatility of income and obsolescence. An independent surveyor has already been contacted for a full independent valuation to be undertaken once Dias Pier building is completed and operational so that Le Caudan Waterfront can be re-assessed as a whole. Such revaluation movements introduce a considerable degree of volatility in our reported profits and we should be wary of potential adverse movements in the future should there be a deterioration in market conditions. As we have stressed in the past, the gain on valuation is unrealized and has no impact on the cash flows of the business or its present strategic directions.

PHASE 2

2008 has been an active year for Caudan and saw the opening against all odds of the shopping mall of the Phase 2 development with most tenants opening ahead of the end of year trading period. During the year, an amount of MRs517.9m was capitalized in respect of Dias Pier building, taking the total investment expenditure in respect of that development at June 30th 2008 to MRs769.1m. At balance sheet level, following the handover of the first two floors, an amount of MRs247.2m was transferred from Property Plant and Equipment to Investment Property. The Dias Pier building has created an additional 28,000 sq ft of retail space, increasing the whole centre to 139,000 sq ft in total. In July 2008, our new pay on foot parking, providing 450 additional parking slots, was opened to the public. Work on the offices is nearing completion with the first offices to be handed over soon for their fit-out. Of the available 73,000 sq ft of offices, 11,339 sq ft have already been either let or sold. With good levels of customer enquiries continuing steadily, we are confident that we will continue to secure occupiers for them.

RENTAL INCOME

Demand from retailers for space in the shopping centre remained healthy. The office occupational market also remained strong with demand from a broad spread of occupiers. Gross rental income for the year to June 30th 2008 was MRs184.5m, compared with MRs147.3m some 25% ahead of the level achieved in 2007, helped mainly by the delivery and take up of Phase 2.

We achieved a like-for-like growth rental rate of 8% at Le Caudan Waterfront and 5% in respect of industrial buildings. We were able to maintain near full occupancy at Le Caudan Waterfront whilst the occupancy level achieved at our industrial buildings sites averaged 82% over the year. Void periods during the year have cost the group MRs3.8m (MRs0.6m at LCW and MRs3.2m at industrial buildings). New lettings since year end at our industrial building premises have led to an increase in the occupancy rate to 95%.

2009 augurs well as we should see in respect of Phase 2, a full year's commercial rental against six months' during 2008, additional parking income from our new pay on foot parking which became operational in July 2008 and the start of lettings of offices.

SECURITY OPERATIONS

Our security company has been a major contributor to turnover and operating profits with in excess of 2,800 clients. Substantial synergies, economies of scale and operating efficiencies have flowed from the rationalization of our activities and resulted in improved service levels to clients. The improved density of client coverage has led to increased efficiencies and operating margins. The high growth in client numbers and recurring income is expected to continue.

Caudan Security has always been innovative in the security and property protection field and during the year launched its 'Executive Protection Unit' and developed its new IRS integrated security solutions service concept. It is the company's intention to offer to its clients comprehensive solutions for their security requirements. Given its existing and growing client base, the group is well-positioned to launch further security-related products in the future.

Our company is growing fast and today it currently employs some 800 employees. To support this growth, the directors have acknowledged the need for major changes at both organizational and infrastructural levels and have earmarked a total amount of MRs70m for the construction of adequate barracks at St Pierre, which would suit more appropriately the needs of Caudan Security.

We continue to invest in the upgrading of software and equipment in the central monitoring station to further increase our efficiency and capacity. The management structure has been strengthened and is appropriate for the company's anticipated growth. Management continues to concentrate on the implementation of the appropriate supervisory systems and the ongoing training of its personnel.

PROSPECTS AND OUTLOOK

The high level of activity continues into 2009 with the plans for the complete delivery of Dias Pier building progressing well, and our energetic programme of renewal and upgrading of existing assets continuing unabated, alongside the expansion of our security business. This should provide added impetus to the consistent growth of business.

Notwithstanding the high level of operations, it is clear that 2009 will be another challenging year. Increase in borrowings coupled with increase in interest rates leading to increased financial costs will continue to be a burden to the company. The impact on the income statement will be exacerbated as capitalization of borrowing costs will cease on completion of construction. Alongside the increased finance costs for the forthcoming period, we can expect the costs associated with void periods prior to the letting of offices as our marketing gathers more momentum.

Competition for customers and retail spending in the retail property market remains intense with the emergence of an increasing number of shopping centres and is further exacerbated by weakening consumer confidence. In the light of increased constraints on disposable income, retailers are continuing to face challenging conditions. Our shopping centre nevertheless will continue to be attractive as successful retailers are continuing to seek representation and even look to expand and trade from a high quality space such as Le Caudan Waterfront.

Caudan however is well placed to face the challenge and in due course take advantage of the opportunities which will undoubtedly arise. We have a prime property of the highest quality diversified between the retail and office sectors, which generates a robust and growing income stream from a wide range of tenants. Looking forward, our focus on active management to deliver like-for- like rental income growth and our active development programme to upgrade the quality of our asset base bode well. Our development programme is gaining momentum and has the potential to create significant value for our shareholders in the years ahead. Our vibrant management team, well supported by very committed employees, has consistently demonstrated its ability to achieve excellent returns from development and remains totally focused on being the leading commercial and business space-provider and security service-provider in Mauritius. I have great confidence in the group's future.

DIVIDEND

Our confidence in the long term future performance of the business has led the Board to recommend a dividend of MRe0.06 per share, making an increase of 20% on 2007. Total dividends payout amounted to MRs49.2m, which was paid in July 2008.

DIRECTORATE CHANGES

Carrim A Currimjee stepped down as director on January 31st 2008; his tireless work and assistance to Caudan over the course of many years was greatly appreciated. On behalf of the Board and in my own name, I wish to thank him for his invaluable contribution in the conduct of the group's affairs.

In conclusion, I would like to express my sincere appreciation to all those who contribute to the group's ongoing success, the management team and the personnel at large for their good work and continued efforts, the members of the Board for their unfailing support and the shareholders for their continued trust and confidence.

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 2008.

PRINCIPAL ACTIVITIES

The activities of the Group continued throughout 2008 to be property development and investment and the provision of security services.

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 results for the year are set out in the income statements on page 25 .

The published income statements include the revaluation surplus on investment property. 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 items so as to provide 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 revaluation surplus on investment property.

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	MRs000	MRs000	MRs000	MRs000
Turnover	**311,380**	225,014	**129,182**	96,522
Operating expenses	**(197,060)**	(146,773)	**(51,335)**	(44,977)
Net profit from operations	**114,320**	78,241	**77,847**	51,545
Dividend income	**3,900**	3,150	**3,900**	3,150
Net finance costs	**(24,340)**	(18,003)	**(11,610)**	(5,036)
Share of profit of associate	**13,303**	9,320	**-**	-
Adjusted profit before taxation	**107,183**	72,708	**70,137**	49,659
Taxation	**(6,346)**	(13,164)	**(1,718)**	(10,513)
Adjusted profit after taxation	**100,837**	59,544	**68,419**	39,146
Surplus on revaluation of property	**751,877**	-	**629,766**	-
Deferred tax thereon	**(99,439)**	-	**(94,465)**	-
Net Surplus on revaluation of property	**652,438**	-	**535,301**	-
Reported profit per Income Statement	**753,275**	59,544	**603,720**	39,146

The table above shows that adjusted profit rose by MRs41.3m compared with the previous year to MRs100.8m. The group benefited from letting activity, rent reviews, rental indexation and additional income following the opening in December 2007 of the commercial units of the Phase 2 development and an expansion of the security business by our subsidiary. These were partly offset by an increase in administration and finance costs.

The low underlying tax charge was primarily attributable to the tax relief for capitalized interest as a result of the Phase 2 construction and the release of an over-provision in relation to previous year's taxation.

The chairman's statement on pages 4–7 provides further information relating to the performance of the group and its future prospects.

PROPERTY VALUATIONS

The valuation of the group's investment property which was carried out by directors as at June 30th 2008 amounted to MRs3,182m, an increase of MRs999m over last year's MRs2,183m. After taking into account the transfer from property plant and equipment of MRs247.2m, the valuation surplus arising in the period amounted to MRs751.9m.

DIVIDEND

The directors have declared a dividend of MRe0.06 per share, a 20% increase on the previous year's. This represents a total distribution of MRs49.2 m, which was paid in July 2008.

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	
	2008	2007	**2008**	2007
	MRs000	MRs000	MRs000	MRs000
Full-time executive directors	**60**	70	**-**	-
Non-executive directors	**415**	452	**-**	-

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 group and of the company. 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.

AUDITOR'S FEES

The company's external auditor is PricewaterhouseCoopers.

Fees payable to the auditors for audit and other services	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	MRs000	MRs000	MRs000	MRs000
PricewaterhouseCoopers				
Audit services	**584**	420	**364**	220
Other services	**44**	37	**18**	15
	628	457	**382**	235
Other firms				
Audit services	**96**	83	**-**	-
Other services	**17**	14	**-**	-
	113	97	**-**	-

Approved by the board of directors on September 30th 2008 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 — 9.76%

Promotion and Development Ltd (PAD) — 50.23%

Caudan Development Limited (CDL)

- 100% Caudan Leisure Limited
  - 100% Harbour Cruise Limited
  - 39.2% Le Caudan Waterfront Casino Limited
- 100% Caudan Security Services Limited
  - 100% Security and Property Protection Agency Co Ltd
- 100% Société Mauricienne d'Entreprise Générale Ltée
  - 100% Best Sellers Limited

MAJOR SHAREHOLDERS

Shareholders holding more than 5% of the share capital of the company at November 20th 2008

	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
2008	**6.0**
2007	5.0
2006	5.0
2005	5.0
2004	4.0
2003	3.5

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 nine 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 four 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 2008.

Meetings attended	board of directors	sub-committees: corporate governance	sub-committees: audit
Number of meetings	4	2	3
Jean Pierre Montocchio	4	2	n/a
Arnaud Dalais	2	2	n/a
Bertrand de Chazal	4	2	3
Hector Espitalier-Noël	1	n/a	1
Antoine Harel	3	n/a	n/a
René Leclézio	4	2	n/a
Iqbal Mallam-Hasham	1	n/a	n/a
Jocelyne Martin	4	n/a	n/a
Antoine Seeyave	2	n/a	n/a
Adolphe Vallet	3	n/a	n/a
Bernard Yen	3	n/a	3

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 various companies including Fincorp Investment. 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, Promotion and Development and Golden Agri-Resources.
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 member of the board of directors of several listed companies, including Rogers & Co, 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 company, 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 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 2008

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 28 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 Arnaud Dalais (Mr Carrim A Currimjee up to January 31st 2008), and comprises of Messrs 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. During the year the company also continued the patronage of the basket ball team of La Fraternité Mauricienne des Malades et Handicapés at Grande Riviere Nord d'Ouest.

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.

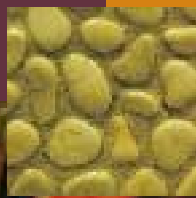
In the most, however, all major requests received by Caudan are channeled via our holding company. In March 2008, the latter company set up a corporate social responsibility committee to formalize a comprehensive social, environmental and ethical culture within our business and decision making processes and three employees of Caudan were called upon to be active members of the committee.

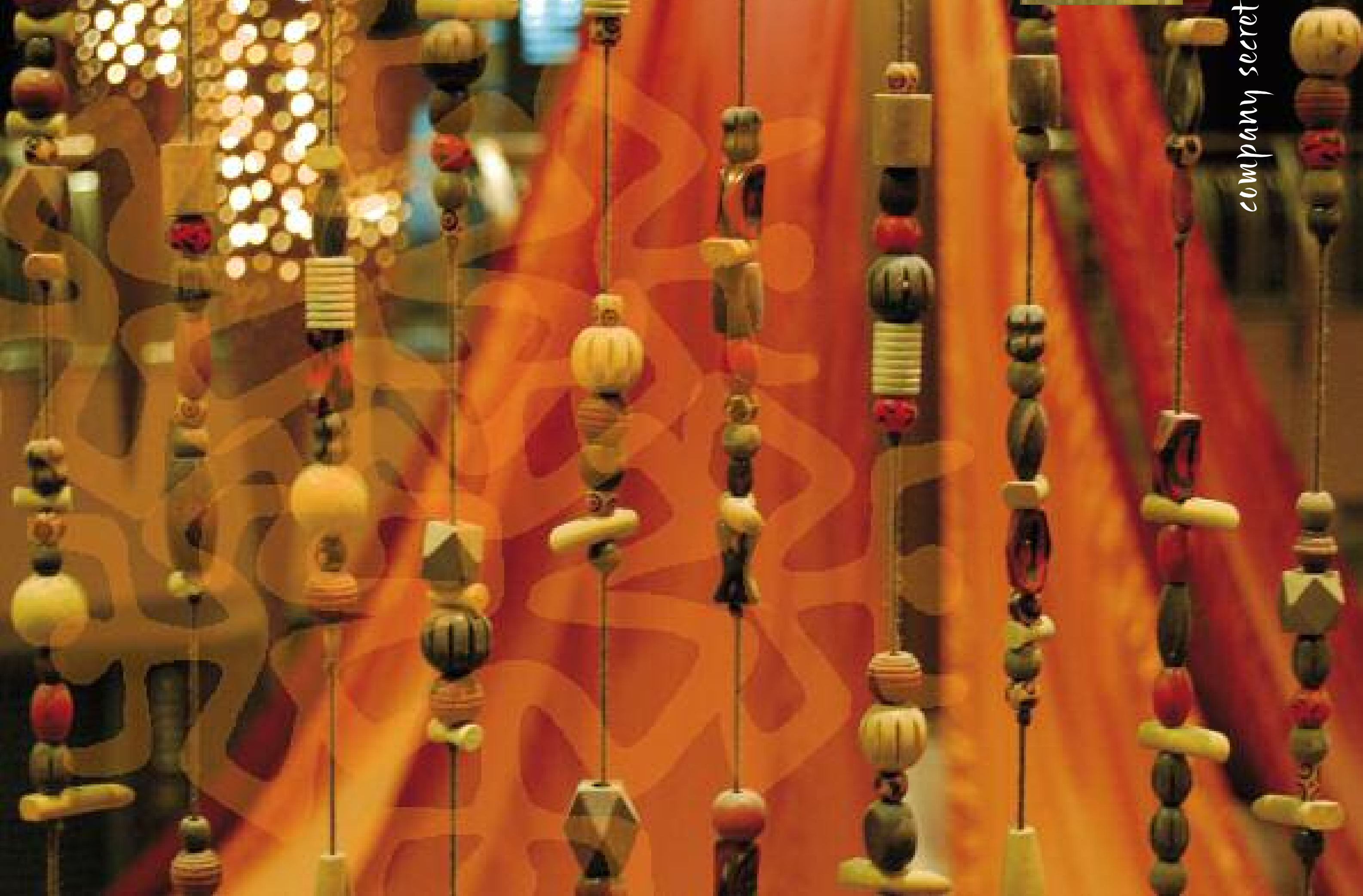
company secretary's certificate

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.

Jocelyne Martin
Company Secretary

September 30th 2008





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 (together the group) and the company's separate financial statements on pages 24 to 66 which comprise the group's and company's balance sheets at June 30th 2008 and the respective income statements, statements of changes in equity and cash flow statements 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's 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 66 give a true and fair view of the financial position of the group and of the company at June 30th 2008 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 capacity as auditor and tax adviser of the company and certain of its subsidiaries;
- 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 30th 2008*
Port-Louis, Mauritius

Mohammad Issa Taujoo *Licensed auditor*

financial statements

CONTENTS

JUNE 30TH 2008

balance SHEETS

		THE GROUP		THE COMPANY	
		2008	2007	**2008**	2007
	notes	MRs000	MRs000	MRs000	MRs000
ASSETS					
Non-current assets					
Investment property	2	**3,182,427**	2,183,325	**2,558,972**	1,681,981
Prepaid operating leases	3	**505**	511	**505**	511
Property, plant and equipment	4	**595,430**	315,713	**567,516**	295,903
Intangible assets	5	**4,210**	4,240	**-**	-
Investments in subsidiaries	6	**-**	-	**4,347**	4,347
Investments in associate	7	**22,671**	18,423	**-**	-
Available-for-sale financial assets	9	**52,350**	37,750	**52,350**	37,750
		3,857,593	2,559,962	**3,183,690**	2,020,492
Current assets					
Inventories	10	**12,045**	9,670	**2,277**	2,466
Trade and other receivables	11	**68,402**	64,331	**255,134**	276,932
Cash and cash equivalents		**376**	672	**210**	187
		80,823	74,673	**257,621**	279,585
Total assets		**3,938,416**	2,634,635	**3,441,311**	2,300,077
EQUITY					
Capital and reserves attributable to equity holders of the company					
Share capital	12	**819,520**	819,520	**819,520**	819,520
Share premium		**2,862**	2,862	**2,862**	2,862
Fair value reserve		**12,350**	(2,250)	**12,350**	(2,250)
Retained earnings	13	**1,907,710**	1,203,606	**1,452,888**	898,339
Total equity		**2,742,442**	2,023,738	**2,287,620**	1,718,471
LIABILITIES					
Non-current liabilities					
Borrowings	14	**586,053**	45,298	**586,053**	45,298
Deferred income tax liabilities	15	**220,500**	117,864	**195,947**	101,138
Retirement benefit obligations	16	**2,703**	1,763	**1,306**	511
		809,256	164,925	**783,306**	146,947
Current liabilities					
Other payables	17	**172,866**	94,133	**157,195**	82,914
Current income tax liabilities		**524**	9,006	**333**	8,915
Borrowings	14	**164,157**	301,857	**163,686**	301,854
Dividend proposed	18	**49,171**	40,976	**49,171**	40,976
		386,718	445,972	**370,385**	434,659
Total liabilities		**1,195,974**	610,897	**1,153,691**	581,606
Total equity and liabilities		**3,938,416**	2,634,635	**3,441,311**	2,300,077

These financial statements were approved by the board of directors on September 30th 2008 and signed on its behalf by

Jean-Pierre Montocchio *Chairman and Director*

René Leclézio *Managing Director*

The notes on pages 30 to 66 form an integral part of these financial statements. The auditor's report is on pages 20 and 21.

CONTENTS

YEAR ENDED JUNE 30TH 2008

income STATEMENTS

		THE GROUP		THE COMPANY	
		2008	2007	**2008**	2007
	notes	MRs000	MRs000	MRs000	MRs000
Revenue	1	**311,380**	225,014	**129,182**	96,522
Net gain from fair value adjustment on investment property	2	**751,877**	-	**629,766**	-
Operating expenses		**(197,060)**	(146,773)	**(51,335)**	(44,977)
Dividend income	19	**3,900**	3,150	**3,900**	3,150
Operating profit	20	**870,097**	81,391	**711,513**	54,695
Finance income	21	**459**	202	**13,177**	12,992
Finance costs	21	**(24,799)**	(18,205)	**(24,787)**	(18,028)
Finance costs – net	21	**(24,340)**	(18,003)	**(11,610)**	(5,036)
Share of profit of associate	7	**13,303**	9,320	**-**	-
Profit before income tax		**859,060**	72,708	**699,903**	49,659
Income tax expense	22	**(105,785)**	(13,164)	**(96,183)**	(10,513)
Profit for the year		**753,275**	59,544	**603,720**	39,146
Attributable to					
Equity holders of the company		**753,275**	59,544	**603,720**	39,146

		MRe	MRe
Earnings per share – basic and diluted	23A	**0.92**	0.07
Adjusted earnings per share	23B	**0.12**	0.07

The notes on pages 30 to 66 form an integral part of these financial statements. The auditor's report is on pages 20 and 21.

YEAR ENDED JUNE 30TH 2008

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 2006		819,520	2,862	(3,925)	1,185,038	2,003,495
Increase in fair value of available-for-sale financial assets	9	-	-	1,675	-	1,675
Profit attributable to shareholders		-	-	-	59,544	59,544
Dividend proposed	18	-	-	-	(40,976)	(40,976)
At June 30th 2007		819,520	2,862	(2,250)	1,203,606	2,023,738
At July 1st 2007		819,520	2,862	(2,250)	1,203,606	2,023,738
Increase in fair value of available-for-sale financial assets	9	-	-	14,600	-	14,600
Profit attributable to shareholders		-	-	-	753,275	753,275
Dividend proposed	18	-	-	-	(49,171)	(49,171)
At June 30th 2008		**819,520**	**2,862**	**12,350**	**1,907,710**	**2,742,442**

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 notes on pages 30 to 66 form an integral part of these financial statements. The auditor's report is on pages 20 and 21.

CONTENTS

		THE COMPANY				
		share	share	fair value	retained	total
		capital	premium	reserve	earnings	equity
	notes	MRs000	MRs000	MRs000	MRs000	MRs000
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	9	-	-	1,675	-	1,675
Profit attributable to shareholders		-	-	-	39,146	39,146
Dividend proposed	18	-	-	-	(40,976)	(40,976)
At June 30th 2007		819,520	2,862	(2,250)	898,339	1,718,471
At July 1st 2007		819,520	2,862	(2,250)	898,339	1,718,471
Increase in fair value of available-for-sale financial assets	9	-	-	14,600	-	14,600
Profit attributable to shareholders		-	-	-	603,720	603,720
Dividend proposed	18	-	-	-	(49,171)	(49,171)
At June 30th 2008		**819,520**	**2,862**	**12,350**	**1,452,888**	**2,287,620**

Fair value reserve

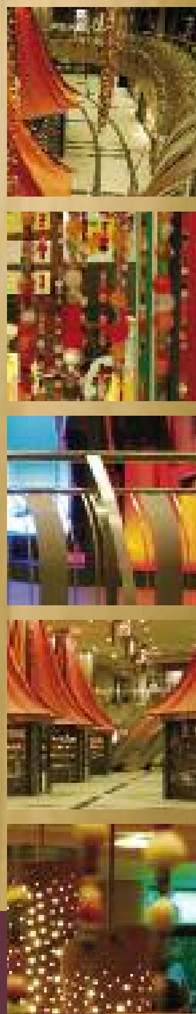
The fair value reserve represents the unrealised gain or loss arising on the restatement of available-for-sale financial assets at their fair values.

YEAR ENDED JUNE 30TH 2008

cash flow STATEMENTS

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	MRs000	MRs000	MRs000	MRs000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from tenants	**182,611**	142,051	**126,608**	93,424
Security fees received	**115,074**	78,529	**-**	-
Cash payments net of other operating receipts	**(191,698)**	(129,426)	**(47,823)**	(34,403)
Cash generated from operations	**105,987**	91,154	**78,785**	59,021
Interest paid	**(21,461)**	(18,204)	**(21,449)**	(18,028)
Income tax paid	**(12,372)**	(12,452)	**(9,956)**	(11,048)
Net cash generated from operating activities	**72,154**	60,498	**47,380**	29,945
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(447,610)**	(233,508)	**(435,110)**	(223,787)
Purchase of intangible assets	**-**	(251)	**-**	-
Amount paid by subsidiary companies	**-**	-	**5,272**	11,466
Proceeds from disposals of property, plant and equipment	**135**	63	**105**	3
Proceeds from disposals of investment property	**-**	10,310	**-**	10,310
Interest received	**459**	203	**13,177**	12,993
Dividends received	**4,312**	14,953	**-**	4,350
Other cash inflows	**8,175**	4,997	**7,588**	4,309
Net cash used in investing activities	**(434,529)**	(203,233)	**(408,968)**	(180,356)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan from bank	**425,000**	-	**425,000**	-
Repayments of bank borrowings	**(31,313)**	(35,895)	**(31,313)**	(27,895)
Loans received from parent	**252,751**	324,110	**252,350**	324,110
Loan repayments to parent	**(271,800)**	(80,210)	**(271,800)**	(80,210)
Loans received from related companies	**6,600**	13,400	**6,600**	13,400
Loan repayment to related companies	**(13,000)**	(7,000)	**(13,000)**	(7,000)
Dividends paid	**(40,976)**	(40,976)	**(40,976)**	(40,976)
Net cash generated from financing activities	**327,262**	173,429	**326,861**	181,429
Net (decrease)/increase in cash and cash equivalents	**(35,113)**	30,694	**(34,727)**	31,018
Cash and cash equivalents at beginning of the year	**(19,741)**	(50,435)	**(20,223)**	(51,241)
Cash and cash equivalents at end of the year	**(54,854)**	(19,741)	**(54,950)**	(20,223)
Analysis of cash and cash equivalents disclosed above				
Cash and cash equivalents	**376**	672	**210**	187
Bank overdrafts	**(55,230)**	(20,413)	**(55,160)**	(20,410)
	(54,854)	(19,741)	**(54,950)**	(20,223)

The notes on pages 30 to 66 form an integral part of these financial statements. The auditor's report is on pages 20 and 21.



notes to the financial statements

GENERAL INFORMATION

Caudan Development Limited is incorporated in the Republic of Mauritius under the Mauritian Companies Act 2001 as a public company with limited liability. The address of its registered office is MCB Centre, 11–15 Sir William Newton Street, Port Louis. The company is listed on the official market of the Stock Exchange of Mauritius. These consolidated financial statements have been approved for issue by the board of directors on September 30th 2008 and will be submitted for consideration and approval at the forthcoming annual meeting of the shareholders of the company.

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 judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1B.

Standards, amendment and interpretations effective during the year

IFRS 7 — financial instruments: disclosures, and the complementary amendment to IAS1, presentation of financial statements – capital disclosures. IFRS 7 introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the group’s and company’s financial instruments.

IFRIC 8 — scope of IFRS 2, requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of IFRS2. This standard does not have any impact on the group’s and company’s financial statements.

Standards, amendments and interpretations effective during the year but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after January 1st 2007 but are not relevant to the group’s operations:

IFRS 4	insurance contracts
IFRIC 7	applying the restatement approach under IAS 29 financial reporting in hyperinflationary economies
IFRIC 8	scope of IFRS 2 share based payment
IFRIC 9	reassessment of embedded derivatives
IFRIC 10	interim financial reporting and impairment
IFRIC 11, IFRS 2	group and treasury share transactions.

Standards, amendments and interpretations to existing standards that are not yet effective and which the group has not early adopted or which are not relevant to its operations

The following standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after January 1st 2008 or later periods and which the group has not early adopted or which are not relevant to its operations:

IAS 1	presentation of financial statements (revised 2007) (effective for annual periods beginning January 1st 2009). This standard supersedes IAS 1 revised in 2003, as amended in 2005. It aims to improve the users' ability to analyse and compare the information given in financial statements. IAS 1 sets overall requirements for their content.
IFRIC 12	service concession arrangements (effective for annual periods beginning on or after January 1st 2008)
IFRIC 13	customer loyalty programmes (effective for annual periods beginning on or after 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)
IFRIC 15	agreements for the construction of real estate (effective from January 1st 2009)
IFRIC 16	hedges of a net investment in a foreign operation (effective from October 1st 2008)
IAS 23 (revised 2007)	borrowing costs (effective for annual periods beginning on or after January 1st 2009)
IFRS 8 (issued 2007)	operating segments (effective for annual periods beginning on or after January 1st 2009)
IFRS 3	business combinations (revised 2008) (effective for annual periods beginning on or after July 1st 2009)
IAS 27	consolidated and separate financial statements (amended 2008) (effective for annual periods beginning on July 1st 2009).

GROUP ACCOUNTING

basis of consolidation

The consolidated financial statements incorporate the financial statements of Caudan Development Limited and of its subsidiaries and associate (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 assumed 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 recognized directly in the income statement. Inter company transactions, balances, and unrealized 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.

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 recognize 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, 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 specific asset. If the information is not available, the group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow. These valuations are reviewed periodically at least every five years by external independent 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 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 recognized 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 recoverable amount.

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

borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

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

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 recognized 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 with an indefinite useful life is not amortised but is tested annually for impairment as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. The useful life of the asset is reviewed each reporting period for impairment.

borrowings

Borrowings are recognized 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 directors intend 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 risks and rewards of ownership. Available-for-sale financial assets subsequently carried at fair value. The fair value of quoted investments is based on current bid prices.

When 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 the fair value of the security below its 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 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 income tax assets are recognized 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 recognized 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 or company 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 or company 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 can be made.

financial instruments

Financial instruments carried on the balance sheet date 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.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

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.

Security income is recognised in the year in which the services are rendered.

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 financial statements 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

financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price 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. The finance department identifies and evaluates financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

market risk

price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated balance sheet as available-for-sale. The group is not exposed to commodity price risk.

The impact of increases/decreases in the fair value of available-for-sale financial assets on the group's and company's equity is shown below. The analysis is based on the assumption that the fair value had increased/decreased by 5%.

GROUP & COMPANY	**2008**	2007
	MRs000	MRs000
available-for-sale financial assets	**2,618**	1,887

cash flow and fair value interest rate risk

The group's and the company's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group and the company to cash-flow interest-rate risk. Borrowings issued at fixed rates expose the group and the company to fair value interest-rate risk. The group's and the company's policy is to maintain all borrowings in floating rate instruments.

At June 30th 2008, if interest rates on rupee-denominated borrowings had been 50 basis points higher/lower with all variables held constant, post-tax profit for the year would have been MRs42,000 (2007: MRs22,000) lower/higher for the group and MRs37,000 (2007: MRs17,000) the company mainly as a result of higher/lower interest expense on floating interest borrowings.

credit risk

Credit risk is managed on group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the group and the company aim at maintaining flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	less than 1 year	between 1 & 2 years	between 2 & 5 years	over 5 years
	MRs000	MRs000	MRs000	MRs000
THE GROUP				
At June 30th, 2008				
Borrowings	198,000	123,296	406,450	415,091
Trade and other payables	172,866	-	-	-
Current income tax liabilities	524	-	-	-
Dividend proposed	49,171	-	-	-
At June 30th, 2007				
Borrowings	341,200	39,773	9,443	-
Trade and other payables	94,133	-	-	-
Current income tax liabilities	9,006	-	-	-
Dividend proposed	40,976	-	-	-
THE COMPANY				
At June 30th, 2008				
Borrowings	197,486	123,296	406,450	415,091
Trade and other payables	157,195	-	-	-
Current income tax liabilities	333	-	-	-
Dividend proposed	49,171	-	-	-
At June 30th, 2007				
Borrowings	341,197	39,773	9,443	-
Trade and other payables	82,914	-	-	-
Current income tax liabilities	8,915	-	-	-
Dividend proposed	40,976	-	-	-

capital risk management

The group’s objectives when managing capital are to safeguard the group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated balance sheet plus net debt.

gearing ratios at June 30th 2008 and 2007	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	MRs000	MRs000	MRs000	MRs000
Total borrowings	**750,210**	347,155	**749,739**	347,152
Less cash and cash equivalents	**(376)**	(672)	**(210)**	(187)
Net debt	**749,834**	346,483	**749,529**	346,965
Total equity	**2,742,442**	2,023,738	**2,287,620**	1,718,471
Total capital	**3,492,276**	2,370,221	**3,037,149**	2,065,436
Gearing ratio	**21.5%**	14.6%	**24.7%**	16.8%

The increase in the gearing ratio during 2008 resulted primarily from the issue of new loans for the construction of Phase 2.

fair value estimation

The fair value of financial instruments traded in active markets (such as available-for-sale financial assets) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the group is the current bid price.

The carrying values of investment property, 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 judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group 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 discussed below.

estimate of fair value of investment properties

The best evidence of fair value is the 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 judgement, 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 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	long leasehold land & other buildings	long leasehold buildings	total
THE GROUP	MRs000	MRs000	MRs000	MRs000
Fair value				
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
At July 1st 2007	1,968,407	85,441	129,477	2,183,325
Transfer from property, plant and equipment	247,225	-	-	247,225
Net gain from fair value adjustment on investment property	729,117	11,624	11,136	751,877
At June 30th 2008	**2,944,749**	**97,065**	**140,613**	**3,182,427**
THE COMPANY				
Fair value				
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
At July 1st 2007	1,467,063	85,441	129,477	1,681,981
Transfer from property, plant and equipment	247,225	-	-	247,225
Net gain from fair value adjustment on investment property	607,006	11,624	11,136	629,766
At June 30th 2008	**2,321,294**	**97,065**	**140,613**	**2,558,972**

The investment properties are valued annually on June 30th at fair value comprising the best estimate of market value by the directors. These valuations are reviewed periodically at least every five years by external independent valuers.

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

Rental income from investment property amounted to MRs184.5 million (2007: MRs147.3 million) for the group and MRs129.2 million (2007: MRs96.5 million) for the company. Direct operating expenses arising on the income generating investment property in the year amounted to MRs67.8 million (2007: MRs54.6 million) for the group and MRs46.5 million (2007: MRs39.7 million) for the company. No cost was incurred in respect of the non-income generating investment property.

3 PREPAID OPERATING LEASES

	GROUP AND COMPANY	
	2008	2007
	MRs000	MRs000
Cost		
At July 1st, and June 30th	**602**	602
Amortisation		
At July 1st	**91**	85
Charge for the year	**6**	6
At June 30th	**97**	91
Net book values		
At June 30th	**505**	511

4 PROPERTY, PLANT AND EQUIPMENT

THE GROUP	buildings MRs000	buildings in progress MRs000	furniture and equipment MRs000	motor vehicles MRs000	total MRs000
Cost					
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
At July 1st 2007	39,942	251,225	40,805	17,683	349,655
Additions	-	517,867	8,779	7,830	534,476
Disposals	-	-	(661)	(2,046)	(2,707)
Transfer to investment property	-	(247,225)	-	-	(247,225)
At June 30th 2008	**39,942**	**521,867**	**48,923**	**23,467**	**634,199**
Depreciation					
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
At July 1st 2007	2,194	-	22,844	8,904	33,942
Charge for the year	407	-	4,516	1,721	6,644
Disposal adjustments	-	-	(601)	(1,216)	(1,817)
At June 30th 2008	**2,601**	**-**	**26,759**	**9,409**	**38,769**
Net book values					
At June 30th 2008	**37,341**	**521,867**	**22,164**	**14,058**	**595,430**
At June 30th 2007	37,748	251,225	17,961	8,779	315,713

THE COMPANY	buildings MRs000	buildings in progress MRs000	furniture and equipment MRs000	motor vehicles MRs000	total MRs000
Cost					
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
At July 1st 2007	39,942	251,225	17,776	5,645	314,588
Additions	-	517,867	1,580	1,971	521,418
Disposals	-	-	(168)	(1,147)	(1,315)
Transfer to investment property	-	(247,225)	-	-	(247,225)
At June 30th 2008	**39,942**	**521,867**	**19,188**	**6,469**	**587,466**
Depreciation					
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
At July 1st 2007	2,194	-	12,953	3,538	18,685
Charge for the year	407	-	1,503	331	2,241
Disposal adjustments	-	-	(142)	(834)	(976)
At June 30th 2008	**2,601**	**-**	**14,314**	**3,035**	**19,950**
Net book values					
At June 30th 2008	**37,341**	**521,867**	**4,874**	**3,434**	**567,516**
At June 30th 2007	37,748	251,225	4,823	2,107	295,903

Borrowings costs of MRs46.7 million (2007: MRs10.9 million), 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 10.50%/11.25% (2007: 10.25%/11.25%) was used representing the actual borrowing cost of the loan used to finance the project.

5 INTANGIBLE ASSETS

THE GROUP	computer software MRs000	other MRs000	total MRs000
Cost			
At July 1st 2006	234	4,178	4,412
Additions	251	-	251
At June 30th 2007	485	4,178	4,663
At July 1st 2007	485	4,178	4,663
Additions	45	-	45
At June 30th 2008	**530**	**4,178**	**4,708**
Amortisation			
At July 1st 2006	114	-	114
Amortisation charge	45	-	45
Impairment charge	-	264	264
At June 30th 2007	159	264	423
At July 1st 2007	159	264	423
Amortisation charge	75	-	75
At June 30th 2008	**234**	**264**	**498**
Net book values			
At June 30th 2008	**296**	**3,914**	**4,210**
At June 30th 2007	326	3,914	4,240

Other intangible assets relate to consideration paid in respect of the acquisition of a customer list. At June 30th 2008, the directors have tested the list for impairment in accordance with IAS 36 - Impairment of Assets and there was no impairment.

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

6 INVESTMENTS IN SUBSIDIARIES

THE COMPANY

	2008	2007
	MRs000	MRs000
Cost		
At July 1st and June 30th	**4,347**	4,347

Subsidiaries of Caudan Development Limited

	nominal value of investment	**direct holding**	**indirect holding**	**main business**
	MRs 000	%	%	
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.

None of the subsidiaries have debt securities.

7 INVESTMENTS IN ASSOCIATE

THE GROUP

	2008	2007
	MRs000	MRs000
Cost		
At July 1st and June 30th	**19,076**	19,076
Share of post acquisition reserves		
At July 1st	**(653)**	(1,310)
Share of profit for the year	**13,303**	9,320
Dividends received	**(9,055)**	(8,663)
At June 30th	**3,595**	(653)
Net book value		
At June 30th	**22,671**	18,423

Investments in associate at June 30th 2008, include goodwill of MRs9,025,344 (2007: MRs9,025,344).

The associated company of Caudan Development Limited

	class of shares	indirect holding	
		2008	2007
		%	%
Le Caudan Waterfront Casino Limited	ordinary	**39.2**	39.2

The associated company 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 excluding goodwill are

THE GROUP

	total assets	total liabilities	revenues	profit
	MRs000	MRs000	MRs000	MRs000
2008	**32,705**	**19,059**	**63,314**	**13,303**
2007	28,586	19,188	61,165	9,320

8 FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the items below

THE GROUP

	loans and receivables MRs000	available-for-sale MRs000	total MRs000
2008			
Assets as per balance sheet			
Available-for-sale financial assets	-	52,350	52,350
Trade and other receivables	36,276	-	36,276
Cash and cash equivalents	376	-	376
	36,652	52,350	89,002

	other financial liabilities MRs000	total MRs000
Liabilities as per balance sheet		
Borrowings	750,210	750,210
Other payables	172,866	172,866
	923,076	**923,076**

	loans and receivables MRs000	available-for-sale MRs000	total MRs000
2007			
Assets as per balance sheet			
Available-for-sale financial assets	-	37,750	37,750
Trade and other receivables	23,390	-	23,390
Cash and cash equivalents	672	-	672
	24,062	**37,750**	**61,812**

	other financial liabilities MRs000	total MRs000
Liabilities as per balance sheet		
Borrowings	347,155	347,155
Other payables	94,133	94,133
	441,288	**441,288**

8 FINANCIAL INSTRUMENTS BY CATEGORY *continued*

THE COMPANY

	loans and receivables MRs000	available-for-sale MRs000	total MRs000
2008			
Assets as per balance sheet			
Available-for-sale financial assets	-	52,350	52,350
Trade and other receivables	8,668	-	8,668
Cash and cash equivalents	210	-	210
	8,878	**52,350**	**61,228**

	other financial liabilities MRs000	total MRs000
Liabilities as per balance sheet		
Borrowings	749,739	749,739
Other payables	157,195	157,195
	906,934	**906,934**

	loans and receivables MRs000	available-for-sale MRs000	total MRs000
2007			
Assets as per balance sheet			
Available-for-sale financial assets	-	37,750	37,750
Trade and other receivables	5,282	-	5,282
Cash and cash equivalents	187	-	187
	5,469	**37,750**	**43,219**

	other financial liabilities MRs000	total MRs000
Liabilities as per balance sheet		
Borrowings	347,152	347,152
Other payables	82,914	82,914
	430,066	**430,066**

9 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	GROUP AND COMPANY	
	2008	2007
	MRs000	MRs000
Quoted on the DEM		
At July 1st	**37,750**	36,075
Increase in fair value	**14,600**	1,675
At June 30th	**52,350**	37,750

The available-for-sale financial assets represents 10% of the ordinary share capital (2007: 10%) and 20% of the preference share capital (2007: 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.

10 INVENTORIES

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	MRs000	MRs000	MRs000	MRs000
Spares and accessories (at cost)	**2,274**	2,455	**2,274**	2,455
Consumables	**634**	770	**-**	-
Goods for resale (at cost)	**9,134**	6,434	**-**	-
Goods for resale (at net realisable value)	**3**	11	**3**	11
	12,045	9,670	**2,277**	2,466
Costs of inventories recognised as expense and included in				
cost of sales	**12,330**	8,956	**-**	-
operating expenses	**3,038**	4,003	**1,931**	1,568

11 TRADE AND OTHER RECEIVABLES

A

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	MRs000	MRs000	MRs000	MRs000
Trade receivables	**36,276**	23,390	**8,668**	5,282
Less provision for impairment of receivables	**(5,003)**	(7,136)	**(1,548)**	(1,989)
Trade receivables - net	**31,273**	16,254	**7,120**	3,293
Prepayments	**6,233**	2,210	**1,356**	1,186
Payments made on account	**6,304**	34,022	**6,304**	34,022
Receivables from subsidiary less impairment	**-**	-	**121,499**	126,829
Loan to subsidiary company receivable at call	**-**	-	**100,000**	100,000
Other receivables	**24,592**	11,845	**18,855**	11,602
	68,402	64,331	**255,134**	276,932

The fair value of trade and other receivables equals their carrying amount.

B As at June 30th 2008, trade receivables of MRs18.319 million (2007: MRs7.183 million) for the group and MRs3.894 million (2007: MRs1.708 million) for the company were fully performing.

C Trade receivables past due but not impaired

Trade receivables that are less than three months past due are not considered impaired. At June 30th 2008, trade receivables of MRs11.297 million (2007: MRs8.082 million) for the group and MRs2.949 million (2007: MRs1.200 million) for the company were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	MRs000	MRs000	MRs000	MRs000
Up to 3 months	**9,063**	7,102	**2,330**	939
3 to 6 months	**1,480**	616	**120**	-
Over 6 months	**754**	364	**499**	261
	11,297	8,082	**2,949**	1,200

Fair value of collateral

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	MRs000	MRs000	MRs000	MRs000
Up to 3 months	**2,113**	1,307	**1,356**	457
3 to 6 months	**213**	106	**119**	-
Over 6 months	**288**	154	**239**	138
	2,614	1,567	**1,714**	595

D Trade receivables individually impaired

As of June 30th 2008, trade receivables of MRs6.660 million (2007: MRs8.025 million) for the group and MRs1.825 million (2007: MRs2.274 million) for the company were impaired and provided for. The amount of the provision was MRs5.003 million (2007: MRs7.136 million) for the group and MRs1.548 million (2007: MRs1.989 million) for the company. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	MRs000	MRs000	MRs000	MRs000
3 to 6 months	**40**	918	**37**	848
Over 6 months	**6,620**	7,207	**1,788**	1,526
	6,660	8,125	**1,825**	2,374

Fair value of collateral

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	MRs000	MRs000	MRs000	MRs000
3 to 6 months	**-**	82	**-**	82
Over 6 months	**511**	462	**277**	303
	511	544	**277**	385

Movements on the provision for impairment of trade receivables are:

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	MRs000	MRs000	MRs000	MRs000
At July 1st	**7,136**	5,922	**1,989**	1,201
Provision for receivables impairment	**1,219**	1,387	**445**	882
Receivables written off during the year as uncollectible	**(2,379)**	(63)	**-**	(1)
Unused amounts reversed	**(973)**	(110)	**(886)**	(93)
At June 30th	**5,003**	7,136	**1,548**	1,989

The creation and release of provision for impaired receivables have been included in operating expenses in the income statement. Amounts are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The group does not hold any collateral as security.

12 SHARE CAPITAL

		2008	2007
		MRs000	MRs000
Authorised	1,000 million ordinary shares of MRe1 each	**1,000,000**	1,000,000
Issued and fully paid	819,52 million ordinary shares of MRe1 each	**819,520**	819,520

13 RETAINED EARNINGS

	NOTE	the company MRs000	subsidiaries MRs000	associates MRs000	the group MRs000
At July 1st 2007		898,339	305,920	(653)	1,203,606
Profit attributable to shareholders		603,720	145,307	4,248	753,275
Dividend proposed	18	(49,171)	-	-	(49,171)
At June 30th 2008		**1,452,888**	**451,227**	**3,595**	**1,907,710**

14 BORROWINGS

	NOTES	THE GROUP 2008 MRs000	THE GROUP 2007 MRs000	THE COMPANY 2008 MRs000	THE COMPANY 2007 MRs000
Bank overdrafts	A	**55,230**	20,413	**55,160**	20,410
Bank loan	B	**470,129**	76,442	**470,129**	76,442
Loan from parent	C	**224,851**	243,900	**224,450**	243,900
Loan from related companies payable at call	D	**-**	6,400	**-**	6,400
		750,210	347,155	**749,739**	347,152
Current					
Bank overdrafts		**55,230**	20,413	**55,160**	20,410
Bank loan		**36,526**	31,144	**36,526**	31,144
Loan from parent payable at call		**72,401**	243,900	**72,000**	243,900
Loan from related companies payable at call		**-**	6,400	**-**	6,400
		164,157	301,857	**163,686**	301,854
Non-current					
Bank loan		**433,603**	45,298	**433,603**	45,298
Loan from parent		**152,450**	-	**152,450**	-
		586,053	45,298	**586,053**	45,298
Total borrowings		**750,210**	347,155	**749,739**	347,152

A Bank overdrafts

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

B Bank loan

Bank loans mature until 2009 and 2021 and bear interest at 11.25%/13.00% annually at June 30th 2008 (2007: 13.75% annually).

Bank loans are secured by a floating charge over the assets of the group.

C Loan from parent

The unsecured loan from parent bears interest at 10.50% annually at June 30th 2008 (2007: 11.25% annually).

D Loan from related companies payable at call

The unsecured loan from related companies has been repaid during the year under review.

The exposure of the borrowings to interest rate changes at the balance sheet dates are

.

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	MRs000	MRs000	MRs000	MRs000
within one year	**164,157**	301,857	**163,686**	301,854
after one year and before two years	**196,470**	36,031	**196,470**	36,031
after two years and before three years	**35,417**	9,267	**35,417**	9,267
after three years and before five years	**70,833**	-	**70,833**	-
after five years	**283,333**	-	**283,333**	-
	750,210	347,155	**749,739**	347,152

15 DEFERRED INCOME TAX LIABILITIES

Deferred income taxes are calculated on all temporary differences under the liability method at 15% (2007: 15%).

		THE GROUP		THE COMPANY	
		2008	2007	**2008**	2007
	NOTE	MRs000	MRs000	MRs000	MRs000
The movement on the deferred income tax account					
At July 1st		**117,864**	116,931	**101,138**	101,270
Charge/(credit) to income statement	22	**102,636**	933	**94,809**	(132)
At June 30th		**220,500**	117,864	**195,947**	101,138

Deferred income tax liabilities

	at July 1st 2007	charge to income statement	at June 30th 2008
THE GROUP	MRs000	MRs000	MRs000
Accelerated capital allowances	11,127	1,156	**12,283**
Provisions	(1,725)	487	**(1,238)**
Tax losses carried forward	(1,690)	1,554	**(136)**
Fair value gains	110,152	99,439	**209,591**
	117,864	102,636	**220,500**
THE COMPANY			
Accelerated capital allowances	9,443	299	**9,742**
Provisions	(686)	45	**(641)**
Fair value gains	92,381	94,465	**186,846**
	101,138	94,809	**195,947**

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.

16 RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	MRs000	MRs000	MRs000	MRs000
Amounts recognised in the balance sheet				
Other post retirement benefits	**2,703**	1,763	**1,306**	511

Other post retirement benefits

Amounts recognised in the income statement

		THE GROUP		THE COMPANY	
		2008	2007	**2008**	2007
	NOTE	MRs000	MRs000	MRs000	MRs000
Release in respect of leavers		**(182)**	(64)	**(32)**	(6)
Underprovision in respect to prior years		**1,122**	479	**827**	5
Total included in staff costs	**20A**	**940**	415	**795**	(1)

Movement in the liability recognised in the balance sheet

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
At July 1st	**1,763**	1,348	**511**	512
Expense for the year	**940**	415	**795**	(1)
At June 30th	**2,703**	1,763	**1,306**	511

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

17 OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	MRs000	MRs000	MRs000	MRs000
Amounts owed to parent	**25,663**	3,247	**25,676**	3,215
Amounts owed to subsidiaries	**-**	-	**3,190**	3,190
Social security and other taxes	**2,187**	1,805	**310**	406
Defined contribution plan	**302**	533	**100**	169
Other payables and accrued expenses	**144,714**	88,548	**127,919**	75,934
	172,866	94,133	**157,195**	82,914

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

18 DIVIDEND PROPOSED

	2008	2007
	MRs000	MRs000
Final ordinary dividend of MRe0.06 per share (2007: MRe0.05)	**49,171**	40,976

19 DIVIDEND INCOME

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	MRs000	MRs000	MRs000	MRs000
Dividend income on available-for-sale financial assets	**3,900**	3,150	**3,900**	3,150
Dividend income received				
Ordinary shares	**1,500**	750	**1,500**	750
Cumulative preference shares	**2,400**	2,400	**2,400**	2,400
	3,900	3,150	**3,900**	3,150

20 OPERATING PROFIT

	NOTE	THE GROUP 2008 MRs000	THE GROUP 2007 MRs000	THE COMPANY 2008 MRs000	THE COMPANY 2007 MRs000
Operating profit is arrived at after crediting					
Rental income		**184,522**	147,261	**129,182**	96,522
Sale of goods		**20,420**	13,107	**-**	-
Sale of services		**106,438**	64,646	**-**	-
Profit on disposal of property, plant and equipment		**80**	17	**-**	-
and after charging					
Depreciation on property, plant and equipment	4	**6,644**	5,554	**2,241**	2,359
Amortisation of prepaid operating lease payments	3	**6**	6	**6**	6
Loss on disposal of property, plant and equipment		**208**	8	**208**	-
Property, plant and equipment written off		**27**	919	**27**	123
Auditors' remuneration		**680**	503	**364**	220
Operating lease rentals - land		**2,458**	2,458	**2,458**	2,458
Bad and doubtful debts written off		**2,984**	80	**413**	18
Impairment (credit)/charge on receivables		**(2,495)**	1,304	**(798)**	1,048
Impairment loss on inventories		**2,392**	2,139	**1,567**	1,541
Repair & maintenance on property, plant and equipment		**690**	281	**56**	31
Staff costs	20A	**105,684**	73,452	**18,439**	14,809

A Analysis of staff costs

	NOTE	THE GROUP 2008 MRs000	THE GROUP 2007 MRs000	THE COMPANY 2008 MRs000	THE COMPANY 2007 MRs000
Wages and salaries		**96,352**	66,866	**15,988**	13,265
Social security costs		**5,363**	3,806	**648**	585
Pension costs					
Defined contribution plan		**3,029**	2,365	**1,008**	960
Other post retirement benefits	16	**940**	415	**795**	(1)
		105,684	73,452	**18,439**	14,809
The number of employees at the end of the year		**839**	548	**75**	71

21 FINANCE INCOME AND COSTS

		THE GROUP		THE COMPANY	
		2008	2007	**2008**	2007
	NOTE	MRs000	MRs000	MRs000	MRs000
Finance costs					
Interest expense					
- bank overdrafts		**1,754**	2,664	**1,751**	2,660
- bank loan		**39,724**	12,546	**39,724**	12,373
- other loans at call		**30,040**	13,845	**30,031**	13,845
		71,518	29,055	**71,506**	28,878
Less interest capitalised	4	**(46,719)**	(10,850)	**(46,719)**	(10,850)
		24,799	18,205	**24,787**	18,028
Finance income					
Interest income		**(459)**	(202)	**(13,177)**	(12,992)
Net finance costs		**24,340**	18,003	**11,610**	5,036

22 INCOME TAX EXPENSE

		THE GROUP		THE COMPANY	
		2008	2007	**2008**	2007
	NOTE	MRs000	MRs000	MRs000	MRs000
Based on the profit for the year, as adjusted for tax purposes, at 15%		**(1,775)**	(12,264)	**-**	(10,666)
Alternative minimum tax		**(4,917)**	-	**(4,917)**	-
Overprovision of tax in previous year		**3,543**	33	**3,543**	21
Deferred income tax movement for the year	15	**(102,636)**	(933)	**(94,809)**	132
Charge for the year		**(105,785)**	(13,164)	**(96,183)**	(10,513)
Deferred income tax (charge)/credit					
Accelerated capital allowances		**(1,156)**	(1,058)	**(299)**	(206)
Provisions		**(487)**	568	**(45)**	338
Tax losses carried forward		**(1,554)**	(443)	**-**	-
Fair value gains		**(99,439)**	-	**(94,465)**	-
		(102,636)	(933)	**(94,809)**	132

Reconciliation between the effective rate of income tax of the group of 12.3% (2007: 18.1%) and the company of 13.7% (2007: 21.2%) and the applicable income tax rate of 15.0% for the group and company (2007: 22.5%).

As a percentage of profit before income tax	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	%	%	%	%
Income tax rate	**15.0**	22.5	**15.0**	22.5
Impact of				
Results of subsidiary taxed at different rates	**-**	(2.1)	-	-
Results of associate taxed at different rates	**(0.2)**	(1.9)	-	-
Disallowable items	**-**	0.5	-	0.1
Other differences	**(1.0)**	-	**(1.2)**	-
Exempt income	**(1.6)**	(1.0)	**(0.1)**	(1.4)
Underprovision of deferred tax	**-**	0.1	**-**	-
Overprovision prior year	**(0.4)**	-	**(0.5)**	-
Alternative minimum tax	**0.5**	-	**0.5**	-
Average effective income tax rate	**12.3**	18.1	**13.7**	21.2

23 EARNINGS PER SHARE

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.

THE GROUP

	2008	2007
	MRs000	MRs000
Profit attributable to shareholders	**753,275**	59,544
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 for shareholders	**753,275**	59,544
Net gain from fair value adjustment on investment property	**(751,877)**	-
Deferred income tax thereon	**99,439**	-
Earnings excluding fair value adjustments	**100,837**	59,544
Number of ordinary shares in issue	**819,520**	819,520

24 SEGMENT INFORMATION

2008	property MRs000	security MRs000	eliminations MRs000	total MRs000
Revenues				
External sales	184,522	126,858	-	311,380
Intersegment sales	-	12,572	(12,572)	-
Total revenue	184,522	139,430	(12,572)	311,380
Operating profit	104,432	9,888	-	114,320
Other income	3,900	-	-	3,900
Net gain from fair value adjustment on investment property	751,877	-	-	751,877
Segment result	860,209	9,888	-	870,097
Share of profit of associate				13,303
				883,400
Finance costs - net				(24,340)
Profit before income tax				859,060
Income tax expense				(105,785)
Profit attributable to shareholders				753,275

2008	property MRs000	security MRs000	total MRs000
Segment assets	3,848,981	66,764	3,915,745
Associate			22,671
			3,938,416
Segment liabilities	1,134,989	11,290	1,146,279
Current income tax liabilities	333	191	524
Dividend proposed			49,171
			1,195,974
Capital expenditure	522,433	12,088	534,521
Depreciation	2,560	4,159	6,719

All activities of the group are carried out in Mauritius.

2007	property MRs000	security MRs000	eliminations MRs000	total 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

2007	property MRs000	security MRs000	total 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

25 COMMITMENTS

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	MRs000	MRs000	MRs000	MRs000
Capital				
Commitment in respect of future capital expenditure authorised by the directors and not provided in the financial statements	**103,772**	518,853	**103,772**	518,853

	GROUP AND COMPANY	
	2008	2007
Operating leases	MRs000	MRs000
Future minimum lease payments under non-cancellable operating leases		
Not later than 1 year	**2,908**	2,908
Later than 1 year and not later than 2 years	**2,908**	2,908
Later than 2 year and not later than 5 years	**4,258**	6,715
Later than 5 years	**-**	450
	10,074	12,981

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 period of twenty years and a third period of thirty nine years.

Rental income derived from industrial building at Riche Terre amounts to MRs8.397 million (2007: MRs 7.086 million).

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
Operating leases	MRs000	MRs000	MRs000	MRs000
Future minimum lease payments receivable under non-cancellable operating leases				
Not later than 1 year	**171,195**	119,595	**114,949**	54,573
Later than 1 year and not later than 5 years	**339,873**	270,993	**181,869**	83,966
Later than 5 years	**159,440**	152,138	**5,748**	11,366
	670,508	542,726	**302,566**	149,905

26 PARENT AND ULTIMATE PARENT

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

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

THE GROUP	2008 MRs000	2007 MRs000	2006 MRs000
Income statement			
Turnover	**311,380**	225,014	198,548
Profit before income tax	**859,060**	72,708	74,131
Share of profit of associate	**13,303**	9,320	10,724
Income tax (expense)/credit	**(105,785)**	(13,164)	52,719
Profit attributable to shareholders	**753,275**	59,544	126,850
Rate of dividend (%)	**6.0**	5.0	5.0
Dividend per share (MRe)	**0.060**	0.050	0.050
Earnings per share (MRe)	**0.919**	0.073	0.155
Adjusted earnings per share (MRe)	**0.123**	0.073	0.080
Balance Sheet			
Non-current assets	**3,857,593**	2,559,962	2,312,999
Current assets	**80,823**	74,673	59,023
Total assets	**3,938,416**	2,634,635	2,372,022
Total equity	**2,742,442**	2,023,738	2,003,495
Non-current liabilities	**809,256**	164,925	193,979
Current liabilities	**386,718**	445,972	174,548
Total equity and liabilities	**3,938,416**	2,634,635	2,372,022

28 RELATED PARTY TRANSACTIONS

Transactions carried out by the group with related parties

	rental/other income	operating expenses	management fees	interest expense	loan received	loan repaid to	emoluments and benefits
2008	MRs 000	MRs 000	MRs 000	MRs 000	MRs 000	MRs 000	MRs 000
Parent	**2,426**	**2,458**	**17,314**	**29,509**	**252,751**	**271,800**	**-**
Associate	**16,491**	**-**	**-**	**-**	**-**	**-**	**-**
Associate of parent	**1,341**	**-**	**-**	**-**	**-**	**-**	**-**
Shareholders with significant influence	**2,013**	**572**	**-**	**41,479**	**425,000**	**31,313**	**-**
Enterprises in which directors/ key management personnel (and close families) have significant interest	**-**	**699**	**-**	**-**	**-**	**-**	**-**
Key management personnel and Directors	**269**	**-**	**-**	**-**	**-**	**-**	**18,975**
2007							
Parent	2,350	2,458	9,417	13,731	324,110	80,210	-
Associate	15,170	-	-	-	-	-	-
Associate of parent	6,034	-	-	-	-	-	-
Shareholders with significant influence	1,842	410	-	15,154	-	35,895	-
Enterprises in which directors/ key management personnel (and close families) have significant interest	249	1,140	-	-	-	-	-
Key management personnel and Directors	162	-	-	-	-	-	18,207

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

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

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

2008	**receivables from related companies** MRs 000	**loan payable to related companies** MRs 000	**payables to related companies** MRs 000
Parent	**13**	**224,450**	**25,663**
Associate	**4,743**	**-**	**-**
Shareholders with significant influence	**-**	**470,129**	**-**
2007			
Parent	30	243,900	3,247
Associate of parent	498	-	-
Shareholders with significant influence	-	76,442	-
Others	-	6,400	-

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