CAUDAN DEVELOPMENT

annual report 2012

Dear valued Shareholder

The board of directors of Caudan Development is pleased to present its annual report for the year ended June 30th 2012.

The activities of the group continued throughout 2012 to be property development and investment and the provision of security services.

Caudan Development 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 and Riche Terre.

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.

The audited financial statements have been approved by the board on September 28th 2012.

Yours sincerely

Jean-Pierre Montocchio
Chairman

René Leclézio
Executive director

Appanah Yerriah

Outgoing CEO of Caudan Security Services. Played a pivotal role in the company's development.

In this year's annual report we give importance to Caudan Security Services. Under Appanah Yerriah's stewardship the company went from a provider of security services to the Caudan Waterfront, employing 27 people in 1996, to one of the country's leading security solutions providers, employing over 1,000 people in 2012.

CAUDAN DEVELOPMENT

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ACTIVE
RESPONSE

The company, which is listed on the Stock Exchange of Mauritius, is a subsidiary of Promotion and Development, which holds an effective 62% stake in the company.

financial highlights

	2012	2011
	MRs	MRs
Group shareholders' funds	**2.819 bn**	2.82bn
Group net asset value	**3.44**	3.45
Share price	**1.20**	2.00
Earnings per share	**0.06**	0.06
Adjusted earnings per share	**0.04**	0.06
Dividends per share	**0.04**	0.04

performance summary

	2012	2011
	%	%
Net asset value return		
Group	**0.9**	2.0

The growth in net asset value plus dividends declared expressed as a percentage of the net asset value at the beginning of the year.

Total shareholder return	**(38.0)**	28.8

The growth in the market price plus dividends received during the year as a percentage of the share price at the beginning of the year.

	THE GROUP
to June 30th 2012	%
Annualised returns	
5 years	8.7
10 years	10.6

Compound annual total return in terms of increase in net assets plus dividends.

corporate information

directors

Jean-Pierre Montocchio, Chairman
Arnaud Dalais, Deputy Chairman
Bertrand de Chazal
Thierry Dalais
Gilbert Gnany
René Leclézio
Iqbal Mallam-Hasham
Jocelyne Martin
Antoine Seeyave
Adolphe Vallet
Bernard Yen

corporate governance committee

Arnaud Dalais, Chairman
Bertrand de Chazal
René Leclézio
Jean-Pierre Montocchio

audit committee

Bertrand de Chazal, Chairman
Gilbert Gnany
Bernard Yen

management company

Promotion and Development Limited

company secretary

Jocelyne Martin

auditors

BDO & Co

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

Dias Pier, Le Caudan Waterfront
Port Louis, Mauritius

Telephone +230 211 94 30
Fax +230 211 02 39
Email corporate@promotionanddevelopment.com

date of incorporation

February 17th 1989

GUARDING SERVICES


CASH IN
TRANSIT

chairman's statement

Dear valued Shareholder

Last year I made reference to the challenging year ahead of us. 2012 proved even more difficult than generally anticipated and saw a worsening of the general economic conditions both at national and international levels. Consumer confidence remained at an extremely low level, inflationary pressure on household costs still well in excess of wage increases resulted in a reduction in average household disposable income while the tourist industry continued to be under pressure. All these factors impacted adversely on Caudan.

Despite the challenging economic backdrop and continued pressure on household incomes, however, we continue to attract leading retailers to our centre and profit realized for the year amounted to a reasonable MRs48.1m.

strategy

Our aim, as always, is to generate good solid capital growth to underpin the dividends we are able to pay to our shareholders. We seek to achieve superior total returns for them by pursuing an active management policy so that our property remains highly valued by customers. Minimising our vacant property is the largest near term opportunity we have to generate additional value for our shareholders and remains the main priority of our management team.

Asset and centre management initiatives are ongoing at LCW to constantly respond to both our retailer and shopper aspirations. We aim to preserve and enhance the value of our properties through ongoing maintenance, upgrading, refurbishment and enhancement, and simultaneously continue to elaborate our longer term development pipeline, so as to generate growth well into the future. Above all, we endeavour at all times to preserve the exclusivity eminence of LCW destination.

Our strategic objective is to provide a compelling destination to shoppers. This is achieved by finding and showcasing the best mix of retailers, by providing an excellent service, security and facilities. Maintaining a diverse retailer tenant mix is at the core of our strategy so as to provide our clientele with variety and diversity. We are passionate about providing people with the perfect shopping experience and aim to provide just the right blend of retail (including access to the brands people are keen on), leisure and catering so as to maximize customer visits. At LCW you can thus find the top local brands sitting alongside some of the world's most iconic global brands. We pride ourselves in that LCW is not a shopping centre but rather a retail destination, offering to tourists and locals a great space for shopping and socializing.

Our unwavering focus on quality has been an important factor in our performance and resilience up to now and being loyal to our tradition of adopting a proactive attitude in view of generating traffic within the complex, we have been investing massively for the past years in several initiatives aimed at promoting LCW as an enjoyable shopping and lifestyle destination located in a unique environment. We have also been organizing Caudan branded events that create experience.

The Let's Celebrate campaign conducted during the year for our 15th anniversary is a landmark in this perspective. We also strive for innovation and refreshing actions – LCW has, for example, been the first local company to launch a much publicized QR (Quick Response) Code campaign on a national basis. More significant actions which are the expression of our sense of innovation are currently in the pipeline.

We regularly commission market surveys to monitor customers' perceptions of LCW, on the basis of which we devise action plans whose core is the construction of a strong, reliable brand reflecting the very essence of Caudan. We have defined a comprehensive web strategy, with regular improvements and updates brought to caudan.com, which records about 14,000 to 17,000 visits on a monthly basis. Our official Facebook fan page, which has enrolled more than 25,000 fans in one year, is also very active. We also invest heavily in advertising with a view to attract both local and tourist shoppers.

results

Our underlying profit before tax stood at MRs54.5m out of which profit realized on the sale of investment accounted for MRs15.5m. Excluding this 'exceptional profit' our adjusted underlying profit before tax for the year amounted to MRs39.0m, a hefty 37.3% decrease from last year's MRs62.2m. Details of our adjusted profit before tax is as follows:

income statement

Year ended June 30th	**2012**	2011
MRs000		
Net rental income	**100,366**	119,148
Net security income	**4,262**	10,270
	104,628	129,418
Dividend - hotel	-	3,170
Share of profit/(loss) - casino	**1,682**	(1,279)
Net profit before interest	**106,310**	131,309
Net finance costs	**(67,324)**	(69,147)
Adjusted profit before tax	**38,986**	62,162

The decline in the activity in the retail sector exacerbated by the difficult access into LCW caused by the long and tedious roadworks at the Caudan roundabout and the increased competition following the opening of new shopping mall projects are all factors which have impacted adversely on our property segment. 2012 saw an increase in the number of retail casualties as well as extended void periods and a general curtailment of the rates of rental increases. These factors coupled with the increase in overheads particularly due to continued maintenance and refurbishments of the property, costs incurred in respect of the 15th anniversary festivities and increased management fees following a revision of the terms of the management contract have led to a decrease of 15.8% in net rental income from MRs19.1m to MRs100.4m.

Our security business was similarly affected by the tough economic conditions and costs associated with the launching of new products, resulting in our net income being more than halved from MRs10.3m to MRs4.3m this year.

LCW Casino, our associate, after two years of incurring losses posted a subdued profit as a result largely of the change in the tax regime, offset however by increased costs incurred during the course of the year. Our share of profit has been calculated at MRs1.7m compared to a loss of MRs1.3m last year.

During the year, we sold our investment in Tropical Paradise Co Ltd (TPCL) for an amount of MRs68m. The directors decided to divest from TPCL as it was felt that in accordance with its main objectives, Caudan should concentrate on property development rather than on equity participation. The disposal crystallized in a substantial MRs15.5m profit on cost and had the added advantage of improving our liquidity position.

The underlying net asset value (NAV) of Caudan's shares held up relatively well, falling by a mere 0.2% to MRs 3.44, a continued tribute to the superior quality and uniqueness of our assets. The market value (MV) of Caudan shares on the other hand dropped by 40% over the financial year to close at MRs1.20 at June 30th 2012, such that the shares were trading at a 65.1% discount to their NAV. This is equivalent to a total return for the year, including dividends, of 0.9%. Looking back over the last five years, our compound annual return of 8.7% in terms of increase in net assets per share plus dividends has represented a reasonable outcome for shareholders.

investment property

The investment property (IP) was valued at June 30th 2012 and 2011 at MRs3.6bn. The directors have reassessed the fair values of the properties at balance sheet date and are satisfied, on the basis of current economic and property environment, that the carrying values of investment properties reflect their fair values. No capital expenditure was incurred in respect of IP during the year.

rental income

Gross rental income for the year was MRs246.9m, some MRs10.6m or 4.1% down on the MRs257.5m for the year ended June 30th 2011. Property expenses were MRs146.5m in 2012, some 5.9% higher than the MRs138.4m in the previous year.

Net rental income as a result fell from MRs119.1m to MRs100.4m during the year. Void periods during the year have cost the group approximately MRs7.5m in loss of rental income and a further MRs33.5m income foregone in respect of those offices which remained unlet throughout the year.

Retail is a dynamic sector with shoppers and retailers attracted to locations where something fresh is happening. Faced with the spending squeeze, consumer habits have been changing. Our surveys have highlighted the stress on value for money and convenience, including access to all the favourite brands. Shoppers are becoming more demanding, looking for a combination of product, experience and service and mostly look for a compelling mix of retail brands, catering and leisure.

Competition for customers and retail spending in Mauritius remained intense. LCW has been seriously affected by the decline in the retail activity. Statistics on overall annual amount spent by visitors to LCW are not available but judging by sales figures reported by several of our tenants, we can assume that like-for-like annual sales have dropped compared to last year. It is a fact that buyers are becoming more cautious and restrained. As recession bites across, many consumers, local and tourists become increasingly thrifty, buy less and search for bargains. The tighter purse strings are squeezing various tenants. Retailers fall behind with their rents as the decrease in income force shoppers to rein in their spending. Some tenants are facing difficult operating conditions and there is a risk that they are unable to pay their rents. We are naturally conscious of the tough times faced by our tenants and we endeavour as far as possible to work with them in view of developing and nurturing a mutually beneficial relationship.

The challenge to retailers has been to keep their business moving forward while facing reduced disposable income and changing consumer patterns. The adept retailers have been successfully focusing on cost control to improve margins and returns. Unfortunately, not all our retailers have succeeded. During the year, we had to face an increased number of tenant failures which in addition to the negative impact of unpaid rents caused some short term disruption while agreements are reached with successor or replacement operators. When tenants go into administration, we take the opportunity to evolve the tenant mix and adjust to customer requirements. For example, the overall trend is towards a fewer number of larger outlets; we are looking with the help of our retail consultants to amalgamate smaller units so as to create larger medium sized units that most retailers today want to trade from.

As I mentioned earlier, the trend for catering is nowadays a key element of the tenant mix and the importance of leisure is growing with shoppers looking for more family friendly activities as part of their visit. With that in mind, we have identified that our foodcourt with its limited dining options needed to be upgraded to be more competitive with the increasing number of foodcourts all over the island. We had initially intended to complete the project in time for the end of year trading period but as we did not have the consensus of all the existing tenants, the project has been deferred to a later date. Our project is intended to turn our existing foodcourt outlets and certain restaurants into a vibrant F&B dining destination. Most of the work is expected to be completed off site so as to cause minimum disruptions to the foodcourt ongoing operations. We are confident that this new concept will contribute to provide an additional draw for visitors.

Office property demand has remained sluggish with no new letting during the period. We are pleased to announce, however, that Microsoft who has been a tenant with us at Barkly Wharf since 1997 will be moving to larger premises in the Dias Pier building before the end of the year. In spite of the excess supply of available office space, we have maintained our rental rates. This reflects our optimism that we will in due course secure better letting terms. Our offices offering stunning views of the harbor are situated in a strategic and prominent location, right at the heart of the pulsating capital city, within walking distance of the administrative centre of Port Louis. We believe that LCW is and will remain the ultimate business destination. The extended vacant period is exerting some pressure on us but we remain convinced that alternative office accommodation is not a long term threat.

LCW is determined to provide the best experience to shoppers and to continue to attract leading retailers. While the local and international environment remains tough we continue to focus on securing the right retailers in the right places paying the right rents so as to achieve strong total returns from our assets. With our strong relationships and proven record of delivery we remain confident that our compelling story will attract strong brands as LCW is the country's centre of choice. We know the great potential of LCW and it's just a matter of finding the tenants who agree with us.

At LCW we have created great retail experiences for more than a decade – and we are here to stay.

security operations

Caudan Security Services (CSS), our security company has developed into a major private security service provider at national level. CSS is a one stop shop for security solutions. Our aim is to exceed our customers' expectations through an integrated approach to security. Our five core business segments include guarding services, electronic systems, active response, cash in transit and executive protection and we currently employ in excess of 1,000 personnel.

During the year under review, we realized a disappointing net operating security income of MRs4.3m, representing a 58.5% reduction compared to 2011. This substantial reduction in profit reflects the challenging market conditions coupled with the adverse impact of business development costs incurred.

Within a short time, CSS has maintained a highly professional image, breaking away from the commonly held negative perceptions of the security industry. We remain focused on excellent customer service, 24 hours a day, 7 days a week, 365 days a year. We work closely with our customers to make sure we provide the highest possible levels of security, and provide our services in accordance with international standards and regulations.

During the year, CSS embarked in collaboration with its partner SBV Services (Pty) Limited (SBV) in the process of implementing a new service namely the ATM management comprehensive package. SBV, the leader in cash management in South Africa, is owned by four major commercial banks of South Africa, each one of them holding a 25% share in the company. Their main activities include wholesale cash provision, retail cash processing, cash in transit and ATM services. SBV have provided consultancy, training and support services so as to assist us and our staff in offering world class cash management services to the Mauritian market. On their recommendation, we invested in extensive CCTV coverage and reinforced the building design so as to provide a modern cash centre. The CSS headquarters underwent a strict renovation process in order to ensure that cash will be handled under the most secure manner possible.

SBV was rated by Lloyds of London as one of the top two CIT companies that best manage their risk, in the world. We have been very lucky to benefit from the vast experience of our partner and with their help and support we believe that CSS will be able to offer a total cash solution for the future.

indebtedness

At June 30th 2012, group borrowings amounted to MRs776.3m compared with MRs869.7m last year. Cash balances totaled MRs0.5m (2011: MRs0.8m), resulting in net debt amounting to MRs775.8m (2011: MRs868.9m). Total inflows amounted to MRs147.2m, of which MRs75.8m were generated from operations, MRs68.0m were raised from the disposal of TPCL, MRs3.2m came from dividends of TPCL prior to disposal and MRs0.2m from sale of fixed assets. These were utilised to finance plant and equipment of MRs21.2m and dividend payments of MRs32.8m.

Finance costs were marginally down from MRs69.1m to MRs67.3m this year reflecting the fall in interest rates and the reduced indebtedness following the proceeds from sale of investment.

Interest cover based upon adjusted profit before tax for the year dropped to 1.58 (2011: 1.9 times).

dividends

In spite of our reduced profitability and the uncertain economic conditions, the directors decided to maintain the same dividend as in 2011 and declared a dividend of MRe0.04 per share, which was paid in August 2012. This decision was motivated by our desire to reward our shareholders along with our confidence in the long term prospects of our company. I will again ask for your patience during these difficult times and reassure you that it is our intention to restore to a higher dividend pay-out once trading conditions and our cash flows improve.

corporate social responsibility

Corporate responsibility is woven into the fabric of our business. We are active via Caudan Communaute and address various concerns focusing on youth, education and health issues.

Throughout the year, we provided free accommodation to a number of good causes. I am also pleased to report that Caudan Communauté, the entity formed in January 2010 to manage all CSR programmes of the PaD group, continued to be active throughout the year. The report on page 22 details the progress we have made in our commitment towards corporate social responsibility.

We also aim to meet or exceed minimum health and safety standards. In partnership with health and safety advisers, we work with our employees and supply chain to improve performance at our properties.

We carry out rigorous audits and assessments, reviewing any incidents that occur on our sites, so that, wherever possible, we can prevent such occurrences in the future. We aim to help people to achieve their goals as safely as possible.

prospects and outlook

Looking forward, however, the recent opening of the new Caudan interchange as well as the enhanced version of the motorway are good news for us as access to Le Caudan Waterfront from the North and from the South is now definitely easier and smoother. We have also sought authorization from the relevant authorities to improve the signage and indicators leading to LCW so as to facilitate access thereto. That is why despite the challenging economic situation, we are today more optimistic and confident in the fact that there will be a progressive, yet sustainable increase in the number of clients coming at Le Caudan Waterfront in the future.

Caudan's management is continually looking for new sources of revenue and striving at the same time to contain operating costs. There is a limit, however, to the extent to which this can be done. We firmly believe that in the long run, it is in our interest to maintain the level of quality and on this we do not intend to compromise. Global macro uncertainty will continue to have a major influence on our property market. We believe, however, that occupier demand for retail space will continue to be concentrated on well maintained properties in the best location as LCW.

Adverse conditions do not last forever and represent precisely the time when those who can, should be laying the foundations for future growth and we are among them. We are positioning the business to emerge powerfully from the years ahead during which the economies may be expected to be at best subdued.

It is worth pointing out that the company's overheads are for the time being spread over only phases 1 and 2 of the waterfront development whereas LCW has been designed as a 3 to 4 phases project. Development of future phases when they occur will be financially less onerous and margins that much more attractive.

The security industry is a fast growing sector. Following the effort and money invested and with the help of our partnership with SBV, our security company looks well poised to become the leading security service provider in Mauritius and we remain confident of the strong earnings growth potential of CSS.

acknowledgements

I would like to express my sincere appreciation to all those people who contribute to the group's ongoing success, the management team and our highly committed staff for their good work and continued efforts, my board colleagues for their invaluable sage advice and strategic direction, the customers who visit LCW, the tenants and their staff and the shareholders for their continued trust and confidence.

Yours sincerely

Jean-Pierre Montocchio *Chairman*
September 28th 2012


EXECUTIVE
PROTECTION

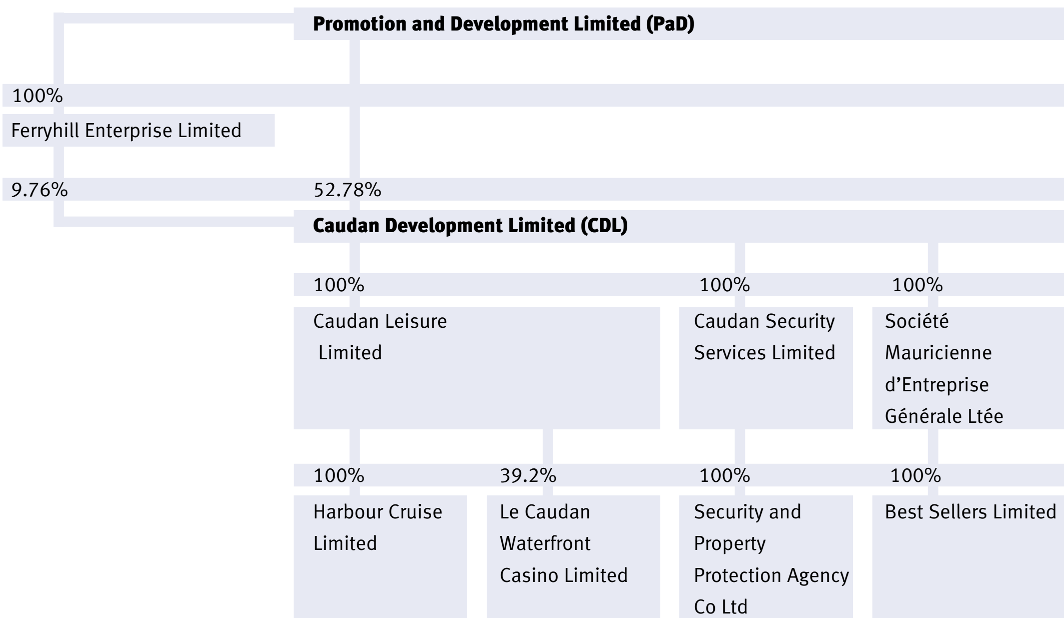
corporate governance report

compliance statement

The company is committed to the highest standards 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 strives to apply principles of good governance throughout the group.

group structure as at June 30th 2012

The holding structure up to and including Promotion and Development Limited, the ultimate parent:



common directors

common directors within the holding structure of the company

at June 30th 2012	Promotion and Development
Jean-Pierre Montocchio	*
René Leclezio	*
Bertrand de Chazal	*
Arnaud Dalais	*
Thierry Dalais	*
Gilbert Gnany	*
Jocelyne Martin	*
Adolphe Vallet	*
Bernard Yen	*

holding structure

At June 30th 2012, the capital structure of the company was MRs819,520,000, represented by 819,520,000 ordinary shares of MRe1.00 each and there were 3,373 shareholders on the registry.

shareholders holding more than 5% of the share capital of the company at June 30th 2012

shareholder	number of shares	% held
Promotion and Development	432,530,609	52.78
Ferryhill Enterprises	80,000,000	9.76
Fincorp Investment	43,758,300	5.34

Subsidiaries and associates of the company are listed in notes 6 and 7 respectively of the financial statements.

dividend policy

The company aims to provide its shareholders with ongoing returns in the form of stable dividends. Dividends are declared and paid once a year, after taking into account the level of profits and the company's future commitments and financial requirements. Directors ensure that dividends are paid out only if the company, shall upon distribution being made, satisfy the solvency test.

trend over the past five years

year	dividend per share
	cents
2012	4.0
2011	4.0
2010	6.0
2009	6.0
2008	6.0

the board of directors

Composition

The company's articles provide 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 seven non-executive directors including the chairman and deputy chairman and two independent directors. The non-executive directors come from diverse business background and possess the necessary knowledge, skills, objectivity, integrity, experience and commitment to make sound judgments on various key issues relevant to the business of the company independent of management.

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 six times during 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 2012.

attendance at the board and its committee meetings

	board of directors	sub-committees	
2012		corporate governance	audit
number of meetings held	6	1	5
meetings attended			
Jean-Pierre Montocchio	6	1	n/a
René Leclézio	6	1	n/a
Bertrand de Chazal	5	1	4
Arnaud Dalais	5	1	n/a
Thierry Dalais	3	n/a	n/a
Gilbert Gnany	4	n/a	5
Iqbal Mallam Hasham	3	n/a	n/a
Jocelyne Martin	6	n/a	n/a
Antoine Seeyave	1	n/a	n/a
Adolphe Vallet	6	n/a	n/a
Bernard Yen	4	n/a	5

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

Chairman and non-executive director

Notary public. Has participated in the National Committee on Corporate Governance. Director of various companies including The Mauritius Commercial Bank, Fincorp Investment, Promotion and Development, Rogers, New Mauritius Hotels, Les Moulins de la Concorde and ENL Land.

Arnaud Dalais

Deputy chairman and non-executive director

Chief Executive of CIEL group of companies and chairman of CIEL Textiles. Director of several public companies including Sun Resorts, Promotion and Development, Deep River Beau Champ and Constance La Gaieté. He assumed the chairmanship of various private sector institutions in Mauritius such as The Mauritius Chamber of Agriculture and the Joint Economic Council.

Bertrand de Chazal

Non-executive director

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 Promotion and Development and Mauritius Union Assurance.

Thierry Dalais

Non-executive director

Degree in Accounting and Commerce at the University of Witwatersrand. Served articles at Deloitte, qualifying as a chartered accountant in 1984. Was appointed director of Merhold Corporate in 1987. Co-founded Capital Partners in 1991. Served as deputy chairman of Brait. Co-founded Metier, a private equity investment and advisory firm of which he is today executive chairman. Acts as trustee, director on the boards of a number of private and public companies and foundations. Has extensive experience in banking, corporate finance, private equity investing and general counsel to entrepreneurs in South Africa and abroad. Director of Promotion and Development.

Gilbert Gnany

Non-executive director

DESS in Management/Micro Economics from the University of Paris-X, France. Currently Chief Strategy Officer of the MCB Group whilst acting as advisor to the board. Previously, was a board official/senior advisor on the World Bank group's executive board and Group Chief Economist of the MCB after having been economic advisor to the Minister of Finance. Has been involved in various high-profile boards/committees. Chaired the Stock Exchange of Mauritius and the Statistics Advisory Council and has been a member of the board of governors of the Mauritius Offshore Business Activities Authority. Director of Promotion and Development and several companies of the MCB Group, chairperson of the Statistics Board. Director on the Board of Investment and a senate member of the University of Mauritius. Member of the IMF Advisory Group for sub-Saharan Africa.

René Leclézio

Executive director

Degree in Chemical Engineering, Imperial College and MBA, London Business School. Worked as a manager at Lloyds Merchant Bank, London, before joining the company as its general manager in 1988. Director of several private and public companies including Promotion and Development, Medine, Mauritius Freeport Development, Anglo Mauritius Assurance Society and Swan Insurance Company.

Iqbal Mallam-Hasham

Independant director

DESS and MBA. Has a wide-ranging experience of the banking sector. Managing director of State Investment Corporation, chairman of Port Louis Fund. Director of several companies including Sun Resorts, Constance Hotel Services and Development Bank of Mauritius.

Jocelyne Martin

Executive director

BSc (Econ), London School of Economics. Member of the Institute of Chartered Accountants of England and Wales. After several years of experience in the 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

Independant director

Chairman of Happy World Ltd and director of Ipro Growth Fund. Sloan fellow of the London Business School.

Adolphe Vallet

Non-executive director

Worked for The Mauritius Commercial Bank and Roger Fayd'herbe, before The Constance and La Gaieté Sugar Estate. Has acted as chairman of the MCB, the Chamber of Agriculture, IBL and of Constance Group. Director of several companies including Belle Mare Holding, Beau Champ Holding, Constance Group, Livestock Feed and Promotion and Development.

Bernard Yen

Non-executive director

Fellow of the Institute of Actuaries. Is currently the Managing Director of AON Hewitt. Before settling in Mauritius, worked at William M Mercer and specialized in actuarial services in UK and Belgium. Has advised many organizations based in Africa. Director of Promotion and Development.

directors' interests in shares

The directors are aware of the contents of the Model Code on Securities Transactions by Directors (Appendix 6 of The Mauritius Stock Exchange Listing Rules 2000).

interests of the directors in the share capital of the company and its subsidiaries at June 30th 2012

number of shares	direct	indirect
Jean-Pierre Montocchio	-	131,000
Arnaud Dalais	300,000	50,000
Bertrand de Chazal	-	-
Thierry Dalais	-	-
Gilbert Gnany	-	-
René Leclézio	-	125,000
Iqbal Mallam Hasham	-	-
Jocelyne Martin	65,000	-
Antoine Seeyave	-	-
Adolphe Vallet	-	16,400
Bernard Yen	60,000	-

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

senior executives profile

The profiles of Mr René Leclézio and Mrs Jocelyne Martin appear in the Directors' Profiles section.

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 and comprises two further non-executive directors (Messrs Bertrand de Chazal and Jean-Pierre Montocchio) and Mr René Leclézio. 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 Mr Bertrand de Chazal, Chairman and Messrs Gilbert Gnany 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 and risk management policies

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.

Risk issues are systematically addressed at the Audit and Corporate Governance Committees.

Some of the operational risks to which the company is exposed are:

- physical: losses due to fire, cyclone, explosion etc.
- human resources: losses arising from acts inconsistent with employment, health and safety laws.
- business continuity: losses resulting from breakdown in systems, failure of internal processes, inadequate back-ups and loss of data.
- compliance: failure to comply with laws, regulations, codes of conduct and standard of good practice relevant to the group's business environment.

The group is also exposed to financial risks such as market risk, credit risk and liquidity risk. The management of these risks is further discussed in note 1 of the financial statements.

The group's system of internal control is designed to safeguard assets against unauthorised 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. As from this year, the audit committee has requested BDO & Co to perform a specific assessment which covers all aspects of internal control of the company and its subsidiaries and to provide comfort on the reliability of figures for financial reporting purposes.

code of ethics

The company is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders.

sustainability reporting

The company is committed to the development and implementation of social health and safety and environmental policies and practices in line with existing legislatives and regulatory framework.

carbon reduction commitment

Throughout its development and whenever the improvement of its overall premises and amenities has been made, Caudan Development has always committed itself to the principles of sustainable development, particularly when it comes to the preservation and embellishment of the environment. Environment consciousness is among one of the most important business practices of the company. Furthermore,Le Caudan Waterfront is recognised by the public as offering a reasonable natural and clean physical environment. The company wishes to go further in the strengthening and affirmation of Le Caudan Waterfront's identity as an eco-friendly destination by building on several ad hoc 'green' initiatives that have been taken over a certain period of time, like the use of eco-friendly and biodegradable detergents when it comes to the cleaning of the premises and recycling of used oils among others. The company is also working towards reducing our paper consumption through the elimination of paper invoices by sending invoices electronically.

The most visible and ambitious action taken at this level is the inculcation of environmental awareness to all visitors and tenants via the implementation of selective separation and sorting of waste with the provision of adapted bins.

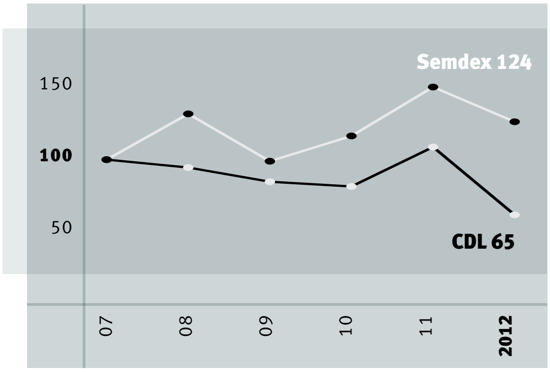
In the coming year, the company will work towards bringing consistency to its environment-friendly policy and actions in view of putting up a structured and full-fledged project that would strengthen our commitment towards sustainable development, thus enabling it to meet international standards with regard to environmental consciousness.

important events

Declaration of dividend	June 2012
Payment of dividend	August 2012
Forthcoming annual meeting of shareholders	December 2012

share price information

evolution of the company's share price compared to the Semdex over the past five years



directors' service contracts

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

directors' indemnity insurance

The company has contracted an indemnity insurance cover for the directors' liability.

directors' remuneration

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

	THE COMPANY		SUBSIDIARIES	
MRs000	**2012**	2011	**2012**	2011
Full time executive directors	**60**	60	**-**	-
Non-executive directors	**561**	539	**-**	-
	621	599	**-**	-

The directors' fees and remuneration are in accordance with market rates. They have not been disclosed on an individual basis due to the sensitive nature of the information.

contract of significance

During the year under review, there was no contract of significance to which the company was a party and in which a director was materially interested either directly or indirectly.

auditors' fees

In respect of the year ended June 30th 2012 the fees payable to the auditors for audit and other services:

	THE GROUP		THE COMPANY	
MRs000	**2012**	2011	**2012**	2011
BDO & Co				
Audit services	**508**	539	**233**	243
Other services	**456**	89	**182**	38
	964	628	**415**	281

The fees in respect of other services are with regards to internal control review, half yearly review and advice on taxation matters in their capacity as tax advisors for the company.

material clauses of the constitution

There are no clauses of the constitution deemed material to be disclosed.

shareholders agreement

There is currently no shareholders agreement affecting the governance of the company by the board.

third party management agreement

There were no such agreements during the year under review.

statement of remuneration philosophy

The company's remuneration philosophy concerning directors provides that:

- there should be a retainer fee for each director reflecting the workload, size and complexity of the business as well as the responsibility involved. It should be the same for all directors whether executive or non-executive directors;
- the chairman having wider responsibilities should have higher remunerations;

- there should be committee fees for directors. The chairperson should have higher remuneration than members.

The remuneration philosophy for management and staff is based on meritocracy and ensures that:

- fairness is promoted throughout the organisation and
- opportunity is given to staff members to benefit from the financial result and development of the company.

Eligible staff members are entitled to receive a bonus based on the performance of the company and their own rated performance appraisal during the year.

Generally, the finalisation of remuneration packages is based on a number of factors including qualifications, skills and experience, past performance, personal potential, market norms and practices, and levels of responsibilities.

donations

	THE GROUP		THE COMPANY	
MRs000	**2012**	2011	**2012**	2011
Other	**45**	20	**40**	20
Corporate social responsibility	**1,153**	1,342	**824**	1,094
	1,198	1,362	**864**	1,114

No political donations were made during the year (2011: nil).

corporate social responsibility

During the financial year 2012, Caudan through Caudan Communauté has continued to work actively on its different projects to bring a difference to the underprivileged of society whilst at the same time maintaining a high level of transparency and reporting. Caudan Communauté is a special purpose vehicle which was incorporated in 2010 to implement the specific CSR programme of the PAD group. Its main responsibilities consist of financing and managing the group's social initiatives and it is funded by the mandatory CSR contributions and any voluntary contributions made by PAD, its subsidiaries as well as certain related private companies. We remain committed to our corporate social responsibility with a focus on the autonomy of the underprivileged as well as the registered NGOs at the National CSR Committee (NCSRC).

After two years of operation, Caudan Communauté can be said to have reached cruising speed.

Firstly, in order to pursue community development, Caudan Communauté is progressively adopting the concept of 'Social Entrepreneurship'. Implementation of this concept has now been made possible and deserves to be the focus of its activities.

In the preceding years Caudan Communauté has intervened in the following areas, namely:

- promotion of socio-economic development, including poverty alleviation and the improvement of gender and human rights;
- promotion of development in the fields of health, education and training, leisure, and environment;
- undertaking or participation in programs approved by the NCSRC.

Secondly, Caudan Communauté has built and maintains partnership with approved performing NGOs in the above mentioned sectors. Moreover, it continues to engage itself in co-financing projects with other reputable foundations whilst at the same time keeping close ties with the NCSRC to ensure compliance with changing legislation and guidelines. It has also strengthened its administrative framework to cope with any change in legislation and guidelines with special attention to transparency and good governance.

The challenge for Caudan Communauté during the year was to maximize its activities to reflect the group's commitment to sustainable development whilst promoting values that will foster community development and social harmony.

Caudan Communauté centred its activities in the various fields of operation through accredited NGOs who were given the opportunity to use the Caudan Waterfront as a platform to exhibit efforts of their beneficiaries in the form of expo-sales of arts and crafts and participation in national and international sporting events. In addition Caudan Communauté invited children and disabled persons to participate in Caudan's Christmas festivities at the Caudan Waterfront. Musical concerts have been organized and providing an opportunity for underprivileged persons to enhance their self-esteem and look forward to a better future.

Regular visits to selected NGOs were made during the year to enable a more human touch to financial assistance provided. The ultimate goal of Caudan Communauté is to provide support to NGOs to empower their beneficiaries and for them to be autonomous. Highlights of projects implemented during the year, which have been landmarks in CSR activities, are as follows:

- venue at Caudan for an awareness campaign for empowerment of women with several NGOs whose projects have been financed by Caudan Communauté exposing their *savoir-faire*;
- hosting of the *Marché Solidaire* which gave the opportunity to several NGOs to sell Christmas decorations made by their adherents;
- hosting of 500 children of vulnerable groups for a Christmas lunch;
- building and providing lighting for a world class basketball pitch to allow for more financial autonomy of the disabled through rental of the pitch to other users;
- gymnasium for residents of the Chrysalide organization which caters for the rehabilitation of women suffering from substance abuse, in partnership with Rogers CSR Foundation;
- supply of equipment to Roche Bois Kick Boxing Sports Club. Caudan Communauté has now become a preferred partner to this Sports Federation;
- outreach to needy children for them to acquire music culture. The adherents of Atelier Mozar were given the opportunity to perform alongside international artists of the Jazz Quartet at l'Aventure du Sucre. Musical instruments were donated to The Mouvement Forces Vives EDC Rose Belle who were invited to perform at La Place du Caudan resulting in two of their artists securing employment with hotels.

During the year some 20 visits to NGOs were effected by Caudan Communauté and financial support provided to 50 NGOs.

statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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 Companies Act 2001. The directors are also responsible to ensure that:

- an effective system of internal control and risk management has been maintained and
- the code of corporate governance has been adhered to.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

Approved by the board of directors on September 28th 2012 and signed on its behalf by

Arnaud Dalais *Deputy chairman*
René Leclézio *Director*

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 28th 2012

independent auditors' report
to the members

This report is made solely to the members of Caudan Development Limited (the company), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

report on the financial statements

We have audited the group financial statements of Caudan Development Limited and its subsidiaries (the group) and the company's separate financial statements on pages 28 to 66 which comprise the statements of financial position at June 30th 2012, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

directors' responsibility for the financial statements

The 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 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 auditors' 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 auditors consider internal control relevant to the company'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 company'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 28 to 66 give a true and fair view of the financial position of the group and company at June 30th 2012 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 Companies Act 2001.

report on other legal and regulatory requirements

Companies Act 2001

We have no relationship with or interests in the company other than in our capacity as auditors, tax and business advisers and dealings in the ordinary course of business.

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

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

Financial Reporting 2004

The directors are responsible for preparing the Corporate Governance Report and making the disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius (Code). Our responsibility is to report on these disclosures.

In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the code.

BDO & Co
Chartered Accountants

per Ameenah Ramdin FCCA ACA
licensed by FRC
September 28th 2012, Port-Louis, Mauritius

GUARDING SERVICES

financial statements

statements of financial position

MRs000	note	THE GROUP 2012	THE GROUP 2011	THE COMPANY 2012	THE COMPANY 2011
Assets					
Non-current assets					
Investment property	2	**3,644,391**	3,644,391	**3,282,753**	3,282,753
Prepaid operating leases	3	**481**	487	**481**	487
Property, plant and equipment	4	**185,277**	180,492	**41,572**	42,112
Intangible assets	5	**4,261**	4,556	**100**	154
Investments in subsidiary companies	6	**-**	-	**4,347**	4,347
Investments in associate	7	**20,329**	18,647	**-**	-
Investments in available-for-sale financial assets	9	**-**	72,450	**-**	72,450
		3,854,739	3,921,023	**3,329,253**	3,402,303
Current assets					
Inventories	10	**16,798**	22,913	**4,393**	6,127
Trade and other receivables	11	**109,499**	120,373	**221,244**	243,299
Cash and cash equivalents		**451**	780	**67**	475
		126,748	144,066	**225,704**	249,901
Total assets		**3,981,487**	4,065,089	**3,554,957**	3,652,204
Equity and liabilities					
Capital and reserves attributable to owners of the parent					
Share capital	12	**819,520**	819,520	**819,520**	819,520
Share premium		**2,862**	2,862	**2,862**	2,862
Fair value reserve		**-**	19,950	**-**	19,950
Retained earnings	13	**1,996,368**	1,981,015	**1,464,366**	1,458,544
Total equity		**2,818,750**	2,823,347	**2,286,748**	2,300,876
Liabilities					
Non-current liabilities					
Borrowings	14	**558,333**	627,841	**558,333**	627,841
Deferred tax liabilities	15	**234,811**	233,680	**209,526**	206,903
Retirement benefit obligations	16	**12,697**	10,113	**7,428**	5,898
		805,841	871,634	**775,287**	840,642
Current liabilities					
Other payables	17	**105,005**	94,245	**242,541**	236,359
Current tax liabilities		**1,171**	1,239	**-**	-
Borrowings	14	**217,939**	241,843	**217,600**	241,546
Dividend proposed	18	**32,781**	32,781	**32,781**	32,781
		356,896	370,108	**492,922**	510,686
Total liabilities		**1,162,737**	1,241,742	**1,268,209**	1,351,328
Total equity and liabilities		**3,981,487**	4,065,089	**3,554,957**	3,652,204
MRs					
Net assets per share		**3.44**	3.45	**2.79**	2.81
Number of shares		**819,520,000**	819,520,000	**819,520,000**	819,520,000

These financial statements have been approved for issue by the board of directors on September 28th, 2012 and are signed on its behalf by

Arnaud Dalais *Deputy Chairman*
René Leclézio *Director*

statements of comprehensive income

		THE GROUP		THE COMPANY	
MRs000	note	**2012**	2011	**2012**	2011
Revenue	1	**478,512**	466,215	**182,341**	188,152
Operating expenses		**(373,884)**	(336,797)	**(94,962)**	(85,872)
Dividend income	19	**-**	3,170	**-**	3,170
Operating profit	20	**104,628**	132,588	**87,379**	105,450
Profit on disposal of available-for-sale financial assets		**15,479**	-	**15,479**	-
Finance costs	21	**(67,400)**	(69,299)	**(67,381)**	(69,299)
Finance income	21	**76**	152	**7,904**	8,166
Share of profit/(loss) of associate	7	**1,682**	(1,279)	**-**	-
Profit before income tax		**54,465**	62,162	**43,381**	44,317
Income tax expense	22	**(6,331)**	(9,076)	**(4,778)**	(5,925)
Profit for the year attributable to owners of the parent		**48,134**	53,086	**38,603**	38,392
Other comprehensive income					
Fair value losses on available-for-sale financial assets	9	**(1,450)**	(2,800)	**(1,450)**	(2,800)
Release on disposal of available-for-sale financial assets		**(18,500)**	-	**(18,500)**	-
Total comprehensive income for the year attributable to owners of the parent		**28,184**	50,286	**18,653**	35,592

MRe			
Earnings per share	23A	**0.06**	0.06
Adjusted earnings per share	23B	**0.04**	0.06

The notes on pages 32 to 66 form an integral part of these financial statements. The auditors' report is on page 25.

statements of changes in equity

Attributable to owners of the parent MRs000	note	share capital	share premium	fair value reserve	retained earnings	total equity
						THE GROUP
At July 1st 2010		819,520	2,862	22,750	1,960,710	2,805,842
Total comprehensive income for the year		-	-	(2,800)	53,086	50,286
Dividend proposed	18	-	-	-	(32,781)	(32,781)
At June 30th 2011		819,520	2,862	19,950	1,981,015	2,823,347
At July 1st 2011		819,520	2,862	19,950	1,981,015	2,823,347
Total comprehensive income for the year		-	-	(19,950)	48,134	28,184
Dividend proposed	18	-	-	-	(32,781)	(32,781)
At June 30th 2012		**819,520**	**2,862**	**-**	**1,996,368**	**2,818,750**
						THE COMPANY
At July 1st 2010		819,520	2,862	22,750	1,452,933	2,298,065
Total comprehensive income for the year		-	-	(2,800)	38,392	35,592
Dividend proposed	18	-	-	-	(32,781)	(32,781)
At June 30th 2011		819,520	2,862	19,950	1,458,544	2,300,876
At July 1st 2011		819,520	2,862	19,950	1,458,544	2,300,876
Total comprehensive income for the year		-	-	(19,950)	38,603	18,653
Dividend proposed	18	-	-	-	(32,781)	(32,781)
At June 30th 2012		**819,520**	**2,862**	**-**	**1,464,366**	**2,286,748**

statements of cashflows

MRs000		THE GROUP 2012	THE GROUP 2011	THE COMPANY 2012	THE COMPANY 2011
Cash flows from operating activities					
Cash received from tenants		**236,579**	232,662	**174,836**	174,710
Security fees received		**229,912**	197,533	**-**	-
Cash payments net of other operating receipts		**(313,144)**	(304,946)	**(70,857)**	(80,288)
Cash generated from operations		**153,347**	125,249	**103,979**	94,422
Interest paid		**(67,333)**	(69,331)	**(67,321)**	(69,331)
Interest received		**62**	152	**7,891**	8,166
Income tax paid		**(8,491)**	(10,629)	**(3,820)**	(7,976)
Net cash generated from operating activities		**77,585**	45,441	**40,729**	25,281
Cash flows from investing activities					
Purchase of available-for-sale financial assets		**-**	(12,500)	**-**	(12,500)
Purchase of property, plant and equipment	*	**(21,171)**	(21,328)	**(1,959)**	(2,169)
Purchase of intangible assets		**(67)**	(1,038)	**-**	(120)
Payments in respect of investment property		**-**	(3,540)	**-**	(5,040)
Amount paid by subsidiary companies		**-**	-	**16,484**	4,009
Proceeds from disposals of property, plant and equipment		**187**	2,343	**-**	232
Proceeds of available-for-sale financial assets		**67,979**	-	**67,979**	-
Dividends received		**3,170**	-	**3,170**	-
Other cash (outflows)/inflows		**(1,777)**	707	**(535)**	374
Net cash generated from /(used in) investing activities		**48,321**	(35,356)	**85,139**	(15,214)
Cash flows from financing activities					
Loan received from bank		**-**	100,000	**-**	100,000
Repayments of bank borrowings		**(69,508)**	(67,234)	**(69,508)**	(67,234)
Loans received from parent		**310,585**	197,598	**288,327**	197,598
Loan repayments to parent		**(302,184)**	(192,858)	**(280,264)**	(192,858)
Dividends paid		**(32,781)**	(49,171)	**(32,781)**	(49,171)
Net cash used in financing activities		**(93,888)**	(11,665)	**(94,226)**	(11,665)
Net increase/(decrease) in cash and cash equivalents		**32,018**	(1,580)	**31,642**	(1,598)
Cash and cash equivalents at beginning of the year		**(152,615)**	(151,035)	**(152,623)**	(151,025)
Effect of foreign exchange rate changes		**(42)**	-	**(41)**	-
Cash and cash equivalents at end of the year		**(120,639)**	(152,615)	**(121,022)**	(152,623)
Analysis of cash and cash equivalents disclosed above					
Bank and cash balances		**451**	780	**67**	475
Bank overdrafts		**(121,090)**	(153,395)	**(121,089)**	(153,098)
		(120,639)	(152,615)	**(121,022)**	(152,623)
*** Non-cash transactions**					
Property, plant and equipment acquired but not yet paid		**-**	(307)	**-**	-

The notes on pages 32 to 66 form an integral part of these financial statements. The auditors' report is on page 25.

general information

Caudan Development Limited is a limited liability company incorporated and domiciled in Mauritius. 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 28th 2012 and will be submitted for consideration and approval at the forthcoming annual meeting of the shareholders of the company.

1 significant accounting policies

A summary of the principal accounting policies adopted in the preparation of these consolidated financial statements is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of Caudan Development Limited comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). Where necessary, comparative figures have been amended to conform with changes in presentation in the current year. The financial statements are prepared under the historical cost convention, except that:

- investment properties are stated at their fair value and;
- relevant financial assets and financial liabilities are stated at their 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 their judgment in the process of applying the company's accounting policies. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgment or complexity are disclosed in note 1A.

Standards, amendments to published standards and interpretations effective in the reporting period

IAS 24

Related party disclosures (Revised 2009), clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. This revised standard is not expected to have any impact on the group's financial statements.

IFRIC 14 (amendments)

Prepayments of a minimum funding requirement correct an unintended consequence of IFRIC 14, 'IAS 19 - the limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. This amendment is not expected to have any impact on the group's financial statements.

IFRS 7 (amendments)

Disclosures - transfers of financial assets. These amendments improve the disclosure requirements in relation to transferred financial assets. The amendments are not expected to have any impact on the group's financial statements.

IFRS1 (amendments)

Severe hyperinflation and removal of fixed dates for first-time adopters. These amendments replace references to a fixed transition date with 'the date of transition to IFRSs' and set out the requirements for how an entity resumes presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. The amendments are not expected to have any impact on the group's financial statements.

Improvements to IFRSs (issued 6 May 2010)

IAS 1 (amendment)

Presentation of financial statements, clarifies that an entity may present the analysis of the components of other comprehensive income by item either in the statement of changes in equity or in the notes to the financial statements. This amendment is not expected to have any impact on the group's financial statements.

IAS 34 (amendment)

Interim financial reporting, emphasises the principle in IAS 34 that the disclosure about significant events and transactions in interim periods should update the relevant information presented in the most recent annual financial report. The amendment clarifies how to apply this principle in respect of financial instruments and their fair values. This amendment is not expected to have any impact on the group's financial statements.

IFRS 1 (amendment)

First-time adoption of International Financial Reporting Standards, clarifies that if a first-time adopter changes its accounting policies or its use of IFRS 1 exemptions after publishing a set of IAS 34 interim financial information, it should explain those changes and include the effects of such changes in its opening reconciliations within the first annual IFRS reporting. The amendment also clarifies that the exemption to use a 'deemed cost' arising from a revaluation triggered by an event that occurred at or before the date of transition to IFRS is extended to revaluations that occur during the period covered by the first IFRS financial statements. The amendment specifies that entities subject to rate regulation are allowed to use previous GAAP carrying amounts of property, plant and equipment or intangible assets as deemed cost on an item-by-item basis. Entities that use this exemption are required to test each item for impairment under IAS 36 at the date of transition.This amendment is not expected to have any impact on the group's financial statements.

IFRS 7 (amendment)

Financial instruments: disclosures, encourages qualitative disclosures in the context of the quantitative disclosure required to help users to form an overall picture of the nature and extent of risks arising from financial instruments. The amendment also clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated loans. This amendment is unlikely to have an impact on the group's financial statements.

IFRIC 13 (amendment)

Customer loyalty programmes clarifies that the 'fair value' of award credits should take into account the amount of discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale and any expected forfeitures. This amendment is unlikely to have an impact on the group's financial statements.

Standards, amendments to published standards and interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2012 or later periods, but which the group has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective

Amendments to IAS 12	
	Deferred tax: recovery of underlying assets
Amendments to IAS 1	
	Presentation of items of other comprehensive income
IFRS 9	Financial instruments
IAS 27	Separate financial statements
IAS 28	Investments in associates and joint ventures
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in other entities
IFRS 13	Fair value measurement
IAS 19	Employee benefits (revised 2011)
IFRIC 20	Stripping costs in the production phase of a surface mine
Amendments to IFRS 7	
	Disclosures - offsetting financial assets and financial liabilities
Amendments to IAS 32	
	IAS 32 offsetting financial assets and financial liabilities
Amendments to IFRS 1	
	Government loans
Annual improvements 2009–2011 cycle	

Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance. Where relevant, the group is still evaluating the effect of these standards, amendments to published standards and interpretations issued but not yet effective, on the presentation of its financial statements.

Investments in subsidiary companies

Consolidated financial statements

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 acquisition method of accounting is used to account for business combinations by the group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the net of the acquisition-date amounts of identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3 is recorded as goodwill. In the case of a bargain purchase [excess of (b) over (a)], the resulting gain is recognised immediately in the Statement of Comprehensive Income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. The subsidiaries have consistently applied all the policies adopted by the group.

Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Separate financial statements of the company

In the company's financial statements, investments in subsidiary companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Investments in associates

An associate is an entity over which the group has significant influence, through participation in the financial and operating policy decisions but not control.

Investments in associates are accounted for by the equity method of accounting, except when classified as held-for-sale, and are initially recognised at cost and adjusted by post acquisition changes in the group's share of net assets of the associate. The group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The group's share of its associates' post acquisition profits or losses is recognised in the statements of comprehensive income, and its share of post acquisition movements in reserves is recognised in reserves.

The carrying amount of the investment is reduced to recognise any impairment in the value of the individual investments. When the group's share of losses exceeds its interest in an associate, the group discontinues recognising further losses, unless it has incurred legal or constructive obligation 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.

Goodwill

Goodwill on consolidation represents the excess of the cost of acquisition over the fair value of the group's share of the net identifiable assets and liabilities of the acquired subsidiary company or associate at the date of acquisition. Goodwill on acquisitions of subsidiary companies is included in intangible assets. Gains on bargain purchases represent the excess of the fair value of the group's share of net assets acquired over the cost of acquisition and are recognised in the statements of comprehensive income.

Goodwill on acquisitions of associates is included in investment in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (not exceeding five years). Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Costs that are directly associated with the production of identifiable and unique software controlled by the group and that will generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

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.

Investment property

Investment property, which is property held for long-term rental yields and/or capital appreciation, and is not occupied by the companies in the group, is stated at its fair value at the end of the reporting period. Gains or losses arising from changes in fair value of investment property are included in the statements of comprehensive income for the period in which they arise. Property that is under construction or development to earn rentals or for capital appreciation or both is accounted as investment property.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the group uses alternative valuation methods such as discounted cash flow projections or recent prices on less active markets. 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 every five years by external independent valuers. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

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 upfront payments for operating leases of land are made, these upfront 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 statements of comprehensive income over the lease term. These non-current assets are not revalued.

Property, plant and equipment

All plant and equipment, as well as property, which are occupied by the group companies, is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

Properties in the course of construction for production, rental or administrative purposes or for purposes not yet determined are carried at cost less any recognised impairment loss. Costs include professional fees and for qualifying assets, borrowings costs are capitalised. Depreciation of these are on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is calculated on the straight line method to write off the cost of assets to their residual values over their estimated useful lives as follows:

Buildings	1%
Equipment, furniture and fittings	5–33$^{1}/_{3}$%
Motor vehicles	11%
Land is not depreciated	

The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

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

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with their carrying amount and are taken into account in determining profit for the period.

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 expensed in the period in which they are incurred.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Operating leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statements of comprehensive income on a straight-line basis over the period of the leases.

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the basis of either weighted average price or on a first-in, first-out (FIFO) method. Costs comprise direct costs. Net realisable value is the estimate of the selling price in the ordinary course of business less the costs of completion and selling expenses.

Spares and accessories included under inventories consist of items which are regularly used for repairs, maintenance and new installations.

Financial instruments

Financial assets

Categories of financial assets
The group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at the end of each reporting period.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money,

goods and services directly to a debtor with no intention of trading the receivable. They are included in current assets when maturity is within twelve months after the end of the reporting period or non-current assets for maturities greater than twelve months.

Available-for-sale financial assets

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

Initial recognition

Purchases and sales are recognised on a trade-date basis – the date on which the group commits to purchase or sell the asset. Investments are initially measured at fair value plus transaction costs.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Subsequent recognition

Available-for-sale financial assets are subsequently carried at their fair values. Loans and receivables are carried at amortised costs using the effective interest method.

The fair values of listed shares and shares quoted on the DEM market are based on their market prices at the end of the reporting period or if not quoted on that day, the last preceding market price.

Unrealised gains and losses are recognised directly in other comprehensive income. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as gains and losses on financial assets.

Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of financial assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between 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 statements of comprehensive income. Impairment losses for an investment in an equity instrument are not reversed through the statements of comprehensive income.

Long term receivables

Long term receivables with fixed maturity terms are measured at amortised cost using the effective interest rate method, less provision for impairment. The carrying amount of the asset is reduced by the difference between the asset's carrying amount and the present value of estimated cash flows discounted using the effective interest rate. The amount of the loss is recognised in the statements of comprehensive income. Long term receivables without fixed maturity terms are measured at cost. If there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value (PV) of estimated cash flows discounted at the current market rate of return of similar financial assets.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables.

The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the statements of comprehensive income.

Bank borrowings

Borrowings are recognised initially at fair value being their issue proceeds 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 statements of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

Trade payables

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

Share capital

Ordinary shares are classified as equity.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statements of financial position.

Deferred income tax

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

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

Alternative Minimum Tax (AMT)

Alternative Minimum Tax (AMT) is provided for where a company has a tax liability of less than 7.5% of its book profit and pays a dividend. AMT is calculated as the lower of 10% of the dividend paid and 7.5% of the book profit.

Retirement benefit obligations

Defined contribution plan
A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay future contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in a current and prior periods. The company and its subsidiaries operate a defined contribution retirement benefit plan for qualifying employees. Contributions are recognised as an employee benefit expense when they fall due.

Gratuity on retirement
The net present value of gratuity on retirement payable under the Employment Rights Act 2008 has been provided for in respect of those employees who are not covered or who are insufficiently covered by the above retirement benefit plan. The obligations arising under this item are not funded.

Foreign currencies

Functional and presentation currency
The consolidated financial statements are presented in Mauritian rupees, which is the company's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets are included in reserves in equity.

Provisions

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

Turnover

Turnover consists of rental income, commissions and income from security activities.

Revenue recognition

Rental income is recognised on the accruals basis.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate, and continues unwinding the discount as interest income.

Income from security activities is recognised in the year in which the services are rendered.

Dividend income is recognised when the shareholder's right to receive payment is established except for the cumulative portion of dividends on preference shares which is accounted for on the accruals basis unless receipt is in doubt.

Income from security activities comprise the sale of goods and services,net of value-added tax,rebates and discounts.

Sales of goods are recognised when goods are delivered and title has passed. Sales of services are recognised in the accounting year in which services are rendered.

Dividend distribution

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

Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. All operating segments' operating results are reviewed regularly by the group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment reporting is shown in note 24.

Transfer pricing

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

Related parties

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

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest risk and price risk), credit risk and liquidity risk.

The group's overall risk management program 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 treasury department under policies approved by the board of directors.

Market risk

Currency risk

The group has foreign currency denominated cash balances and is exposed to foreign exchange risk arising from foreign currency exposure.

The impacts on post-tax profit are insignificant since the group holds small amount of foreign currency-denominated cash balances.

Cash flow and fair value interest rate risk

As the group has no significant interest-bearing assets, the group's income and operating cash flows are substantially independent of changes in market interest rates. The group's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest-rate risk.

At June 30th, 2012, if interest rates on borrowings had been 50 basis points higher/lower during the year with all other variables held constant, post-tax profit for the year would have been MRs3.5m (2011: MRs3.6m) lower/higher for the group and the company, mainly as a result of higher/lower interest expense on floating rate borrowings.

Sensitivity analysis

The impact of increases/decreases in the fair value of investments 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%.

	THE GROUP AND THE COMPANY	
MRs000	**2012**	2011
Available-for-sale financial assets	**-**	3,623

Price risk

The group is exposed to equity securities price risk because of investments held by the group in subsidiary companies, and associated company. The group is not exposed to commodity price risk.

Credit risk

The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statements of financial position are net of allowances for doubtful receivables, estimated by the group's management based on prior experience and the current economic environment.

The group has no significant concentration of credit risk, with exposure spread over a large number of customers and tenants. The group has policies in place to ensure that properties are rented and services provided to customers with an appropriate credit history. Close monitoring is carried out on all trade receivables.

Liquidity risk

Prudent liquidity management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The group is exposed to calls on its available cash resources from maturing loans.

Analysis of the group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date

YEARS	less than 1	between 1 & 2	between 2 & 5	over 5
MRs000				THE GROUP
2012				at June 30th
Borrowings	**217,939**	**69,508**	**208,523**	**280,302**
Other payables	**105,005**	**-**	**-**	**-**
2011				
Borrowings	241,843	69,508	208,523	349,810
Other payables	94,245	-	-	-
MRS000				T HE COMPANY
2012				at June 30th
Borrowings	**217,600**	**69,508**	**208,523**	**280,302**
Other payables	**242,541**	**-**	**-**	**-**
2011				
Borrowings	241,546	69,508	208,523	349,810
Other payables	236,359	-	-	-

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily of quoted equity investments classified as trading securities or available-for-sale.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Capital risk management

The group's objectives when managing capital are:

- to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to maintain an optimal capital structure to reduce the cost of capital.

The group sets the amount of capital in proportion to risk. The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. 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.

Consistently with others in the industry, the group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt adjusted for cash and cash equivalents and adjusted capital comprises all components of equity.

The debt-to-adjusted capital ratios

	THE GROUP		THE COMPANY	
at June 30th	**2012**	2011	**2012**	2011
MRs000				
Total debt	**655,182**	716,289	**654,844**	716,289
Cash and cash equivalents	**120,639**	152,615	**121,022**	152,623
Net debt	**775,821**	868,904	**775,866**	868,912
Total equity	**2,818,750**	2,823,347	**2,286,748**	2,300,876
Debt to adjusted capital ratio	**0.28**	0.31	**0.34**	0.38

1A Critical accounting estimates and judgments

Estimates and judgments are continuously 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 resulting accounting estimates will, by definition, seldom equal the related actual results. The fair value of available-for-sale financial assets and investment property may therefore increase or decrease, based on prevailing economic conditions.

Estimate of fair value of investment properties

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

- current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of 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.

Impairment of available-for-sale financial assets

The group follows the guidance of IAS 39 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgment. In making this judgment, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of a near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment and the tests require the use of estimates and judgments.

Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results. Sensitivity analysis does not take into consideration that the assets and liabilities are managed.

Asset lives and residual values

Property, plant and equipment are depreciated over its useful life taking into account the residual values which are assessed annually and may vary depending on a number of factors such as technological innovation, maintenance programmes and future market condition. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

Depreciation policies

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the group would currently obtain from disposal of the asset, if the asset was already of the age and in condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use best judgment to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

Revenue recognition

The percentage of completion method is utilised to recognise revenue on long-term contracts. Management exercises judgments in calculating the deferred revenue reserve which is based on the anticipated cost of repairs over the life cycle of the equipment applied to the total expected revenue arising from maintenance and repair contracts.

In addition, management exercises judgment in assessing whether significant risks and rewards have been transferred to the customer to permit revenue to be recognised.

Revenue arising from maintenance and repair work in progress is recognised on the percentage of completion basis.

Impairment of assets

Goodwill is considered for impairment at least annually. Property, plant and equipment and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

2 investment property

THE GROUP MRs000	freehold Le Caudan Waterfront	freehold land & other buildings	long leasehold buildings	total
Fair value				
At July 1st 2010	3,404,684	97,500	138,778	3,640,962
Additions	3,429	-	-	3,429
At June 30th 2011	3,408,113	97,500	138,778	3,644,391
At July 1st and June 30th 2012	**3,408,113**	**97,500**	**138,778**	**3,644,391**

THE COMPANY				
Fair value				
At July 1st 2010	2,948,871	191,629	138,778	3,279,278
Additions	3,429	46	-	3,475
At June 30th 2011	2,952,300	191,675	138,778	3,282,753
At July 1st and June 30th 2012	**2,952,300**	**191,675**	**138,778**	**3,282,753**

› Investment property comprises of a number of office, commercial and industrial properties rented to third parties. › The directors have reassessed the fair values of the investment properties at June 30th 2012. On the basis of current economic and property environment the directors are satisfied that the carrying value of the investment properties reflects their fair value at the reporting date. Hence no adjustment has been reflected in this year's accounts. › Investment property was last revalued independently as at June 30th 2009 on an open-market value basis by Messrs Alan Tinkler, Ramlackhan & Co, Chartered Valuers. The values of Le Caudan Waterfront determined by the valuer were adjusted downwards to reflect the prevailing economic conditions whilst values in respect of all other properties were reflected in full. › 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 MRs242.1m (2011: MRs252.7m) for the group and MRs182.3m(2011: MRs188.1m) for the company. Direct operating expenses arising on the income generating investment property in the year amounted to MRs141.2m (2011: MRs134.0m) for the group and MRs90.9m (2011: MRs82.7m) for the company. No cost was incurred in respect of the non-income generating investment property.

3 prepaid operating lease payments

MRs000	GROUP AND COMPANY 2012	2011
Cost		
At July 1st, and June 30th	**602**	602
Amortisation		
At July 1st	**115**	109
Charge for the year	**6**	6
At June 30th	**121**	115
Net book values		
At June 30th	**481**	487

› Amortisation charge for the group and the company has been included in operating expenses.

4 property, plant and equipment

THE GROUP MRs000	land and buildings	furniture and equipment	motor vehicles	total
Cost				
At July 1st 2010	134,071	69,345	30,125	233,541
Additions	46	12,897	7,036	19,979
Disposals	-	(3,198)	(4,600)	(7,798)
At June 30th 2011	134,117	79,044	32,561	245,722
At July 1st 2011	134,117	79,044	32,561	245,722
Additions	-	15,487	5,165	20,652
Disposals	-	(393)	(1,259)	(1,652)
At June 30th 2012	**134,117**	**94,138**	**36,467**	**264,722**
Depreciation				
At July 1st 2010	3,730	36,613	14,376	54,719
Charge for the year	1,038	8,441	4,768	14,247
Disposal adjustments	-	(1,221)	(2,515)	(3,736)
At June 30th 2011	4,768	43,833	16,629	65,230
At July 1st 2011	4,768	43,833	16,629	65,230
Charge for the year	1,038	9,597	5,025	15,660
Disposal adjustments	-	(367)	(1,078)	(1,445)
At June 30th 2012	**5,806**	**53,063**	**20,576**	**79,445**
Net book values				
At June 30th 2012	**128,311**	**41,075**	**15,891**	**185,277**
At June 30th 2011	129,349	35,211	15,932	180,492

THE COMPANY MRs000	buildings	furniture and equipment	motor vehicles	total
Cost				
At July 1st 2010	39,942	19,449	6,686	66,077
Additions	-	1,569	600	2,169
Disposals	-	(1,450)	(467)	(1,917)
At June 30th 2011	39,942	19,568	6,819	66,329
At July 1st 2011	39,942	19,568	6,819	66,329
Additions	-	1,959	-	1,959
Disposals	-	(357)	-	(357)
At June 30th 2012	**39,942**	**21,170**	**6,819**	**67,931**
Depreciation				
At July 1st 2010	3,415	15,797	3,714	22,926
Charge for the year	407	1,508	769	2,684
Disposal adjustments	-	(1,011)	(382)	(1,393)
At June 30th 2011	3,822	16,294	4,101	24,217
At July 1st 2011	3,822	16,294	4,101	24,217
Charge for the year	407	1,446	646	2,499
Disposal adjustments	-	(357)	-	(357)
At June 30th 2012	**4,229**	**17,383**	**4,747**	**26,359**
Net book values				
At June 30th 2012	**35,713**	**3,787**	**2,072**	**41,572**
At June 30th 2011	36,120	3,274	2,718	42,112

› Bank borrowings are secured by floating charges on the assets of the group including Property,plant and equipment (note 14). › Depreciation charge of MRs15.660m for the group (2011: MRs14.247m) and MRs2.499m for the company (2011: MRs2.684m) has been included in operating expenses.

5 intangible assets

THE GROUP

MRs000	computer software	other	total
Cost			
At July 1st 2010	1,281	4,178	5,459
Additions	1,038	-	1,038
At June 30th 2011	2,319	4,178	6,497
At July 1st 2011	2,319	4,178	6,497
Additions	67	-	67
Disposal	(9)	-	(9)
At June 30th 2012	**2,377**	**4,178**	**6,555**
Amortisation			
At July 1st 2010	747	957	1,704
Amortisation charge	237	-	237
At June 30th 2011	984	957	1,941
At July 1st 2011	984	957	1,941
Amortisation charge	362	-	362
Disposal adjustments	(9)	-	(9)
At June 30th 2012	**1,337**	**957**	**2,294**
Net book values			
At June 30th 2012	**1,040**	**3,221**	**4,261**
At June 30th 2011	1,335	3,221	4,556

THE COMPANY

Cost	
At July 1st 2010	429
Additions	120
At June 30th 2011	549
At July 1st 2011	549
Additions	-
Disposal	(9)
At June 30th 2012	**540**
Amortisation	
At July 1st 2010	313
Amortisation charge	82
At June 30th 2011	395
At July 1st 2011	395
Amortisation charge	54
Disposal adjustments	(9)
At June 30th 2012	**440**
Net book values	
At June 30th 2012	**100**
At June 30th 2011	154

› Other intangible assets relate to consideration paid in respect of the acquisition of a customer list. › Amortisation and impairment charges of MRs0.362m (2011: MRs0.237m) for the group and MRs0.054m (2011: MRs0.082m) for the company are included in operating expenses.

6 investments in subsidiary companies

THE COMPANY	2012	2011
MRs000		
Cost		
At July 1st and June 30th	**4,347**	4,347

Subsidiaries of Caudan Development Limited

	year end	stated capital and nominal value of investment	direct holding	indirect holding	main business
		MRs000	%	%	
Best Sellers Limited	June	25	-	100	property
Caudan Leisure Limited	June	1,000	100	-	leisure & property
Caudan Security Services Limited	June	100	100	-	security
Harbour Cruise Limited	June	300	-	100	leisure
Security & Property Protection Agency Co Ltd	June	25	-	100	security
Société Mauricienne d'Entreprise Générale Ltée	June	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 and domiciled 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	2012	2011
MRs000		
Share of net assets	**11,304**	9,622
Goodwill	**9,025**	9,025
At June 30th	**20,329**	18,647
Cost		
At July 1st and June 30th	**19,076**	19,076
Share of post acquisition reserves		
At July 1st	**(429)**	850
Share of profit/(loss) for the year	**1,682**	(1,279)
At June 30th	**1,253**	(429)
At June 30th	**20,329**	18,647

The associated company of Caudan Development Limited

	year end	class of shares	indirect holding 2012	indirect holding 2011
			%	%
Le Caudan Waterfront Casino Limited	June	ordinary	**39.2**	39.2

› The associated company is incorporated and domiciled in the Republic of Mauritius.

7 investments in associate continued

The group's share of the results of its associate, which is unlisted, and its share of the assets excluding goodwill

MRs000	total assets	total liabilities	revenues	profit/(loss)
2012	**30,278**	**18,974**	**66,484**	**1,682**
2011	20,777	11,155	53,526	(1,279)

8 financial instruments by category

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

THE GROUP

MRs000	loans and receivables
2012	
Assets as per statements of financial position	
Trade receivables	**120,838**
Cash and cash equivalents	**451**
	121,289

MRs000	other financial liabilities
Liabilities as per statements of financial position	
Borrowings	**776,272**
Other payables	**105,005**
	881,277

MRs000	loans and receivables	available-for-sale	total
2011			
Assets as per statements of financial position			
Investments in available-for-sale financial assets	-	72,450	72,450
Trade receivables	110,611	-	110,611
Cash and cash equivalents	780	-	780
	111,391	72,450	183,841

MRs000	other financial liabilities
Liabilities as per statements of financial position	
Borrowings	869,684
Other payables	94,245
	963,929

THE COMPANY

MRs000	loans and receivables
2012	
Assets as per statements of financial position	
Trade receivables	**29,147**
Cash and cash equivalents	**67**
	29,214

MRs000	other financial liabilities
Liabilities as per statements of financial position	
Borrowings	**775,933**
Other payables	**242,541**
	1,018,474

MRs000	loans and receivables	available-for-sale	total
2011			
Assets as per statements of financial position			
Investments in available-for-sale financial assets	-	72,450	72,450
Trade receivables	27,769	-	27,769
Cash and cash equivalents	475	-	475
	28,244	72,450	100,694

MRs000	other financial liabilities
Liabilities as per statements of financial position	
Borrowings	869,387
Other payables	236,359
	1,105,746

9 investments in available-for-sale financial assets

	GROUP AND COMPANY	
MRs000	**2012**	2011
Quoted on the DEM Level 1		
At July 1st	**72,450**	62,750
Additions	**-**	12,500
Decrease in fair value	**-**	(2,800)
Disposal	**(72,450)**	-
At June 30th	**-**	72,450

In 2011, the available-for-sale financial assets represented 10% of the ordinary share capital and 20% of the preference share capital of Tropical Paradise Ltd, a company incorporated in the Republic of Mauritius. The fair value of the securities are based on quoted market prices. The available-for-sale financial assets were fully disposed during the year. Available-for-sale financial assets were denominated in mauritian rupee. None of the financial assets were impaired.

10 inventories

	THE GROUP		THE COMPANY	
MRs000	**2012**	2011	**2012**	2011
Spares and accessories (at cost)	**4,392**	6,126	**4,392**	6,126
Consumables (at cost)	**945**	953	**-**	-
Goods for resale (at cost)	**11,460**	15,833	**-**	-
Goods for resale (at net realisable value)	**1**	1	**1**	1
	16,798	22,913	**4,393**	6,127
Costs of inventories recognised as expense and included in				
Cost of sales	**20,579**	16,369	**-**	-
Operating expenses	**10,796**	13,410	**4,655**	5,036

The bank borrowings are secured by floating charges over the assets of the group including inventories.

11 trade and other receivables

A

MRs000	THE GROUP 2012	THE GROUP 2011	THE COMPANY 2012	THE COMPANY 2011
Trade receivables	**120,838**	110,611	**29,147**	27,769
Less provision for impairment of receivables	**(42,267)**	(29,560)	**(12,227)**	(9,063)
Trade receivables - net	**78,571**	81,051	**16,920**	18,706
Prepayments	**6,741**	2,847	**1,355**	1,437
Payments made on account	**1,956**	8,758	**778**	2,856
Receivables from subsidiary companies less impairment	**-**	-	**82,816**	95,342
Loan to subsidiary company receivable at call	**-**	-	**100,000**	100,000
Other receivables	**22,231**	27,717	**19,375**	24,958
	109,499	120,373	**221,244**	243,299

The fair value of trade and other receivables equals their carrying amount. The carrying amounts of the group's trade and other receivables are denominated in mauritian rupee.

B Trade receivables

As at June 30th 2012, trade receivables of MRs30.038m (2011: MRs26.149m) for the group and MRs7.291m (2011: MRs6.320m) 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 2012, trade receivables of MRs44.608m (2011: 43.203m)for the group and MRs8.320m (2011: MRs10.228m) 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

MRs000	THE GROUP 2012	THE GROUP 2011	THE COMPANY 2012	THE COMPANY 2011
1 to 3 months	**27,866**	28,268	**5,617**	4,370
3 to 6 months	**7,205**	10,242	**2,043**	3,289
Over 6 months	**9,537**	4,693	**660**	2,569
	44,608	43,203	**8,320**	10,228
Fair value of collateral				
1 to 3 months	**3,529**	2,838	**3,526**	2,535
3 to 6 months	**1,610**	2,131	**1,272**	1,567
Over 6 months	**2,260**	1,556	**677**	1,334
	7,399	6,525	**5,475**	5,436

11 trade and other receivables *continued*

D Trade receivables individually impaired

As of June 30th 2012, trade receivables of MRs46.192m (2011: 41.259m) for the group and MRs13.536m (2011: MRs11.221m) for the company were impaired. The amount of the provision was MRs42.267m (2011: MRs29.560m) for the group and MRs12.227m (2011:MRs9.063m) for the company. It was assessed that a portion of the receivables is expected to be recovered.

The ageing of these receivables

MRs000	THE GROUP 2012	THE GROUP 2011	THE COMPANY 2012	THE COMPANY 2011
1 to 3 months	**1,601**	4,116	**1,182**	1,566
3 to 6 months	**2,091**	3,971	**1,204**	1,667
Over 6 months	**42,500**	33,172	**11,150**	7,988
	46,192	41,259	**13,536**	11,221
Fair value of collateral				
Over 6 months	**1,348**	3,624	**909**	1,508

Movements on the provision for impairment of trade receivables

MRs000	THE GROUP 2012	THE GROUP 2011	THE COMPANY 2012	THE COMPANY 2011
At July 1st	**29,560**	13,606	**9,063**	4,265
Provision for receivables impairment	**16,844**	16,354	**5,636**	5,172
Receivables written off during the year as uncollectible	**(2,329)**	(190)	**(1,763)**	(164)
Unused amounts reversed	**(1,808)**	(210)	**(709)**	(210)
At June 30th	**42,267**	29,560	**12,227**	9,063

› The creation and release of provision for impaired receivables have been included in operating expenses in the statements of comprehensive income. › 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 period is the fair value of each class of receivable mentioned above.

12 share capital

MRs000	2012	2011
Authorised 1,000m ordinary shares of MRe1 each	**1,000,000**	1,000,000
Issued and fully paid 819.52m ordinary shares of MRe1 each	**819,520**	819,520

13 retained earnings

A Retained earnings

MRs000	note	the company	subsidiaries	associates	the group
At July 1st 2011		1,458,544	522,900	(429)	1,981,015
Profit attributable to shareholders		38,603	7,849	1,682	48,134
Dividend proposed	18	(32,781)	-	-	(32,781)
At June 30th 2012		**1,464,366**	**530,749**	**1,253**	**1,996,368**

14 borrowings

		THE GROUP		THE COMPANY	
MRs000		**2012**	2011	**2012**	2011
Bank overdrafts	A	**121,090**	153,395	**121,089**	153,098
Bank loan	B	**627,841**	697,349	**627,841**	697,349
Loan from parent	C	**27,341**	18,940	**27,003**	18,940
		776,272	869,684	**775,933**	869,387
Current					
Bank overdrafts		**121,090**	153,395	**121,089**	153,098
Bank loan		**69,508**	69,508	**69,508**	69,508
Loan from parent payable at call		**27,341**	18,940	**27,003**	18,940
		217,939	241,843	**217,600**	241,546
Non-current					
Bank loan		**558,333**	627,841	**558,333**	627,841
Total borrowings		**776,272**	869,684	**775,933**	869,387

A Bank overdrafts

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

14 borrowings *continued*

B Bank loan

Bank loans mature until June 2022 and bear interest at 7.40%/8.40% annually at June 30th 2012 (2011: 8.00%/9.00% annually). Bank loans are secured by a floating charge over the assets of the group including inventories, investment property and property, plant and equipment.

C Loan from parent

The unsecured loan from parent bears interest at 7.40% annually at June 30th 2012 (2011:8.00 % annually). The group's borrowings are denominated in mauritian rupee. The carrying amounts of borrowings are not materially different from their fair values.

The exposure of the borrowings to interest rate changes at the end of the reporting period

	THE GROUP		THE COMPANY	
MRs000	**2012**	2011	**2012**	2011
within one year	**217,939**	241,843	**217,600**	241,546
after one year and before two years	**69,508**	69,508	**69,508**	69,508
after two years and before three years	**69,508**	69,508	**69,508**	69,508
after three years and before five years	**139,015**	139,015	**139,015**	139,015
after five years	**280,302**	349,810	**280,302**	349,810
	776,272	869,684	**775,933**	869,387

15 deferred tax liabilities

› There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets and liabilities when the deferred income taxes relate to the same fiscal authority of the same entity.The following amounts are shown in the statements of financial position.

		THE GROUP		THE COMPANY	
MRs000	note	**2012**	2011	**2012**	2011
Deferred tax assets		**(8,555)**	(6,381)	**(3,206)**	(2,629)
Deferred tax liabilities		**243,366**	240,061	**212,732**	209,532
		234,811	233,680	**209,526**	206,903

› Deferred income taxes are calculated on all temporary differences under the liability method at 15%.

The movement in the deferred income tax account					
At July 1st		**233,680**	231,794	**206,903**	204,082
Charge to statements of comprehensive income	22	**1,131**	1,886	**2,623**	2,821
At June 30th		**234,811**	233,680	**209,526**	206,903

Deferred tax liabilities

MRs000	at July 1st 2011	charge/(credit) to statement of comprehensive income	**at June 30th 2012**
THE GROUP			
Accelerated capital allowances	25,350	3,305	**28,655**
Provisions	(6,381)	(2,174)	**(8,555)**
Fair value gains	214,711	-	**214,711**
	233,680	1,131	**234,811**
THE COMPANY			
Accelerated capital allowances	20,582	3,200	**23,782**
Provisions	(2,629)	(577)	**(3,206)**
Fair value gains	188,950	-	**188,950**
	206,903	2,623	**209,526**

16 retirement benefit obligations

		THE GROUP		THE COMPANY	
MRs000	note	**2012**	2011	**2012**	2011
Amounts recognised in the statements of financial position					
Other post retirement benefits (gratuity on retirement)		**12,697**	10,113	**7,428**	5,898
Amounts recognised in the statements of comprehensive income					
Release in respect of leavers		**(772)**	(465)	**(28)**	(21)
Provision for the year		**3,503**	2,831	**1,561**	1,890
Total included in employee benefit expense	20A	**2,731**	2,366	**1,533**	1,869
Movement in the liability recognised in the statements of financial position					
At July 1st		**10,113**	7,863	**5,898**	4,029
Gratuity on retirement paid		**(147)**	(116)	**(3)**	-
Expense for the year		**2,731**	2,366	**1,533**	1,869
At June 30th		**12,697**	10,113	**7,428**	5,898

› Other post retirement benefits comprise of gratuity on retirement payable under the Employment Rights Act 2008.

17 other payables

	THE GROUP		THE COMPANY	
MRs000	**2012**	2011	**2012**	2011
Amounts owed to parent	**9,746**	3,456	**7,967**	2,768
Amounts owed to subsidiary companies	**-**	-	**178,317**	178,317
Social security and other taxes	**6,105**	5,310	**1,872**	1,403
Defined contribution plan	**1,259**	515	**446**	123
Other payables and accrued expenses	**87,895**	84,964	**53,939**	53,748
	105,005	94,245	**242,541**	236,359

› Other payables are interest free and have settlement dates within one year. The carrying amounts of other payables approximate their fair values.

18 dividend proposed

	GROUP AND COMPANY	
MRs000	**2012**	2011
Final ordinary dividend of MRe 0.04 per share(2011: MRe 0.04 per share)	**32,781**	32,781

› On 28th June 2012, the Directors declared a dividend in respect of the year ended June 30th, 2012. This dividend has been recognised as a liability as at June 30th 2012 in accordance with IAS 10.

19 dividend income

MRs000	THE GROUP 2012	2011	THE COMPANY 2012	2011
Dividend income on available-for-sale financial assets	-	3,170	-	3,170
Dividend income received				
Ordinary shares	-	770	-	770
Preference shares	-	2,400	-	2,400
	-	3,170	-	3,170

20 operating profit

MRs000	note	THE GROUP 2012	2011	THE COMPANY 2012	2011
Operating profit is arrived at after crediting					
Rental income		**242,127**	252,705	**182,341**	188,152
Sale of goods		**18,909**	24,950	-	-
Sale of services		**217,476**	188,560	-	-
Profit on disposal of property, plant and equipment		-	-	-	24
and after charging					
Depreciation on property, plant and equipment	4	**15,660**	14,247	**2,499**	2,684
Amortisation of intangible assets	5	**362**	237	**54**	82
Amortisation of prepaid operating lease payments	3	**6**	6	**6**	6
Loss on disposal of property, plant and equipment		**5**	516	-	-
Operating lease rentals - land		**3,932**	2,458	**3,932**	2,458
Corporate Social Responsibility		**1,153**	1,342	**824**	1,094
Employee benefit expense	20A	**202,116**	175,805	**25,901**	24,921

A Analysis of employee benefit expense

MRs000	note	THE GROUP 2012	2011	THE COMPANY 2012	2011
Wages and salaries		**183,725**	159,183	**22,056**	21,094
Social security costs		**9,659**	8,858	**948**	884
Pension costs					
Defined contribution plan		**6,001**	5,398	**1,364**	1,074
Other post retirement benefits	16	**2,731**	2,366	**1,533**	1,869
		202,116	175,805	**25,901**	24,921

21 finance income and costs

MRs000	THE GROUP 2012	2011	THE COMPANY 2012	2011
Finance costs				
Interest expense				
bank overdrafts	**10,646**	8,836	**10,646**	8,836
bank loan	**56,094**	57,752	**56,094**	57,752
other loans at call	**618**	2,213	**600**	2,213
foreign exchange loss	**42**	-	**41**	-
other	**-**	498	**-**	498
	67,400	69,299	**67,381**	69,299
Finance income				
Interest income	**(76)**	(152)	**(7,904)**	(8,166)
Net finance costs	**67,324**	69,147	**59,477**	61,133

22 income tax expense

MRs000	note	THE GROUP 2012	2011	THE COMPANY 2012	2011
Based on the profit for the year, as adjusted for tax purposes, at 15%		**5,255**	7,190	**2,155**	3,104
Overprovision of tax in previous year		**(55)**	-	**-**	-
Deferred income tax movement for the year	15	**1,131**	1,886	**2,623**	2,821
Charge for the year		**6,331**	9,076	**4,778**	5,925
Deferred income tax charge/(credit)					
Accelerated capital allowances		**3,305**	4,602	**3,200**	3,937
Provisions		**(2,174)**	(2,716)	**(577)**	(1,116)
		1,131	1,886	**2,623**	2,821

› Reconciliation between the effective rate of income tax of the group of 11.6% (2011: 14.6%) and the company of 11.0% (2011: 13.4%) and the applicable income tax rate of 15.0% for the group and company.

As a percentage of profit before income tax

%	THE GROUP 2012	2011	THE COMPANY 2012	2011
Income tax rate	**15.0**	15.0	**15.0**	15.0
Impact of				
Associate`s results reported net of tax	**(0.4)**	0.3	**-**	-
Disallowable items	**1.3**	0.9	**1.2**	0.7
Other differences	**0.1**	(0.9)	**0.1**	(1.2)
Exempt income	**-**	(0.8)	**-**	(1.1)
Income not subject to tax	**(4.3)**	-	**(5.3)**	-
Underprovision of deferred tax liabilities		0.2	**-**	-
Overprovision prior year	**(0.1)**	(0.1)	**-**	-
Average effective income tax rate	**11.6**	14.6	**11.0**	13.4

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 MRs000	2012	2011
Profit attributable to owners of the parent	**48,134**	53,086
Number of ordinary shares in issue (thousands)	**819,520**	819,520

B

Adjusted earnings per share is calculated on the basis of the group profit for the year, adjusted for profit on disposal of available-for-sale financial assets and the number of shares in issue and ranking for dividends.

THE GROUP MRs000	2012	2011
Profit attributable to owners of the parent	**48,134**	53,086
Less profit on disposal of available-for-sale financial assets	**(15,479)**	-
Adjusted Profit attributable to owners of the parent	**32,655**	53,086
Number of ordinary shares in issue (thousands)	**819,520**	819,520

24 segment information

2012

MRs000	property	security	unallocated	eliminations	total
Revenues					
External sales	242,127	236,385	-	-	478,512
Intersegment sales	4,800	18,564	-	(23,364)	-
Total revenue	246,927	254,949	-	(23,364)	478,512
Segment result	100,366	4,262	-	-	104,628
Share of profit of associate	-	-	1,682	-	1,682
Profit on disposal of available-for-sale financial assets	-	-	15,479	-	15,479
Finance income	76	-	-	-	76
Finance costs	(63,439)	(3,961)	-	-	(67,400)
Profit before income tax	37,003	301	17,161	-	54,465
Income tax expense	(5,648)	(683)	-	-	(6,331)
Profit attributable to owners of the parent	31,355	(382)	17,161	-	48,134
Segment assets	3,838,169	122,989	-		3,961,158
Investments in associate	-	-	20,329		20,329
	3,838,169	122,989	20,329		3,981,487
Segment liabilities	1,099,262	29,523	-		1,128,785
Current tax liabilities	-	1,171	-		1,171
Dividend proposed	-	-	-		32,781
	1,099,262	30,694	-		1,162,737
Capital expenditure	2,222	18,497	-		20,719
Depreciation and amortisation	3,355	12,667	-		16,022

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

› Products and services from which reportable segments derive their revenues

In prior years, segment information reported externally was analysed on the basis of activities undertaken by each of the group's operating divisions and the same information was provided to management. The group's reportable segments under IFRS8 are as follows:

Segment	Activity
Property	rental income
Security	security and property protection services and sales of equipment

› The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Intersegment sales and transfers are accounted as if the sales or transfers were to third parties at current market prices.

› Factors that management used to identify the entity's reportable segments

Reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

› Geographical information

All revenues are derived from customers based in Mauritius and all of the non current assets are found in Mauritius.

2011

MRs000	property	security	unallocated	eliminations	total
Revenues					
External sales	252,705	213,510	-	-	466,215
Intersegment sales	4,800	18,845	-	(23,645)	-
Total revenue	257,505	232,355	-	(23,645)	466,215
Operating profit	119,148	10,270	-	-	129,418
Dividend income	-	-	3,170	-	3,170
Segment result	119,148	10,270	3,170	-	132,588
Share of loss of associate	-	-	(1,279)	-	(1,279)
Finance income	152	-	-	-	152
Finance costs	(64,593)	(4,706)	-	-	(69,299)
Profit before income tax	54,707	5,564	1,891	-	62,162
Income tax expense	(7,458)	(1,618)	-	-	(9,076)
Profit attributable to owners of the parent	47,249	3,946	1,891	-	53,086
Segment assets	3,845,476	125,346	3,170		3,973,992
Investments in associate	-	-	18,647		18,647
Investments in available-for-sale financial assets	-	-	72,450		72,450
	3,845,476	125,346	94,267		4,065,089
Segment liabilities	1,182,439	25,283	-		1,207,722
Current tax liabilities	-	1,239	-		1,239
Dividend proposed	-	-	-		32,781
	1,182,439	26,522	-		1,241,742
Capital expenditure	6,453	17,993	-		24,446
Depreciation and amortisation	4,590	9,894	-		14,484

25 commitments

MRs000	THE GROUP 2012	THE GROUP 2011	THE COMPANY 2012	THE COMPANY 2011
Capital				
Commitment in respect of future capital expenditure authorised by the directors and not provided in the financial statements	**959**	15,175	**-**	5,007

MRs000	GROUP AND COMPANY 2012	GROUP AND COMPANY 2011
Future minimum lease payments under non-cancellable operating leases		
Not later than 1 year	**4,382**	4,382
Later than 1 year and not later than 2 years	**4,382**	4,382
Later than 2 years and not later than 5 years	**13,147**	13,147
	21,911	21,911

› 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 a further period of twenty years expiring on May 31st, 2031 and is renewable for a period of twenty years and another period of thirty nine years. › Rental income derived from rental of industrial building at Riche Terre amounts to MRs10.548m (2011: MRs10.415 m).

Operating leases

MRs000	THE GROUP 2012	THE GROUP 2011	THE COMPANY 2012	THE COMPANY 2011
Future minimum lease payments receivable under non-cancellable operating leases				
Not later than 1 year	**176,309**	193,372	**120,081**	133,225
Later than 1 year and not later than 5 years	**278,855**	259,073	**124,186**	131,164
Later than 5 years	**92,185**	108,517	**-**	-
	547,349	560,962	**244,267**	264,389

› The leases have varying terms, escalation clauses and renewal rights.There are no restrictions imposed on the group by the lease arrangements other than in respect of the specific land being leased.

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 MRs000	2012	2011	2010
Statements of comprehensive income			
Turnover	**478,512**	466,215	425,257
Profit before income tax	**54,465**	62,162	59,346
Share of profit/(loss) of associate	**1,682**	(1,279)	(3,996)
Income tax expense	**(6,331)**	(9,076)	(9,733)
Profit attributable to owners of the parent	**48,134**	53,086	49,613
Other comprehensive income for the year	**(19,950)**	(2,800)	5,250
Total comprehensive income attributable to owners of the parent	**28,184**	50,286	54,863
Net assets value per share	**3.44**	3.45	3.42
Rate of dividend (%)	**4.00**	4.00	6.00
Dividend per share (MRe)	**0.04**	0.04	0.06
Earnings per share (MRe)	**0.06**	0.06	0.06
Adjusted earnings per share (MRe)	**0.04**	0.06	0.06
Statements of financial position			
Non-current assets	**3,854,739**	3,921,023	3,906,708
Current assets	**126,748**	144,066	101,865
Total assets	**3,981,487**	4,065,089	4,008,573
Total equity	**2,818,750**	2,823,347	2,805,842
Non-current liabilities	**805,841**	871,634	843,823
Current liabilities	**356,896**	370,108	358,908
Total equity and liabilities	**3,981,487**	4,065,089	4,008,573

28 related party transactions

Transactions carried out by the group with related parties

2012 MRs000	purchase of property plant & equip-ment	rental/ other income	sale of available- for- sale financial assets	operating expenses	manage-ment fees	interest expense	loan received from	loan repaid to	emolu ments and benefits
Parent	**-**	**-**	**68,200**	**3,932**	**14,291**	**618**	**310,584**	**302,184**	**-**
Associate	**-**	**20,426**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Associate of parent	**-**	**17,218**	**-**	**711**	**-**	**-**	**-**	**-**	**-**
Shareholders with significant influence	**-**	**2,754**	**-**	**457**	**-**	**66,740**	**-**	**69,508**	**-**
Enterprises in which directors/key management									
personnel (and close families) have significant interest	**-**	**-**	**-**	**822**	**-**	**-**	**-**	**-**	**-**
Key management personnel and directors	**-**	**216**	**-**	**-**	**-**	**-**	**-**	**-**	**26,728**

2011									
Parent	23	-	-	2,458	8,181	2,213	197,598	192,858	-
Associate	-	19,487	-	-	-	-	-	-	-
Associate of parent	-	14,341	-	605	-	-	-	-	-
Shareholders with significant influence	-	3,148	-	460	-	66,512	100,000	67,234	-
Enterprises in which directors/key management			-						
personnel (and close families) have significant interest	-	-	-	874	-	-	-	-	-
Key management personnel and directors	-	344	-	-	-	-	-	-	28,252

Key management personnel compensation

MRs000	GROUP AND COMPANY **2012**	2011
Remuneration and other benefits relating to key management personnel, including directors		
Salaries and short term employee benefits	**23,046**	24,719
Post employments benefits	**3,682**	3,533
	26,728	28,252

Transactions carried out by the company with related parties

2012 MRs000	(sale)/ purchase of property plant & equipment	rental/ other income	sale of available-for-sale financial assets	operating expenses	management fees	interest expense	loan received from	loan repaid to	emoluments and benefits
Parent	**-**	**-**	**68,200**	**3,932**	**11,201**	**600**	**288,327**	**280,264**	**-**
Associate	**-**	**363**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Associate of parent	**-**	**840**	**-**	**167**	**-**	**-**	**-**	**-**	**-**
Subsidiary companies	**-**	**14,108**	**-**	**12,241**	**-**	**-**	**-**	**-**	**-**
Shareholders with significant influence	**-**	**2,557**	**-**	**457**	**-**	**66,740**	**-**	**69,508**	**-**
Enterprises in which directors/key management personnel (and close families) have significant interest	**-**	**-**	**-**	**822**	**-**	**-**	**-**	**-**	**-**
Key management personnel and directors	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**26,728**

2011									
Parent	6	-	-	2,458	6,091	2,213	197,598	192,858	-
Associate	-	363	-	-	-	-	-	-	-
Associate of parent	-	544	-	283	-	-	-	-	-
Subsidiary companies	502	14,404	-	12,142	-	-	-	-	-
Shareholders with significant influence	-	2,913	-	460	-	66,512	100,000	67,234	-
Enterprises in which directors/key management personnel (and close families) have significant interest	-	-	-	762	-	-	-	-	-
Key management personnel and directors	-	-	-	-	-	-	-	-	28,252

› 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 (1) 5% of the net income after operating costs, but before interest, depreciation and tax, (2) 2.5% of the cost of construction and capital works, excluding professional fees, government fees and interest and (3)agents fees equivalent to 2 months' basic rental on securing new tenants, one month's basic rental on new contracts with existing tenants and 2% of gross consideration in respect of sales of property. › During the year, the company disposed its investment in Tropical Paradise Co Ltd for an amount of MRs68.2m to its holding company PAD. The disposal was effected on the stock exchange based on the price ruling at the date of transaction. › The key management personnel compensation consists only of salaries and employment benefits. None of the investments in associates have been impaired during the year. › There have been no guarantees provided or received for any related party receivables or payables. › Loan from related parties are unsecured and bears interest at 7.4% per annum. › For the year ended June 30th 2012, the group has not recorded any impairment of receivables relating to amounts owed by related parties (2011: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

THE GROUP

Outstanding balances in respect of related party transactions at the end of the reporting period

2012 MRs000	receivables from related companies	amount payable to related companies	payables to related companies
Parent	**-**	**27,341**	**9,746**
Associate of parent	**4,110**	**-**	**48**
Shareholders with significant influence	**2**	**748,931**	**-**

2011			
Parent	-	18,940	3,456
Associate of parent	4,076	-	-
Shareholders with significant influence	-	850,744	-

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

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