ANNUAL REPORT 2014

CAUDAN
DEVELOPMENT

Olivier Langevin
Events Manager

L'Allée des Artistes was set up in October 2013, with the aim of creating a cultural hub at Le Caudan Waterfront, for the capital.

Today, l'Allée des Artistes has become the lively heart of Le Caudan, welcoming both local and international performers and artists, whether they be professionals or amateurs.

Shaded by a canopy of multicoloured umbrellas, l'Allée des Artistes symbolises the very essence of Le Caudan Waterfront - authentic, vibrant... truly Mauritian.

Dear Shareholder

The board of directors of Caudan Development is pleased to present its annual report for the year ended June 30th 2014.

The activities of the group continued throughout 2014 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 24th 2014.

Jean-Pierre Montocchio
Chairman

René Leclézio
Executive director

annual report 2014

CAUDAN DEVELOPMENT

financial highlights

The company, which is listed on the Stock Exchange of Mauritius, is a subsidiary of Promotion and Development, which holds an effective 62.9% stake in the company.

	2014	2013
	MRs	MRs
Group shareholders' funds	**2.921bn**	2.895bn
Group net asset value per share	**3.56**	3.53
Share price	**1.17**	1.05
Earnings per share	**0.05**	0.05
Adjusted earnings per share	**0.02**	0.05
Dividends per share	**-**	0.04

performance summary

	2014	2013
	%	%
Group net asset value return	**0.8**	1.4

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	**15.2**	(9.2)

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.

Group annualised returns to June 30th 2014

5 years *	1.4
10 years	8.8

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

** Net assets as at 1st July 2009 have been restated in respect of prior year adjustments reflected in the accounts.*

directors

Jean-Pierre Montocchio,
Chairman
Arnaud Dalais,
Deputy Chairman
Bertrand de Chazal
Thierry Dalais
resigned December 2013
Gilbert Gnany
René Leclézio
Iqbal Mallam-Hasham
Jocelyne Martin
Antoine Seeyave
Adolphe Vallet
Bernard Yen

corporate information

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

Dear Shareholder

We continued throughout the twelve months under review to be confronted with challenging market conditions. Some of our property asset values suffered steep falls and the trend of declining income and profits persisted during the financial year. We had anticipated some degree of slowdown, but nevertheless underestimated the severity of the crisis and its consequences on our operations. As a shareholder, you have seen the tangible effects of these straitened conditions as we had to suspend the payment of a dividend. The company is responding to these demanding circumstances with pragmatic actions today while repositioning itself for growth tomorrow.

strategy

Our goal is to create attractive and sustainable returns for shareholders and generate good solid capital and income growth. Our capital strategy is to actively manage our financial position to enhance your return and long term earnings growth.

At the heart of our strategy is a passion for excellence of service and the highest levels of customer care. An important aspect is the close monitoring of costs without in any way whatsoever jeopardizing our values. We strive at all times to operate our activities at the highest standards and efficiency to remain highly productive and to give Caudan a strong franchise value. We want the Caudan brand to send a simple and powerful message of excellence.

results

Our profit for the year stood at MRs43.1m (2013: MRs43.7m). Our results however include a net positive adjustment of MRs27.5m, representing the revaluation adjustment on investment property and the related deferred tax thereon. As I always remind you, adjustments ensuing from valuations are unrealized and have no impact on the cash flows of the business or its strategic directions. In order to provide a clearer picture of the underlying performance of the business, it is helpful to exclude such items which are not related to the group's underlying activities and focus on the adjusted earnings. We show below a different presentation of the income statement which separately highlights its major components.

income statement

June 30th MRs m	**2014**	2013
Net rental income	**87.0**	104.7
Net security income	**1.6**	6.9
	88.6	111.6
Net finance costs	**(58.5)**	(59.6)
	30.1	52.0
Share of (loss)/profit - Casino	**(8.4)**	0.3
Adjusted profit before tax	**21.7**	52.3
Taxation	**(6.1)**	(8.6)
Adjusted profit for the year	**15.6**	43.7
Fair value adjustment (net of deferred tax)	**27.5**	-
	43.1	43.7

Adjusted profit for the year after eliminating the impact of the fair value adjustment on our accounts, stood at MRs15.6m, so that year on year our underlying profit registered a 64.3% decrease, reflecting the difficult environment in which we operate. Higher void costs and an overall drop in average rental rates, reduced security business during the period as well as increases in our bad debt provision are amongst the major factors which explain the decline in operating profits.

LCW Casino, our associate, is in an operating loss situation; the results were affected by salary back pay adjustments and restatement of retirement benefit obligations. The total liabilities of the Casino currently exceed its total assets. The SIC has guaranteed to provide continued support in order to cover the company's expenses in the foreseeable future. Furthermore, it has advertised in the local press a notice inviting Expressions of Interests, by September 2014, for the disposal of the Casino Companies individually or in bundle. Share of losses reflected in our income statement

stood at MRs8.4m and investment in balance sheet was reduced to nil. Though the balance sheet of LCW Casino currently looks weak and profitability is declining, we believe that LCW Casino has an extremely good potential if a management free of outside interference is in place.

The underlying net asset value (NAV) of Caudan's shares held up well, at MRs3.56 (2013:MRs 3.53), a continued tribute to the quality and uniqueness of our assets. The market value (MV) of Caudan shares, increased by 11.4% over the financial year to close at MRs1.17 at June 30th 2014, such that the shares were trading at a 67.1% discount to their NAV. At date of writing, the MV had increased to MRs1.22. Looking back over the last five years, our compound annual return in terms of increase in net assets per share plus dividends stands at 1.4%, over a period dominated by the economic turmoil.

property operations

Gross rental income for the year was MRs217.1m, some MRs15.3m or 6.6% down on the MRs232.4m for the year ended June 30th 2013. Property expenses were only marginally up 1.9% to MRs130.1m in 2014, from MRs127.7m in the previous year. Net rental income as a result decreased from MRs 104.7m to MRs87.0m during the year. This reflects the continuous pressure applied by tenants to reduce rentals and the decline in occupancy following the increase in the number of store closures.

It has been an extremely challenging year for the retail sector in the light of the difficult economic climate, with the consumers still under pressure. Although, footfall was broadly flat on the same period last year, on average, consumers are spending less than previously. The changes sweeping through retail are creating winners and losers. Stronger retailers are responding to the changes in the retail environment by addressing their floor space requirements, and adapting their retail approach to meet customer expectations. Other less fortunate retailers, however, continue to post weaker or negative retail sales growth, with many of them unable to hold the pace. Space returned on lease breaks or expiries was relatively high reflecting the dreary economic conditions but in line with expectations. It is always regrettable when retailers go out of business. However, this provides us with the opportunity to reconfigure existing retail space to realign supply and demand for shop units. Overall new lettings were done at lower rental levels particularly where deals were struck.

Many retailers are likely to remain under pressure until stronger economic growth and consumer confidence returns. Occupancy and income protection are therefore expected to be priorities in the near term. The short term outlook for the office market remains challenging but we expect a resumption of growth in the medium term as we have noted lately renewed interest with some interesting near-signed lettings.

Despite the disappointing performance, your Board remains satisfied that the strategy employed by management is unique. It is your Board's contention that this strategy will pay off for investors over the longer term. Once our development projects are completed, this will enable overheads to be spread over a greater rental area.

LCW

For some years now Caudan has had to face a number of challenges principally with weak consumer demand in the aftermath of the economic crisis and increased competition following the launch of new shopping mall projects, resulting in a fall in custom, reduced rentals and reduced occupancy rates. There is no denying that, in recent years, LCW has lost its impetus and found it difficult to uphold the momentum of its progress and has been lagging behind some competitors.

To stay the quintessential shopping centre, LCW needs to reinvent itself and this is just what we are doing. We believe there is significant potential to improve rental tone and we intend to focus on a number of short to medium term opportunities to re-position the centre and regain market share. An intensive development programme and marketing and promotions strategy have been put in place with some major projects in the pipeline for that purpose.

One theme which has been the core of our project since the outset, and which continues throughout, is the role of the shopping centre as a focus for community activity. Nowadays, the shopping centre with its mix of food, fashion and entertainment fulfils an important social role. It is a community hub where people come together to shop, to meet and explore, to be entertained and to do business.

LCW is an iconic destination in a stunning sea front location which has the added advantage of bringing together locals and tourists. We want to create the best environment combining architecture, heritage infrastructure and sustainability to support shoppers, and make LCW a comfortable, safe, enjoyable and sociable space which is constantly renewed and reinvigorated – a space where people want to spend more time and money. We intend to harness new technologies and innovations to excite and surprise our shoppers and push the boundaries of what a shopping centre can be. We want to ensure that LCW not only stands out but also stands for something in the hearts and minds of our visitors, who will want to visit us time and again. Our aim is to inspire pride in our tenants, customers and all Mauritians.

The long awaited upgrade of our foodcourt which is scheduled to be completed in December 2014, in time for the end of year trading period is a significant redevelopment for additional catering offer, which was somewhat limited at LCW and will provide scope to rebalance the proportions of retail, catering and leisure to drive footfall and extend dwell time. Response from potential tenants has been overwhelming including local and international brands. The phenomenal catering offer will deliver a dining and leisure environment and provide a further draw specially in the evening and at lunch time. Developments to enhance asset quality and drive income over medium term include our plans to modernise and refresh the appearance and ambiance of the centre and improve the property environment with better designs and amenities to enhance overall customer experience.

Consumers are becoming more informed and this is impacting their behaviour and spending patterns. We intend to refresh the tenant mix and brands across our store, introducing catalyst retailers, right sizing existing retailers and amalgamating smaller standard units so as to meet the aspirations of the consumers.

We will seize opportunities for profitable expansion by driving forward our extensive development pipeline. The other major projects currently under consideration include the Phase 3 project, which comprises convenient shopping, offices and additional parking spaces and a residential project of 19 apartments on the Caudan peninsula. We will keep you informed of the progress on these developments.

We will endeavour to optimise the performance of our existing assets through active asset management by focusing on customer experience, combining retail, catering and leisure in order to grow rental income and increase the value of the centre. We aim to provide the best possible environment for retailers to trade and shoppers to shop. Our strategy involves being a partner to our retail customers, driving ongoing and incremental footfall and revenue, combining the best infrastructure with a range of tools, advice and support to make it easy for them to get the best return from their space.

LCW has established itself in the past as a major shopping centre offering visitors something special. It is now poised through its expansion programme to regain its popularity and be the best owner-manager and developer of retail and office property in Mauritius and the Indian Ocean.

investment property

The investment property (IP) was valued at June 30th 2014 at MRs3.6bn.

An independent valuation of our investment property portfolio was carried out at year end by Broll Indian Ocean Ltd, resulting in an overall revaluation net loss of MRs12.9m. The valuers took a more conservative view on likely rental levels at LCW in view of the difficult economic conditions and higher level of vacancy that we have had to address over the past few years. The significant decline in value of the developed element at LCW (MRs285.4m) is also reflective of the general market concerns surrounding retailers and future demand for retail and office space as well as the supply/demand imbalances in the country. The uplift in value of LCW undeveloped land (MRs256.3m) and of industrial buildings (MRs16.2m) however helped to mitigate the impact on our financial statements.

No expenditure was capitalized in respect of our investment property during the year under review. However, the value of our properties is painstakingly maintained through ongoing maintenance, and refurbishment work which is expensed to our income statement. On the other hand, the upgrade of our foodcourt which commenced shortly in July 2014, will enhance our investment property next year.

security operations

Business in our security segment has continued to be very tough, with erratic profits over the years. In 2014 profitability decreased by more than 75% from MRs 6.9m last year to MRs1.7m. Gross security income decreased by 4.8% with income generated from outside the group down by some 5% to reach MRs247.2m at June 30th 2014 (2013:MRs260.3m), reflecting average reduced guarding activity and sales of equipment during the year. In line with the macroeconomic situation prevailing in the country, cost consciousness continues to grow amongst clients. Customers strive for higher security at a lower cost in their endeavour to achieve higher efficiency. Our workforce numbers c 1,000 employees who are deployed across a broad range of business sectors.

Our security operations faced unrelenting pressures and achieved very low margins indeed. Given the current market dynamics and the lack of available labour force, we are looking to integrate as far as possible advanced technology to the business. The security market in Mauritius is characterized by fierce price competition. CSS hopes to differentiate itself from its competitors by the level of know-how and expertise acquired from its reputable partners, as well as the standard of its service and its products. We will solve our revenue/expense problem, not however in a manner that impairs the quality of our experience.

CSS has good future prospects for the group, notably through its collaboration and association with international partners, to offer innovative products and world class services, with improved business management and development of a strategy to complete the range of security services offered. We are confident that our strategy to integrate on-site, remote and mobile guarding services with technology solutions will enable us to achieve cost efficiency, added value for the client, improved earnings for the company and increased shareholder value in the long term.

indebtedness

At June 30th 2014, we have kept our group borrowings relatively constant at MRs777.0m compared with MRs777.5m last year. Cash balances totalled MRs0.2m resulting in reported group net debt of MRs776.8m (2013:MRs777.2m).

Out of cash generated from operations (net of tax) of MRs113.2m (2013:MRs106.8m) outgoings in respect of capital and other expenditure (net of disposal proceeds) amounted to MRs21.2m (2013:MRs16.2m) leaving net available funds of MRs92.0m (2013:MRs90.6m) which were utilised to finance borrowing costs of MRs58.7m (2013:MRs59.3m) and dividend payments of MRs32.8m (2013:MRs32.8m).

Interest cover based upon adjusted profit before tax for the year decreased to 1.4 times (2013:1.8 times). Gearing expressed as a percentage of debt to equity currently stands at 26.6% (2013:26.8%).

The group continues to operate in a tight cash situation with debt financing gobbling up operating profits. After year end, the bank agreed to refinance our existing debts by extending loans over a longer time frame and by rescheduling capital repayments. Looking ahead, the Group will look to deploy funds to reduce gearing; we will continue to look for ways to alleviate our financial burden and take all necessary action to improve our liquidity and financial strength.

dividends

No dividend was declared for the year ended June 30th 2014. This was a particularly painful decision for the Board to take but given the tough economic conditions, the fall in our profitability and difficult cash flow position, we believed that suspending the 2014 dividend was the judicious thing to do. Our decision was also dictated by the need to conduct required periodic refurbishments and future developments in order to ensure we stay relevant in the market place. The retained earnings will thus be deployed in the group's future investment activities including strategic developments after ensuring that these have target long term investment returns. Rest assured however that it is our intention to resume dividend payment once conditions have improved.

corporate social responsibility

Corporate responsibility is woven into the fabric of our business. 'Caudan Communauté', the entity which manages all CSR programmes of the PaD Group, in spite of reduced finances available from the CSR fund, continued to be active during 2014 to address various concerns focusing on youth, education and health issues.

Throughout the year, we continued to provide free accommodation to a variety of fundraising and community events. Together with our holding company, we sponsored the Porgy ek Bess show, a mauritian adaptation in creole of Gershwin's famous american folk opera. The Report on page 24 to 25 details the progress we have made in our commitment towards Corporate Social Responsibility.

In addition, 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 give close attention to environmental issues in our business planning and the way we design the buildings. We constantly monitor our energy and water consumption with a view to eliminate all wastage.

We carry out rigorous audits and assessments, reviewing any incident that occurs 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

The next twelve months will continue to make great demands on us all. Consumer confidence still remains relatively low. This coupled with low levels of economic growth will make 2015 yet another challenging year. The closure of the foodcourt during the first half of the financial year will impede further an already hampered situation. In the short term, we will continue to focus on managing down our vacancy through our letting activity, work with existing customers both in the security and property sectors so as to fulfill their very needs and expectations.

Occupier markets will remain challenging with the uncertainty over the election outcome and worries about the new governments measures weighing on sentiment. This may lengthen the time taken by customers to make decisions on new space and contribute to the continued relatively high level of takebacks as existing customers try to cut costs by consolidating their space requirements on any lease break or expiry.

Forward growth prospects remain tepid and fragile. Whilst there is little we can do about the wider environment, there is an enormous amount we can and will do to strengthen our own position. We will continue to take a positive and pragmatic approach to managing through the downturn, acting decisively, protecting asset values and planning for the future. We will time our developments with precision and we will take all necessary measures to deliver exceptional value for investors over time.

We believe that our redevelopment strategy will help us to be resilient and enable us to survive the current storm. Our plan to add value for our shareholders includes exploiting economies of scale inherent and capitalizing on development opportunities. We will therefore continue to invest capital and resources into development so that other projects are ready to go when we believe the time is right. On the capital management side, with gearing below the 30% range, our balance sheet is in a good position to weather the storm and allow us to continue our projects and development.

Although the short term looks bleak, I have great faith in our long term prospects. What is required is rigour and patience. I will ask you to bear with us during this rough ride and guarantee that we have your interests at heart. Better days are yet to come.

I would like to acknowledge and express my sincere appreciation to all those people who contribute to the Group's ongoing success. I would like to thank our highly committed staff for their good work and continued efforts. The team has shown its mettle in the face of the formidable challenges affecting our group and the industry. However their dedication and hard work has not been reflected in the results. I would also like to thank 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 during a tumultuous year. I would like to pay tribute to Thierry Dalais, who resigned as director at the end of last year, for his invaluable contribution during his directorship.

Yours sincerely

Jean-Pierre Montocchio

Chairman
September 30th 2014

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.

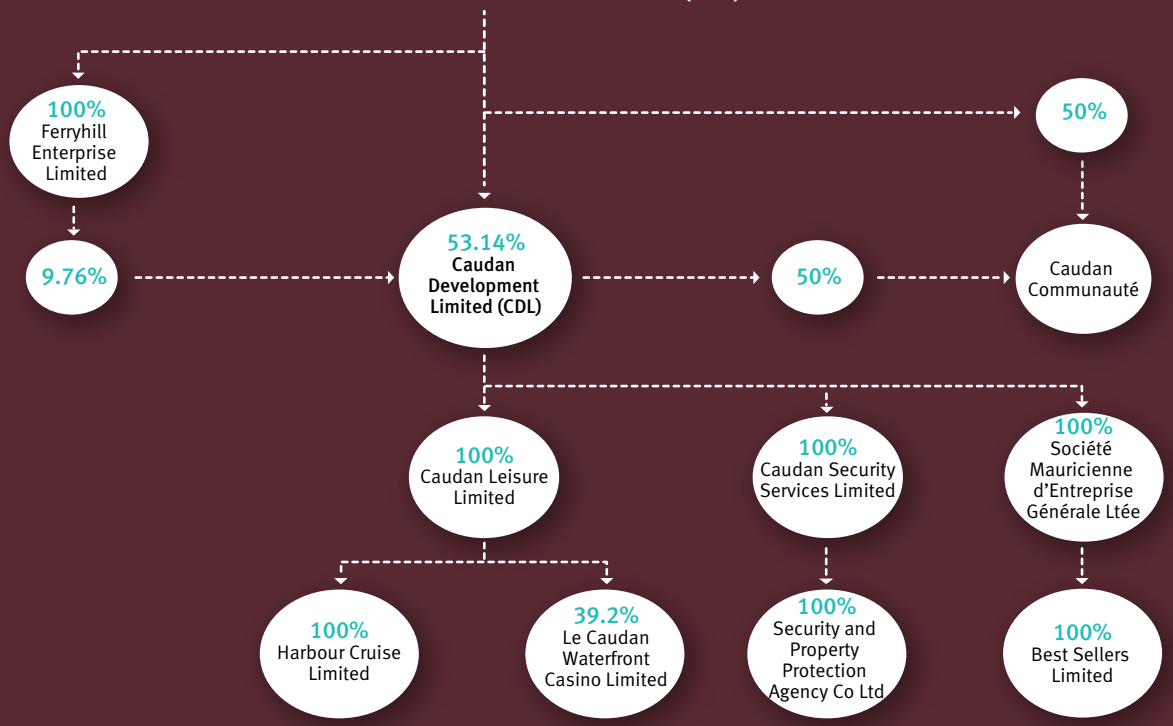
group structure as at June 30th 2014

The holding structure up to and including Promotion and Development Limited, the ultimate parent, is shown opposite.

common directors

common directors within the holding structure of the company

at June 30th 2014	Promotion and Development
Jean-Pierre Montocchio	›
René Leclézio	›
Bertrand de Chazal	›
Arnaud Dalais	›
Gilbert Gnany	›
Jocelyne Martin	›
Adolphe Vallet	›
Bernard Yen	›



holding structure

At June 30th 2014, the capital structure of the company was MRs819,520,000, represented by 819,520,000 ordinary shares of MRe1.00 each and there were 3,218 shareholders on the registry.

shareholders holding more than 5% of the share capital of the company at June 30th 2014

shareholder	number of shares	% held
Promotion and Development	435,450,209	53.14
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. Directors ensure that dividends are paid out only if the company, shall upon distribution being made, satisfy the solvency test. Having regard to the company's future commitments and financial requirements, no dividend was declared in respect of the financial year 2014.

trend over the past five years

year	dividend per share cents
2014	**-**
2013	4.0
2012	4.0
2011	4.0
2010	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, six non-executive directors including the chairman and deputy chairman and two independent directors. The 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 directors are required to carry out an individual and a board evaluation and to report any shortcomings identified. The Board also encourages its members to keep on enhancing their knowledge and competencies through personal development programmes.

attendance at the board and its committee meetings

2014	board of directors	sub-committees	
		corporate governance	audit
Jean-Pierre Montocchio	5	1	n/a
René Leclézio	6	1	n/a
Bertrand de Chazal	3	1	4
Arnaud Dalais	4	1	n/a
Thierry Dalais *	2	n/a	n/a
Gilbert Gnany	5	n/a	5
Iqbal Mallam Hasham	-	n/a	n/a
Jocelyne Martin	6	n/a	n/a
Antoine Seeyave	3	n/a	n/a
Adolphe Vallet	2	n/a	n/a
Bernard Yen	3	n/a	4
total meetings held	6	1	5

**Resigned December 2013*

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. They are briefed on key information relating to the group and the sector in which it operates.

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 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 listed companies including MCB Group, 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
Mr P. Arnaud Dalais joined the CIEL Group in August 1977 and was appointed Group Chief Executive in November 1991 and Group Chairman in 2010. In January 2014, following the merger of CIEL Investment into Deep River Investment, he has been appointed Chairman of CIEL (ex-Deep River Investment), the new holding company of CIEL Group. Under his leadership, CIEL has experienced significant growth both locally and internationally. He is also the Group Chief Executive of Alteo Ltd (ex-Deep River Beau Champ) and played a significant role in the successful merger of FUEL with and into Deep River Beau Champ and in the creation of Alteo in 2012; at the level of the Mauritian private sector he served as Chairman of several organisations, including the Joint Economic Council from 2000 to 2002.

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, Mauritius Union Assurance, La Prudence, MCB Equity Fund and MCB Capital Markets.

Gilbert Gnany
Non-executive director
DESS in Management/Micro Economics from the University of Paris-X, France. Currently Chief Strategy Officer of MCB Group. Was previously 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 also been involved in various high-profile boards/committees. Amongst

others, chaired the Stock Exchange of Mauritius and the Statistics Advisory Council, has been a member of the Board of Governors of the Mauritius Offshore Business Activities Authority and of the IMF Advisory Group for sub-Saharan Africa. Presently, Director of MCB Group, Promotion and Development as well as several companies within the MCB Group, Chairperson of the Statistics Board, Director on the Board of Investment and a Senate member of the University of Mauritius.

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

Independent 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, Lottotech 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 and Medine.

Antoine Seeyave

Independent director

Chairman of Happy World 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 Livestock Feed and Promotion and Development.

Bernard Yen

Non-executive director

Fellow of the UK Institute and Faculty of Actuaries. Currently the Managing Director of Aon Hewitt, providing actuarial, pensions and other services in Mauritius and the African region. Has previously worked for 15 years with Mercer in Europe. Serves as the African representative on the Committee of Actuaries advising the UN staff pension fund. Director of a number of other companies including Promotion and Development, MCB Capital Partners and Mauritian Eagle Leasing.

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 2014

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

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 26 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 one executive director, 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. The auditors also evaluate all aspects of internal control of the company and its subsidiaries. Furthermore, an independent review of the internal control system of the group is carried out on a periodical basis.

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.

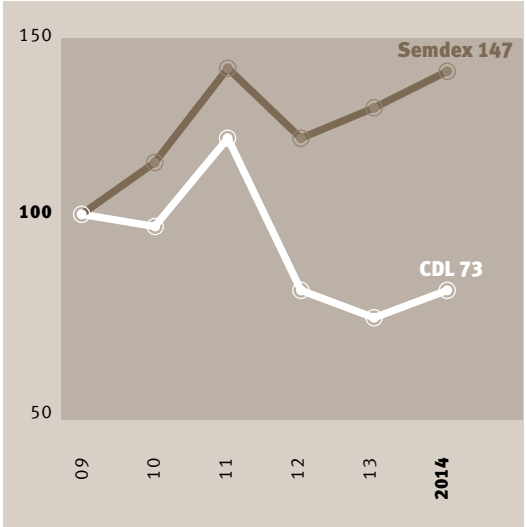
In the coming year, the company will work towards bringing consistency to its environment-friendly policy and actions in view of putting up a structured and full-fledged project that would strengthen our commitment towards sustainable development, thus enabling it to meet international standards with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

important events

Forthcoming annual meeting of shareholders	December 2014

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	**2014**	2013	**2014**	2013
Full time executive directors	**60**	60	**-**	-
Non-executive directors	**494**	557	**60**	40
	554	617	**60**	40

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

fees payable to the auditors for audit and other services, year ended June 30th 2014

	THE GROUP		THE COMPANY	
MRs000	**2014**	2013	**2014**	2013
BDO & Co				
Audit services	**574**	550	**260**	250
Other services	**-**	600	**-**	-
	574	1,150	**260**	250

The other services were in respect of staff secondment.

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	**2014**	2013	**2014**	2013
Corporate social responsibility	**870**	701	**429**	287
Other	**1,201**	23	**1,171**	20
	2,071	724	**1,600**	307

No political donations were made during the year (2013: nil).

corporate social responsibility

The group has always been committed in providing voluntary support to Non-Governmental Organisations (NGOs) on request and sponsorship to individuals and associations for the promotion of education, arts and culture and sport activities. Le Caudan Waterfront has indeed always been actively involved in empowerment through the provision of free mall space and the promotion of local arts and crafts, artistic exhibitions and cultural as well as sports events.

The commitment of the group towards corporate social responsibility was strengthened with the incorporation of Caudan Communauté, a special purpose vehicle (SPV) which was incorporated in 2010 to implement the specific CSR programme of the group. Its main responsibilities consist of financing and working closely in partnership with all stakeholders of the community: the public through NGOs engaged in social work, other foundations which have similar objectives and the authorities, namely the national corporate social responsibility committee (NCSRC).

The management of Caudan Communauté has been entrusted to a committee composed of representatives of the group to translate the philosophy and vision of the group in all CSR activities. The field of intervention of Caudan Communauté is as follows :

- 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;
- intervention and support during and following catastrophic events and;
- undertaking or participation in programs approved by the National Corporate Social Responsibility (NCSR) Committee.

Since its operation, Caudan Communauté has contributed in the following areas namely:

- support to vulnerable groups: children, women in distress and handicapped;
- education: literacy programmes and training;
- health: support to the rehabilitation of patients suffering from mental disorder, inadapted children and fight against AIDS;
- human values: fight against corruption;
- arts and culture: opportunities for development of talented musicians;
- sports: promotion of sporting events;
- environment: creation of green spaces outside work place and;
- empowerment of women and children.

During the year, the highlights of the CSR programme have been the sponsorship of:

- employment of professionals in clinical psychology to enhance the psycho-social rehabilitation of adherents of Friends in Hope, the only NGO which caters for the rehabilitation of mentally sick patients and support to their families;
- a special *braderie solidaire* in favour of the Mouvement Civique Baie du Tombeau, an NGO catering for rehabilitation of teenage mothers;
- monthly contribution to nurseries and kindergartens in favour of children of employees whose income is less than Rs12,000;
- two victims of the flash flood and;
- installation of alarm systems to assist NGO *Oasis de Paix* at their new school premises.

In addition to the mandatory CSR, Caudan Communauté has promoted our Mauritian values, music and culture and put on a wholly Mauritian adaptation of Gershwin's famous American folk opera, Porgy and Bess (1935). The opera-séga in mauritian creole was staged in the three fishing villages of Case Noyale, Mahébourg and Grand Gaube. Throughout the week prior to the shows, performers undertook workshops in the villages, to encourage the local communities to interact artistically with the project.

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 24th 2014
and signed on its behalf by

René Leclézio
Director

Adolphe Vallet
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 24th 2014

statement of compliance

(Section 75 (3) of the Financial Reporting Act)

name of company

Caudan Development Limited

Reporting Period

Year ended June 30th 2014

We, the Directors of Caudan Development Limited, confirm to the best of our knowledge, that the company has complied with all its obligations and requirements under the code of Corporate Governance except for Section 2.8.2 of the Code, as explained on page 23 of the Corporate Governance Report.

Approved by the board of directors on September 24th, 2014 and signed on its behalf by

René Leclézio

Director

Adophe Vallet

Director

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 30 to 67 which comprise the statements of financial position at June 30th 2014, the statements of profit or loss and other 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, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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 30 to 67 give a true and fair view of the financial position of the group and company at June 30th 2014 and 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 or in any of its subsidiaries, other than in our capacity as auditors, 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 Act 2004

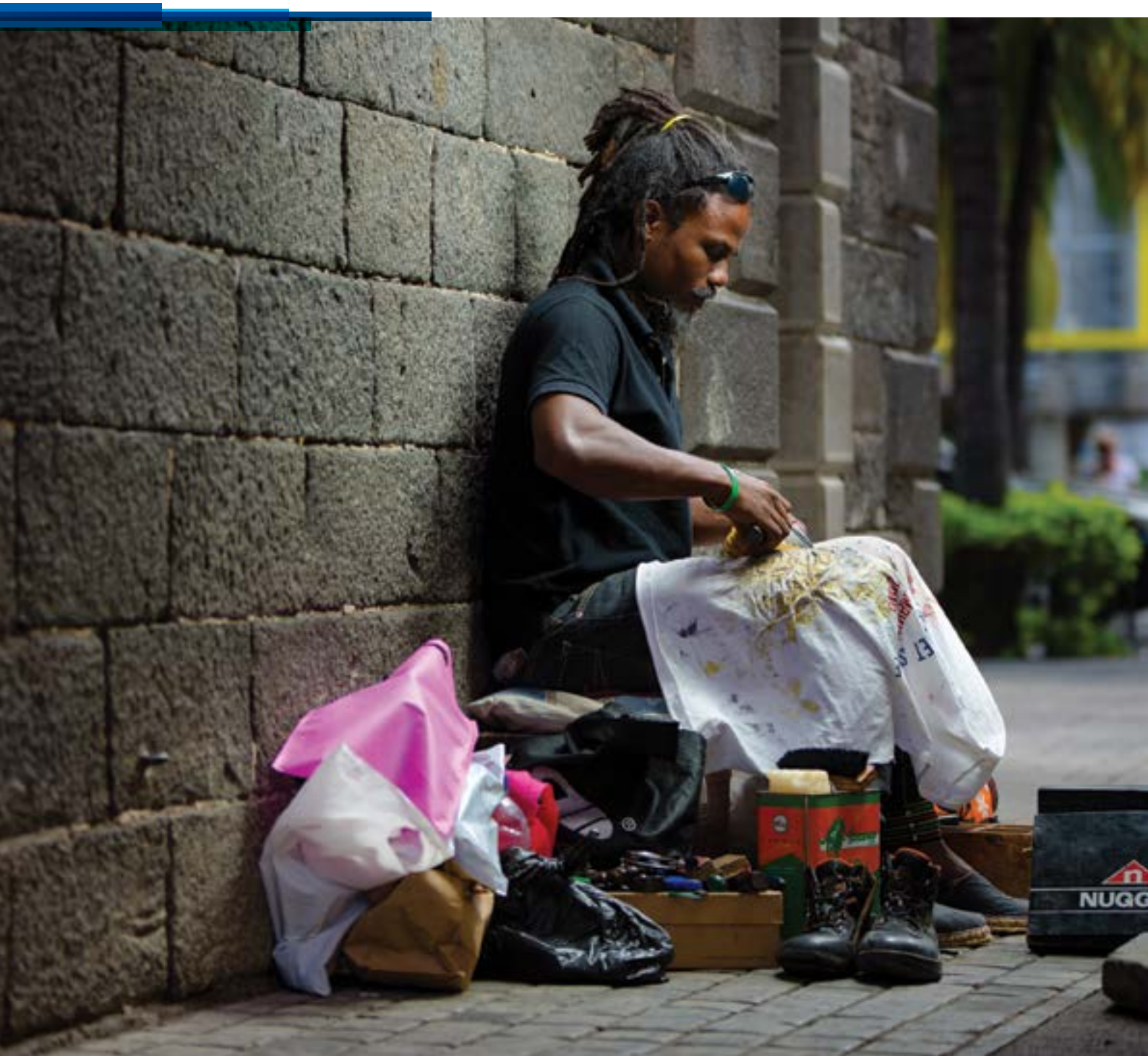
The directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the annual report is consistent with the requirements of the code.

BDO & Co
Chartered Accountants

per Ameenah Ramdin FCCA ACA
licensed by FRC

September 24th 2014, Port-Louis, Mauritius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financial statements

statements of financial position

		THE GROUP		THE COMPANY	
MRs000	note	**2014**	2013	**2014**	2013
Assets					
Non-current assets					
Investment property	2	**3,631,517**	3,644,391	**3,329,329**	3,283,320
Prepaid operating leases	3	**469**	475	**469**	475
Property, plant and equipment	4	**179,746**	179,750	**47,213**	41,974
Intangible assets	5	**4,373**	4,873	**56**	82
Investments in subsidiary companies	6	**-**	-	**14,247**	14,247
Investments in associate	7	**-**	20,625	**-**	-
Deferred tax asset	14	**3,496**	235	**-**	-
		3,819,601	3,850,349	**3,391,314**	3,340,098
Current assets					
Inventories	9	**14,237**	17,057	**3,086**	3,338
Trade and other receivables	10	**100,381**	125,025	**145,624**	197,894
Cash and cash equivalents		**158**	224	**119**	91
		114,776	142,306	**148,829**	201,323
Total assets		**3,934,377**	3,992,655	**3,540,143**	3,541,421
Equity and liabilities					
Capital and reserves attributable to owners of the parent					
Share capital	11	**819,520**	819,520	**819,520**	819,520
Share premium		**2,862**	2,862	**2,862**	2,862
Retained earnings	12	**2,098,638**	2,072,939	**1,660,388**	1,562,128
Total equity		**2,921,020**	2,895,321	**2,482,770**	2,384,510
Liabilities					
Non-current liabilities					
Borrowings	13	**419,317**	488,825	**419,317**	488,825
Deferred tax liabilities	14	**128,996**	164,775	**88,353**	114,961
Retirement benefit obligations	15	**23,526**	13,932	**7,437**	7,091
		571,839	667,532	**515,107**	610,877
Current liabilities					
Other payables	16	**83,079**	106,967	**225,475**	244,278
Current tax liabilities		**708**	1,412	**-**	-
Borrowings	13	**357,731**	288,642	**316,791**	268,975
Dividend proposed	17	**-**	32,781	**-**	32,781
		441,518	429,802	**542,266**	546,034
Total liabilities		**1,013,357**	1,097,334	**1,057,373**	1,156,911
Total equity and liabilities		**3,934,377**	3,992,655	**3,540,143**	3,541,421
MRs					
Net assets per share		**3.56**	3.53	**3.03**	2.91
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 24th, 2014 and are signed on its behalf by

René Leclézio *Director*

Adolphe Vallet *Director*

The notes on pages 34 to 67 form an integral part of these financial statements. The auditors' report is on page 27.

statements of profit or loss and other comprehensive income

		THE GROUP		THE COMPANY	
MRs000	note	**2014**	2013	**2014**	2013
Revenue	1	**459,439**	487,870	**161,638**	173,254
Net (loss)/gain from fair value adjustment on investment property	2	**(12,874)**	-	**46,009**	-
Operating expenses		**(370,842)**	(376,295)	**(85,754)**	(78,467)
Operating profit	18	**75,723**	111,575	**121,893**	94,787
Finance costs	19	**(58,661)**	(59,609)	**(57,343)**	(59,487)
Finance income	19	**152**	69	**8,301**	10,685
Share of (loss)/profit of associate	7	**(8,418)**	296	**-**	-
Profit before income tax		**8,796**	52,331	**72,851**	45,985
Taxation	20	**34,298**	(8,595)	**25,858**	(7,260)
Profit for the year attributable to owners of the parent		**43,094**	43,736	**98,709**	38,725
Other comprehensive income					
Items that will not be reclassified to profit and loss					
Remeasurement of retirement benefit obligations	15	**(6,103)**	-	**(528)**	-
Deferred tax on remeasurement of retirement benefit obligations	14	**915**	-	**79**	-
Items that may be reclassified subsequently to profit and loss					
Group's share of other comprehensive income of associate	7	**(12,207)**	-	**-**	-
Other comprehensive income for the year attributable to owners of the parent		**(17,395)**	-	**(449)**	-
Total comprehensive income for the year attributable to owners of the parent		**25,699**	43,736	**98,260**	38,725

MRe			
Earnings per share	21A	**0.05**	0.05
Adjusted earnings per share	21B	**0.02**	0.05

The notes on pages 34 to 67 form an integral part of these financial statements. The auditors' report is on page 27.

statements of changes in equity

Attributable to owners of the parent MRs000	note	share capital	share premium	retained earnings	total equity
					THE GROUP
Balance as at July 1st 2012		819,520	2,862	2,061,984	2,884,366
Profit for the year		-	-	43,736	43,736
Dividend proposed	17	-	-	(32,781)	(32,781)
At June 30th 2013		819,520	2,862	2,072,939	2,895,321
Balance as at July 1st 2013		819,520	2,862	2,072,939	2,895,321
Profit for the year		-	-	43,094	43,094
Other comprehensive income		-	-	(17,395)	(17,395)
At June 30th 2014		**819,520**	**2,862**	**2,098,638**	**2,921,020**
					THE COMPANY
Balance as at July 1st 2012		819,520	2,862	1,556,184	2,378,566
Profit for the year		-	-	38,725	38,725
Dividend proposed	17	-	-	(32,781)	(32,781)
At June 30th 2013		819,520	2,862	1,562,128	2,384,510
Balance as at July 1st 2013		819,520	2,862	1,562,128	2,384,510
Profit for the year		-	-	98,709	98,709
Other comprehensive income		-	-	(449)	(449)
At June 30th 2014		**819,520**	**2,862**	**1,660,388**	**2,482,770**

The notes on pages 34 to 67 form an integral part of these financial statements. The auditors' report is on page 27.

statements of cashflows

MRs000	THE GROUP 2014	THE GROUP 2013	THE COMPANY 2014	THE COMPANY 2013
Cash flows from operating activities				
Cash received from tenants	**214,516**	218,005	**179,818**	161,262
Security fees received	**249,635**	250,897	**-**	-
Cash payments net of other operating receipts	**(351,566)**	(352,425)	**(93,040)**	(83,307)
Cash generated from operations	**112,585**	116,477	**86,778**	77,955
Interest paid	**(58,932)**	(59,338)	**(57,572)**	(59,245)
Interest received	**166**	6	**8,301**	10,627
Income tax refund	**12,487**	-	**9,684**	-
Income tax paid	**(11,901)**	(9,672)	**(6,388)**	(5,679)
Net cash generated from operating activities	**54,405**	47,473	**40,803**	23,658
Cash flows from investing activities				
Purchase of property, plant and equipment	**(18,551)**	(14,734)	**(8,739)**	(2,997)
Purchase of intangible assets	**(36)**	(1,141)	**(31)**	(31)
Payments in respect of investment property	**-**	-	**-**	(567)
Amount paid by subsidiary companies	**-**	-	**11,688**	30,922
Proceeds from disposals of property, plant and equipment	**542**	984	**252**	788
Other cash outflows	**(3,195)**	(1,277)	**(517)**	(893)
Net cash (used in)/generated from investing activities	**(21,240)**	(16,168)	**2,653**	27,222
Cash flows from financing activities				
Repayments of bank borrowings	**(69,508)**	(69,508)	**(69,508)**	(69,508)
Net loan (repaid to)/granted by parent	**(96,184)**	68,843	**(76,704)**	49,701
Net loan (repaid to)/granted by related companies	**(187)**	187	**(187)**	187
Loans received from subsidiary company	**-**	-	**11,078**	-
Dividends paid	**(32,781)**	(32,781)	**(32,781)**	(32,781)
Net cash used in financing activities	**(198,660)**	(33,259)	**(168,102)**	(52,401)
Net decrease in cash and cash equivalents	**(165,495)**	(1,954)	**(124,646)**	(1,521)
Cash and cash equivalents at beginning of the year	**(122,539)**	(120,639)	**(122,485)**	(121,022)
Effect of foreign exchange rate changes	**(31)**	54	**(33)**	58
Cash and cash equivalents at end of the year	**(288,065)**	(122,539)	**(247,164)**	(122,485)
Analysis of cash and cash equivalents disclosed above				
Bank and cash balances	**158**	224	**119**	91
Bank overdrafts	**(288,223)**	(122,763)	**(247,283)**	(122,576)
	(288,065)	(122,539)	**(247,164)**	(122,485)

The notes on pages 34 to 67 form an integral part of these financial statements. The auditors' report is on page 27 .

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 24th 2014 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). The financial statements include the consolidated financial statements of the parent company and its subsidiary companies (the Group) and the separate financial statements of the parent company (the Company). The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs000), except when otherwise indicated. 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

IFRS 10 Consolidated financial statements builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The standard is not expected to have any impact on the group's financial statements.

IAS 27 Separate Financial Statements deals solely with separate financial statements. The standard has no impact on the group's financial statements.

IFRS 11 Joint arrangements focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Accounting for an interest in a joint venture using the proportionate consolidation method is not permitted under IFRS 11. The standard is not expected to have any impact on the group's financial statements.

IAS 28 Investments in Associates and Joint Ventures. The scope of the revised standard covers investments in joint ventures as well. IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting. The standard has no impact on the group's financial statements.

IFRS 12 Disclosures of interests in other entities includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard has no impact on the group's financial statements.

IFRS 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

IAS 19 Employee benefits was revised in June 2011. The changes on the group's accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). See note 15 for the impact on the financial statements.

IFRIC 20 Stripping costs in the production phase of a surface mine, has no impact on the group's financial statements.

Amendments to IFRS 7
Financial instruments: disclosures, on asset and liability offsetting. This amendment includes new disclosures and is not expected to have any impact on the group's financial statements.

Amendments to IFRS 1
(Government Loans) has no impact on the group's financial statements.

Annual Improvements to IFRSs 2009-2011 Cycle

IFRS 1 (amendment)
First time adoption of IFRS, has no impact on the group's operations.

IAS 1 (amendment)
Presentation of financial statements, clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either as required by IAS 8, Accounting policies, changes in accounting estimates and errors or voluntarily.

IAS 16 (amendment)
Property, plant and equipment, clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. The amendment does not have an impact on the group's operations.

IAS 32 (amendment)
Financial instruments: Presentation, clarifies the treatment of income tax relating to distributions and transaction costs. The amendment does not have an impact on the group's operations.

IAS 34 (amendment)
Interim financial reporting, clarifies the disclosure requirements for segment assets and liabilities in interim financial statements.

Standards, amendments to published standards and interpretation 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 2014 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

IFRS 9	Financial instruments
IAS 32	Offsetting Financial Assets and Financial Liabilities (amendments to IAS32)
Investment Entities	(amendments to IFRS 10, IFRS 12 and IAS 27)
IFRIC 21	Levies
	Recoverable Amount Disclosures for Non-financial Assets (Amendments to IAS 36)
	Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
IFRS 9	Financial instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)
(Amendments to IAS 19)	Defined Benefit Plans: Employee Contributions

Annual Improvements to IFRSs 2010-2012 cycle	
Annual Improvements to IFRSs 2011-2013 cycle	
IFRS 14	Regulatory Deferral Accounts
(Amendments to IFRS11)	Accounting for Acquisitions of Interests in Joint Operations
(Amendments to IAS 16 and IAS 38)	Clarification of Acceptable Methods of Depreciation and Amortisation
IFRS 15	Revenue from contracts with customers
(Amendments to IAS 16 and IAS 41)	Agriculture Bearer Plants

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 structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the 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 profit or loss as per last year.

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.

Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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 using 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 profit or loss, 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.

If the ownership interest in an associate is reduced but the significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

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 profit or loss.

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 initially measured at cost,including transaction costs. Subsequent to initial recognition,it 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 profit or loss 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.

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 profit or loss 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 included in profit or loss. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

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 profit or loss 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.

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 original effective interest rate. The amount of the loss is recognised in profit or loss. 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 profit or loss.

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 profit or loss 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 and other 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 or substantively 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.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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 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 (as amended) 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. Changes were made to the Employment Rights Act which now stipulates that the gratuity paid on retirement should be based on the remuneration (which is inclusive of payment for extra work, productivity bonus, attendance bonus, commission in return for services and any other regular payment) of the employee instead of the earnings. The amount due per year of service is 15 days remuneration based on a month of 26 days (15/26). Formerly it was ½ month per year of service.

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 profit or loss.

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 comprises the sale of goods and services, net of value-added tax, rebates and discount. 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 22.

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 audit committee monitors closely the group's significant risks. All risks issues are systematically addressed both at the audit committee and at the board level. The group's exposure is managed and reviewed regularly.

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 2014, 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 MRs3.3m (2013: MRs3.3m) lower/higher for the group and MRs3.3m (2013: MRs3.2m) for the company, mainly as a result of higher/lower interest expense on floating rate borrowings.

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 company's subsidiaries are unquoted and are carried at cost in the separate financial statements. Impairment tests are performed regularly on these investments. 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
2014				at June 30th
Borrowings	**357,731**	**69,508**	**208,523**	**141,286**
Other payables	**83,079**	**-**	**-**	**-**
2013				
Borrowings	288,642	69,508	208,523	210,794
Other payables	106,967	-	-	-
MRs000				THE COMPANY
2014				at June 30th
Borrowings	**316,791**	**69,508**	**208,523**	**141,286**
Other payables	**225,475**	**-**	**-**	**-**
2013				
Borrowings	268,975	69,508	208,523	210,794
Other payables	244,278	-	-	-

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.

There were no changes in the group's approach to capital risk management during the year.

The debt-to-adjusted capital ratios

MRs000	THE GROUP		THE COMPANY	
at June 30th	**2014**	2013	**2014**	2013
Total debt	**488,825**	654,704	**488,825**	635,224
Cash and cash equivalents	**288,065**	122,539	**247,164**	122,485
Net debt	**776,890**	777,243	**735,989**	757,709
Total equity	**2,921,020**	2,895,321	**2,482,770**	2,384,510
Debt to adjusted capital ratio	**0.27**	0.27	**0.30**	0.32

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 group carries its investment properties at fair value, with change in fair value being recognised in the profit or loss. The fair value is determined by directors' valuation based on independent valuer's valuation.

For the purpose of the valuation carried out as at June 30th, 2014, the sales comparison approach has been used to reflect the current state of the market and has been cross-checked using the income capitalisation approach.

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.

Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties the directors reviewed the group's investment property portfolio and concluded that the investment properties, excluding undeveloped land, are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted.

2 investment property

THE GROUP MRs000	freehold Le Caudan Waterfront	freehold land & other buildings	level 2 long leasehold buildings	**total 2014**	total 2013
Fair value					
At July 1st	**3,408,113**	**97,500**	**138,778**	**3,644,391**	3,644,391
Net (loss)/gain from fair value adjustment on investment property	**(29,046)**	**5,500**	**10,672**	**(12,874)**	-
At June 30th	**3,379,067**	**103,000**	**149,450**	**3,631,517**	3,644,391
THE COMPANY					
Fair value					
At July 1st	**2,952,300**	**192,242**	**138,778**	**3,283,320**	3,283,320
Net gain from fair value adjustment on investment property	**29,837**	**5,500**	**10,672**	**46,009**	-
At June 30th	**2,982,137**	**197,742**	**149,450**	**3,329,329**	3,283,320

Basis of valuation

› Investment property comprises of a number of office, commercial and industrial properties rented to third parties. › The group's land and buildings have been revalued at their fair value on June 30th 2014 by Broll Indian Ocean Ltd. In the case of Le Caudan Waterfront, the value determined by the valuer has been adjusted downwards to reflect the current economic conditions. Values in respect of all other land and buildings have been reflected in full in the accounts.

Approaches to value

For the purpose of this valuation, the sales comparison approach has been used to reflect the current state of the market and has been cross-checked using the income approach. The sales comparison approach estimates the value of a property by comparing it to similar properties recently sold on the open market. › Bank borrowings are secured by floating charges on the assets of the borrowing companies including investment property (note 13). › Rental income from investment property amounted to MRs212.3m (2013:MRs227.6m) for the group and MRs161.6m (2013:MRs173.3m) for the company. Direct operating expenses arising on the income generating investment property in the year amounted to MRs123.1m (2013:MRs121.9m) for the group and MRs80.8m (2013:MRs 74.6m) 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 **2014**	2013
Cost		
At July 1st and June 30th	**602**	602
Amortisation		
At July 1st	**127**	121
Charge for the year	**6**	6
At June 30th	**133**	127
Net book values		
At June 30th	**469**	475

› 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 2012	134,117	94,138	36,467	264,722
Additions	807	7,690	6,080	14,577
Disposals/amount written off	-	(134)	(5,821)	(5,955)
At June 30th 2013	134,924	101,694	36,726	273,344
At July 1st 2013	134,924	101,694	36,726	273,344
Additions	-	12,784	5,743	18,527
Disposals/amount written off	-	(3,522)	(1,152)	(4,674)
At June 30th 2014	**134,924**	**110,956**	**41,317**	**287,197**
Depreciation				
At July 1st 2012	5,806	53,063	20,576	79,445
Charge for the year	1,052	11,562	6,721	19,335
Disposal/amount written off adjustments	-	(109)	(5,077)	(5,186)
At June 30th 2013	6,858	64,516	22,220	93,594
At July 1st 2013	6,858	64,516	22,220	93,594
Charge for the year	1,076	11,682	4,992	17,750
Disposal/amount written off adjustments	-	(3,197)	(696)	(3,893)
At June 30th 2014	**7,934**	**73,001**	**26,516**	**107,451**
Net book values				
At June 30th 2014	**126,990**	**37,955**	**14,801**	**179,746**
At June 30th 2013	128,066	37,178	14,506	179,750

4 property, plant and equipment *continued*

THE COMPANY MRs000	buildings	furniture and equipment	motor vehicles	total
Cost				
At July 1st 2012	39,942	21,170	6,819	67,931
Additions	-	642	2,355	2,997
Disposals/amount written off	-	(59)	(4,517)	(4,576)
At June 30th 2013	39,942	21,753	4,657	66,352
At July 1st 2013	39,942	21,753	4,657	66,352
Additions	-	7,289	1,450	8,739
Disposals/amount written off	-	(2,166)	(670)	(2,836)
At June 30th 2014	**39,942**	**26,876**	**5,437**	**72,255**
Depreciation				
At July 1st 2012	4,229	17,383	4,747	26,359
Charge for the year	407	1,166	430	2,003
Disposal/amount written off adjustments	-	(57)	(3,927)	(3,984)
At June 30th 2013	4,636	18,492	1,250	24,378
At July 1st 2013	4,636	18,492	1,250	24,378
Charge for the year	407	2,161	607	3,175
Disposal/amount written off adjustments	-	(2,159)	(352)	(2,511)
At June 30th 2014	**5,043**	**18,494**	**1,505**	**25,042**
Net book values				
At June 30th 2014	**34,899**	**8,382**	**3,932**	**47,213**
At June 30th 2013	35,306	3,261	3,407	41,974

› Bank borrowings are secured by floating charges on the assets of the group including property, plant and equipment (note 13). › Depreciation charge of MRs17.750m for the group (2013:MRs19.335m) and MRs3.175m for the company (2013:MRs2.003m) has been included in operating expenses.

5 intangible assets

THE GROUP MRs000	computer software	other	total
Cost			
At July 1st 2012	2,377	4,178	6,555
Additions	1,141	-	1,141
Disposal	(195)	-	(195)
At June 30th 2013	3,323	4,178	7,501
At July 1st 2013	3,323	4,178	7,501
Additions	36	-	36
At June 30th 2014	**3,359**	**4,178**	**7,537**
Amortisation			
At July 1st 2012	1,337	957	2,294
Amortisation charge	529	-	529
Disposal adjustments	(195)	-	(195)
At June 30th 2013	1,671	957	2,628
At July 1st 2013	1,671	957	2,628
Amortisation charge	536	-	536
At June 30th 2014	**2,207**	**957**	**3,164**
Net book values			
At June 30th 2014	**1,152**	**3,221**	**4,373**
At June 30th 2013	1,652	3,221	4,873

THE COMPANY	
Cost	
At July 1st 2012	540
Additions	31
Disposal	(195)
At June 30th 2013	376
At July 1st 2013	376
Additions	31
At June 30th 2014	**407**
Amortisation	
At July 1st 2012	440
Amortisation charge	49
Disposal adjustments	(195)
At June 30th 2013	294
At July 1st 2013	294
Amortisation charge	57
At June 30th 2014	**351**
Net book values	
At June 30th 2014	**56**
At June 30th 2013	82

› Other intangible assets relate to consideration paid in respect of the acquisition of a customer list. › Amortisation and impairment charges of MRs0.536m (2013:MRs0.529m) for the group and MRs0.057m (2013:MRs0.049m) for the company are included in operating expenses.

6 investments in subsidiary companies

THE COMPANY MRs000	2014	2013
Cost		
At July 1st 2013	**4,347**	4,347
Deposit on shares	**9,900**	9,900
At June 30th 2014	**14,247**	14,247

› The deposit represents amount not yet converted into shares at June 30th, 2014.

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

› Société Mauricienne d'Entreprise Générale Ltée, Harbour Cruise Limited 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

A

THE GROUP MRs000	2014	2013
Share of net assets	**-**	11,600
Goodwill	**-**	9,025
At June 30th	**-**	20,625
Cost		
At July 1st and June 30th	**19,076**	19,076
Share of post acquisition reserves		
At July 1st	**1,549**	1,253
Share of (loss)/profit for the year	**(8,418)**	296
Other equity movements	**(12,207)**	-
At June 30th	**(19,076)**	1,549
At June 30th	**-**	20,625

7 investments in associate *continued*

B The associated company of Caudan Development Limited

Details of the associate at the end of the reporting period	class of shares	year end	nature of business	principal place of business	country of incorporation	proportion of ownership interest and voting rights direct %	indirect %
2014 and 2013							
Le Caudan Waterfront Casino Limited	ordinary	December	leisure	Mauritius	Mauritius	39.20	39.20

› The above associate is accounted for using the equity method. › Since the associate has a different reporting date, management accounts have been prepared as at June 30th, 2014.

C Summarised financial information

Summarised financial information in respect of the associate

	current assets	non current assets	current liabilities	non current liabilities	revenue	(loss)/ profit for the year	other compre-hensive income for the year	total compre-hensive income for the year
2014								
Le Caudan Waterfront Casino Limited	**31,215**	**44,407**	**63,938**	**39,593**	**167,778**	**(26,358)**	**(31,142)**	**(57,500)**
2013								
Le Caudan Waterfront Casino Limited	32,080	45,729	44,859	3,359	178,528	755	-	755

› The summarised financial information above represents amounts shown in the associate's financial statements prepared in accordance with IFRSs adjusted for equity accounting purposes such as fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies.

D Reconciliation of summarised financial information

Reconciliation of the above summarised financial information to the carrying amount in the financial statements:

	opening net asset July 1	(loss)/ profit for the year	other compre-hensive income for the year	closing net assets	unrecog-nised losses	ownership interest	interest in associates	goodwill	carrying value
2014									
Le Caudan Waterfront Casino Limited	**29,591**	**(26,358)**	**(31,142)**	**(27,909)**	**(4,885)**	**39.2%**	**(9,025)**	**9,025**	**-**
2013									
Le Caudan Waterfront Casino Limited	28,836	755	-	29,591	-	39.2%	11,600	9,025	20,625

8 financial instruments by category

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

THE GROUP

MRs000	loans and receivables
2014	
Assets as per statements of financial position	
Trade receivables	**133,961**
Cash and cash equivalents	**158**
	134,119

MRs000	other financial liabilities
Liabilities as per statements of financial position	
Borrowings	**777,048**
Other payables	**83,079**
	860,127

MRs000	other loans and receivables
2013	
Assets as per statements of financial position	
Trade receivables	139,419
Cash and cash equivalents	224
	139,643

MRs000	other financial liabilities
Liabilities as per statements of financial position	
Borrowings	777,467
Other payables	106,967
	884,434

8 financial instruments by category *continued*

THE COMPANY

MRs000	loans and receivables
2014	
Assets as per statements of financial position	
Trade receivables	**35,106**
Cash and cash equivalents	**119**
	35,225

MRs000	other financial liabilities
Liabilities as per statements of financial position	
Borrowings	**736,108**
Other payables	**225,475**
	961,583

MRs000	loans and receivables
2013	
Assets as per statements of financial position	
Trade receivables	36,402
Cash and cash equivalents	91
	36,493

MRs000	other financial liabilities
Liabilities as per statements of financial position	
Borrowings	757,800
Other payables	244,278
	1,002,078

9 inventories

MRs000	THE GROUP 2014	THE GROUP 2013	THE COMPANY 2014	THE COMPANY 2013
Spares and accessories (at cost)	**3,086**	3,337	**3,086**	3,337
Consumables (at cost)	**813**	1,038	**-**	-
Goods for resale (at cost)	**10,338**	12,681	**-**	-
Goods for resale (at net realisable value)	**-**	1	**-**	1
	14,237	17,057	**3,086**	3,338
Costs of inventories recognised as expense and included in				
Cost of sales	**10,304**	13,837	**-**	-
Operating expenses	**7,703**	8,861	**2,653**	3,588

› The bank borrowings are secured by floating charges over the assets of the group including inventories (note13).

10 trade and other receivables

A

MRs000	THE GROUP 2014	THE GROUP 2013	THE COMPANY 2014	THE COMPANY 2013
Trade receivables	**133,961**	139,419	**35,106**	36,402
Less provision for impairment of receivables	**(62,248)**	(51,571)	**(16,827)**	(13,654)
Trade receivables - net	**71,713**	87,848	**18,279**	22,748
Prepayments	**3,696**	5,977	**937**	1,643
Payments made on account	**4,015**	2,838	**1,505**	2,776
Receivables from subsidiary companies less impairment	**-**	-	**6,844**	46,542
Loan to subsidiary company receivable at call	**-**	-	**100,000**	100,000
Income tax receivable	**11,353**	16,425	**8,934**	12,901
Other receivables	**9,604**	11,937	**9,125**	11,284
	100,381	125,025	**145,624**	197,894

› 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 Ageing analysis of these trade receivables

MRs000	THE GROUP 2014	THE GROUP 2013	THE COMPANY 2014	THE COMPANY 2013
Current	**24,792**	31,480	**7,100**	7,195
1 to 3 months	**32,415**	35,776	**8,032**	10,378
4 to 6 months	**9,931**	11,159	**3,785**	4,468
Over 6 months	**66,823**	61,004	**16,189**	14,361
	133,961	139,419	**35,106**	36,402

C Trade receivables past due but not impaired

› At June 30th 2014, trade receivables of MRs46.921m (2013:MRs56.368m) for the group and MRs11.179m (2013:MRs15.553m) 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 2014	THE GROUP 2013	THE COMPANY 2014	THE COMPANY 2013
1 to 3 months	**30,463**	35,433	**7,558**	10,035
4 to 6 months	**7,523**	9,287	**2,567**	2,854
Over 6 months	**8,935**	11,648	**1,054**	2,664
	46,921	56,368	**11,179**	15,553
Fair value of collateral				
1 to 3 months	**4,557**	7,529	**3,762**	4,809
4 to 6 months	**1,433**	2,427	**1,342**	2,095
Over 6 months	**2,134**	4,816	**1,136**	1,539
	8,124	14,772	**6,240**	8,443

The collaterals include cash deposits and bank guarantees received from tenants.

D Trade receivables past due and impaired

› As of June 30th 2014, trade receivables of MRs62.248m (2013:51.571m) for the group and MRs16.827m (2013:MRs13.654m) for the company were impaired. The amount of the provision was MRs62.248m (2013:MRs51.571m) for the group and MRs16.827m (2013:MRs13.654m) 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 2014	THE GROUP 2013	THE COMPANY 2014	THE COMPANY 2013
1 to 3 months	**1,241**	343	**474**	343
4 to 6 months	**2,199**	1,872	**1,218**	1,614
Over 6 months	**58,808**	49,356	**15,135**	11,697
	62,248	51,571	**16,827**	13,654

Movements on the provision for impairment of trade receivables

MRs000	THE GROUP 2014	THE GROUP 2013	THE COMPANY 2014	THE COMPANY 2013
At July 1st	**51,571**	42,267	**13,654**	12,227
Provision for receivables impairment	**11,923**	12,695	**3,579**	3,131
Receivables written off during the year as uncollectible	**(840)**	(169)	**-**	(169)
Unused amounts reversed	**(406)**	(3,222)	**(406)**	(1,535)
At June 30th	**62,248**	51,571	**16,827**	13,654

› The creation and release of provision for impaired receivables have been included in operating expenses in the statements of profit or loss and other 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.

11 share capital

MRs000	2014	2013
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

12 retained earnings

MRs000	the company	subsidiaries	associates	consolidation adjustment	the group
At July 1st 2013	1,562,128	535,464	1,549	(26,202)	2,072,939
Profit for the year	98,709	(47,197)	(8,418)	-	43,094
Other comprehensive income for the year	(449)	(4,739)	(12,207)	-	(17,395)
At June 30th 2014	**1,660,388**	**483,528**	**(19,076)**	**(26,202)**	**2,098,638**

13 borrowings

MRs000	note	THE GROUP 2014	THE GROUP 2013	THE COMPANY 2014	THE COMPANY 2013
Bank overdrafts	A	**288,223**	122,763	**247,283**	122,576
Bank loan	B	**488,825**	558,333	**488,825**	558,333
Loan from parent	C	**-**	96,184	**-**	76,704
Loan from related company		**-**	187	**-**	187
		777,048	777,467	**736,108**	757,800
Current					
Bank overdrafts		**288,223**	122,763	**247,283**	122,576
Bank loan		**69,508**	69,508	**69,508**	69,508
Loan from parent payable at call		**-**	96,184	**-**	76,704
Loan from related company		**-**	187	**-**	187
		357,731	288,642	**316,791**	268,975
Non-current					
Bank loan		**419,317**	488,825	**419,317**	488,825
Total borrowings		**777,048**	777,467	**736,108**	757,800

13 borrowings *continued*

A Bank overdrafts

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

B Bank loan

› Bank loans mature until September 2021 and bear interest at 7.00%/8.00% annually at June 30th 2014 (2013:7.15%/8.15% p.a) › 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

› Interests were charged at 7.15% per annum at June 30th, 2013.

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	**2014**	2013	**2014**	2013
Within one year	**357,731**	288,642	**316,791**	268,975
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	**141,286**	210,794	**141,286**	210,794
	777,048	777,467	**736,108**	757,800

14 deferred tax

› 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.

MRs000	note	THE GROUP 2014	THE GROUP 2013	THE COMPANY 2014	THE COMPANY 2013
Deferred tax assets		**(13,383)**	(10,369)	**(4,108)**	(3,606)
Deferred tax liabilities		**138,883**	174,909	**92,461**	118,567
		125,500	164,540	**88,353**	114,961

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

MRs000		THE GROUP 2014	THE GROUP 2013	THE COMPANY 2014	THE COMPANY 2013
The movement in the deferred income tax account					
At July 1st		**164,540**	162,466	**114,961**	110,979
(Credit)/charge to profit or loss	20	**(38,125)**	2,074	**(26,529)**	3,982
Credit to other comprehensive income	20	**(915)**	-	**(79)**	-
At June 30th		**125,500**	164,540	**88,353**	114,961

Deferred tax liability/(asset)

MRs000	at July 1st 2013	charge/ (credit) to statement of profit or loss	credit to statement of other comprehen-sive income	**at June 30th 2014**
THE GROUP				
Accelerated capital allowances	4,126	(1,121)	-	**3,005**
Provisions	(4,361)	(1,304)	(836)	**(6,501)**
	(235)	(2,425)	(836)	**(3,496)**
Accelerated capital allowances	28,417	5,467	-	**33,884**
Provisions	(6,008)	(795)	(79)	**(6,882)**
Fair value gains	142,366	(40,372)	-	**101,994**
	164,775	(35,700)	(79)	**128,996**
Net deferred tax	164,540	(38,125)	(915)	**125,500**

Deferred tax liabilities

THE COMPANY				
Accelerated capital allowances	28,164	5,434	-	**33,598**
Provisions	(3,606)	(423)	(79)	**(4,108)**
Fair value gains	90,403	(31,540)	-	**58,863**
	114,961	(26,529)	(79)	**88,353**

15 retirement benefit obligations

MRs000	note	THE GROUP 2014	THE GROUP 2013	THE COMPANY 2014	THE COMPANY 2013
Amounts recognised in the statements of financial position					
Other post retirement benefits (gratuity on retirement)		**23,526**	13,932	**7,437**	7,091
Amounts recognised in the statements of profit or loss and other comprehensive income					
Release in respect of leavers		**(1,056)**	(419)	**(41)**	(28)
Provision for the year		**5,536**	2,400	**594**	395
Total included in employee benefit expense	18A	**4,480**	1,981	**553**	367
Movement in the liability recognised in the statements of financial position					
At July 1st		**13,932**	12,697	**7,091**	7,428
Gratuity on retirement paid		**(254)**	(133)	**-**	(91)
Benefits paid		**(735)**	(613)	**(735)**	(613)
Amount charged to other comprehensive income		**6,103**	-	**528**	-
Expense for the year		**4,480**	1,981	**553**	367
At June 30th		**23,526**	13,932	**7,437**	7,091

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

16 other payables

MRs000	THE GROUP 2014	THE GROUP 2013	THE COMPANY 2014	THE COMPANY 2013
Amounts owed to parent	**910**	2,316	**676**	1,553
Amounts owed to subsidiary companies	**-**	-	**178,317**	178,317
Social security and other taxes	**5,824**	14,324	**1,739**	10,027
Defined contribution plan	**1,282**	1,178	**286**	301
Advance monies	**27,598**	32,084	**22,280**	24,056
Other payables and accrued expenses	**47,465**	57,065	**22,177**	30,024
	83,079	106,967	**225,475**	244,278

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

17 dividend proposed

MRs000	GROUP AND COMPANY 2014	2013
Final ordinary dividend of nil per share (2013:MRe 0.04 per share)	-	32,781

18 operating profit

MRs000	note	THE GROUP 2014	2013	THE COMPANY 2014	2013
Operating profit is arrived at after crediting					
Rental income		**212,282**	227,568	**161,638**	173,254
Sale of goods		**13,043**	21,826	**-**	-
Sale of services		**234,114**	238,476	**-**	-
Profit on disposal of property, plant and equipment		**82**	232	**-**	196
and after charging					
Depreciation on property, plant and equipment	4	**17,750**	19,335	**3,175**	2,003
Amortisation of intangible assets	5	**536**	529	**57**	49
Amortisation of prepaid operating lease payments	3	**6**	6	**6**	6
Loss on disposal of property, plant and equipment		**-**	-	**66**	-
Property, plant and equipment written off		**321**	-	**6**	-
Operating lease rentals - land		**3,932**	3,932	**3,932**	3,932
Corporate Social Responsibility		**870**	701	**429**	287
Employee benefit expense	18A	**213,980**	208,200	**24,092**	22,920

A Analysis of employee benefit expense

MRs000	THE GROUP 2014	2013	THE COMPANY 2014	2013
Wages and salaries	**192,344**	189,784	**21,131**	20,155
Social security costs	**10,169**	10,148	**1,037**	955
Pension costs				
Defined contribution plan	**6,987**	6,287	**1,371**	1,443
Other post retirement benefits (15)	**4,480**	1,981	**553**	367
	213,980	208,200	**24,092**	22,920

19 finance income and costs

MRs000	THE GROUP **2014**	THE GROUP 2013	THE COMPANY **2014**	THE COMPANY 2013
Finance costs				
Interest expense				
Bank overdrafts	**13,767**	8,845	**12,883**	8,844
Bank loan	**40,716**	47,526	**40,716**	47,526
Other loans at call	**4,049**	3,219	**3,606**	3,098
Foreign exchange loss	**31**	-	**33**	-
Other	**98**	19	**105**	19
	58,661	59,609	**57,343**	59,487
Finance income				
Interest income	**(152)**	(15)	**(8,301)**	(10,627)
Foreign exchange gain	**-**	(54)	**-**	(58)
	(152)	(69)	**(8,301)**	(10,685)
Net finance costs	**58,509**	59,540	**49,042**	48,802

20 income tax expense

MRs000	note	THE GROUP 2014	THE GROUP 2013	THE COMPANY 2014	THE COMPANY 2013
Based on the profit for the year, as adjusted for tax purposes, at 15%		**3,828**	3,242	**671**	-
Alternative minimum tax		**-**	3,278	**-**	3,278
(Overprovision)/underprovision of tax in previous year		**(1)**	1	**-**	-
Deferred income tax movement for the year	14	**(38,125)**	2,074	**(26,529)**	3,982
(Credit)/charge to statement of profit or loss		**(34,298)**	8,595	**(25,858)**	7,260
Credit to statement of other comprehensive income	14	**(915)**	-	**(79)**	-
		(35,213)	8,595	**(25,937)**	7,260
Deferred income tax (credit)/charge					
Accelerated capital allowances		**4,346**	3,888	**5,434**	4,382
Provisions		**(3,014)**	(1,814)	**(502)**	(400)
Fair value gains		**(40,372)**	-	**(31,540)**	-
		(39,040)	2,074	**(26,608)**	3,982

› Reconciliation between the effective rate of income tax of the group of (389.9%) (2013:16.4%) and the company of (35.6%) (2013:15.8%) and the applicable income tax rate of 15.0% for the group and company.

As a percentage of profit before income tax

%	THE GROUP 2014	THE GROUP 2013	THE COMPANY 2014	THE COMPANY 2013
Income tax rate	**15.0**	15.0	**15.0**	15.0
Impact of				
Associate's results reported net of tax	**14.4**	(0.1)	**-**	-
Disallowable items	**13.7**	1.6	**1.2**	0.8
Other differences	**(354.5)**	(0.4)	**(42.2)**	(0.4)
Exempt income	**(78.5)**	-	**(9.6)**	-
Balancing charge	**-**	0.2	**-**	0.3
Alternative minimum tax	**-**	0.1	**-**	0.1
Average effective income tax rate	**(389.9)**	16.4	**(35.6)**	15.8

21 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	**2014**	2013
Profit attributable to owners of the parent	**43,094**	43,736
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, excluding fair value adjustments and the number of shares in issue and ranking for dividends.

THE GROUP MRs000	**2014**	2013
Profit attributable to owners of the parent	**43,094**	43,736
Net loss from fair value adjustment on investment property	**12,874**	-
Deferred income tax thereon	**(40,372)**	-
Adjusted profit attributable to owners of the parent	**15,596**	43,736
Number of ordinary shares in issue (thousands)	**819,520**	819,520

22 segment information

2014

MRs000	property	security	unallocated	eliminations	total
Revenues					
External sales	212,282	247,157	-	-	459,439
Intersegment sales	4,800	16,590	-	(21,390)	-
Total revenue	217,082	263,747	-	(21,390)	459,439
Segment result before fair value adjustment on investment property	86,984	1,697	-	(84)	88,597
Net loss from fair value adjustment on investment property	(12,874)	-	-	-	(12,874)
Segment result after fair value adjustment on investment property	74,110	1,697	-	(84)	75,723
Share of loss of associate	-	-	(8,418)	-	(8,418)
Finance income	145	7	-	-	152
Finance costs	(56,479)	(2,182)	-	-	(58,661)
Profit before income tax	17,776	(478)	(8,418)	(84)	8,796
Taxation	33,975	323	-	-	34,298
Profit attributable to owners of the parent	51,751	(155)	(8,418)	(84)	43,094
Segment assets	3,826,557	107,820	-		3,934,377
	3,826,557	107,820	-		3,934,377
Segment liabilities	934,083	78,566	-		1,012,649
Current tax liabilities	-	708	-		708
	934,083	79,274	-		1,013,357
Capital expenditure	8,702	9,861	-		18,563
Depreciation and amortisation	4,080	14,206	-		18,286

› 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.

22 segment information *continued*

2013

MRs000	property	security	unallocated	eliminations	total
Revenues					
External sales	227,568	260,302	-	-	487,870
Intersegment sales	4,800	16,843	-	(21,643)	-
Total revenue	232,368	277,145	-	(21,643)	487,870
Segment result	104,719	6,861	-	(5)	111,575
Share of profit of associate	-	-	296	-	296
Finance income	69	-	-	-	69
Finance costs	(56,309)	(3,300)	-	-	(59,609)
Profit before income tax	48,479	3,561	296	(5)	52,331
Taxation	(8,068)	(527)	-	-	(8,595)
Profit attributable to owners of the parent	40,411	3,034	296	(5)	43,736
Segment assets	3,852,553	119,477	-		3,972,030
Investments in associate	-	-	20,625		20,625
	3,852,553	119,477	20,625		3,992,655
Segment liabilities	1,018,277	44,864	-		1,063,141
Current tax liabilities	-	1,412	-		1,412
Dividend proposed	-	-	-		32,781
	1,018,277	46,276	-		1,097,334
Capital expenditure	3,632	12,086	-		15,718
Depreciation and amortisation	2,854	17,010	-		19,864

23 commitments

MRs000	THE GROUP 2014	THE GROUP 2013	THE COMPANY 2014	THE COMPANY 2013
Capital				
Commitment in respect of future capital expenditure authorised by the directors and not provided in the financial statements	**46,467**	2,066	**6,708**	1,791

MRs000	GROUP AND COMPANY 2014	GROUP AND COMPANY 2013
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	**20,225**	17,865
	28,989	26,629

› The lease is in respect of land, at Le Caudan Waterfront which is for a further period of ten years expiring on June 30th, 2024 and is renewable for three 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 MRs11.363m (2013:MRs11.067m).

Operating leases

MRs000	THE GROUP 2014	THE GROUP 2013	THE COMPANY 2014	THE COMPANY 2013
Future minimum lease payments receivable under non-cancellable operating leases				
Not later than 1 year	**137,472**	160,821	**110,664**	106,690
Later than 1 year and not later than 5 years	**153,881**	181,324	**139,489**	111,291
Later than 5 years	**94,025**	113,884	**91,610**	106,640
	385,378	456,029	**341,763**	324,621

› 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.

24 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.

25 three-year summary of published results and assets and liabilities

THE GROUP MRs000	**2014**	2013	2012
Statements of profit and loss and other comprehensive income			
Turnover	**459,439**	487,870	478,512
Profit before income tax	**8,796**	52,331	52,591
Share of (loss)/profit of associate	**(8,418)**	296	1,682
Taxation	**34,298**	(8,595)	(6,128)
Profit attributable to owners of the parent	**43,094**	43,736	46,463
Other comprehensive income for the year	**(17,395)**	-	(19,950)
Total comprehensive income attributable to owners of the parent	**25,699**	43,736	26,513
Net assets value per share	**3.56**	3.53	3.52
Rate of dividend (%)	**-**	4.00	4.00
Dividend per share (MRe)	**-**	0.04	0.04
Earnings per share (MRe)	**0.05**	0.05	0.06
Adjusted earnings per share (MRe)	**0.02**	0.05	0.04

Statements of financial position	**2014**	2013	2012
Non-current assets	**3,819,601**	3,850,349	3,854,739
Current assets	**114,776**	142,306	127,382
Total assets	**3,934,377**	3,992,655	3,982,121
Total equity	**2,921,020**	2,895,321	2,884,366
Non-current liabilities	**571,839**	667,532	733,496
Current liabilities	**441,518**	429,802	364,259
Total equity and liabilities	**3,934,377**	3,992,655	3,982,121

26 related party transactions

Transactions carried out by the group with related parties

2014 MRs000	purchase of property plant & equipment	rental/ other income	operating expenses	manage-ment fees	interest expense	loan received from	loan repaid to	emolu ments and benefits
Parent	**-**	**-**	**3,932**	**12,267**	**4,049**	**214,923**	**311,107**	**-**
Associate	**-**	**22,211**	**-**	**-**	**-**	**-**	**-**	**-**
Associate of parent	**-**	**15,337**	**1,076**	**-**	**-**	**-**	**-**	**-**
Shareholders with significant influence	**-**	**4,369**	**1,793**	**-**	**54,483**	**-**	**69,508**	**-**
Enterprises in which directors/key management personnel (and close families) have significant interest	**-**	**-**	**667**	**-**	**-**	**-**	**-**	**-**
Key management personnel and directors	**-**	**260**	**-**	**-**	**-**	**-**	**-**	**29,278**
2013								
Parent	500	41	3,932	13,353	3,219	456,532	387,689	-
Associate	-	21,436	-	-	-	-	-	-
Associate of parent	-	16,243	912	-	-	-	-	-
Shareholders with significant influence	-	3,998	1,117	-	56,369	-	69,508	-
Enterprises in which directors/key management personnel (and close families) have significant interest	-	-	606	-	-	-	-	-
Key management personnel and directors	-	233	-	-	-	-	-	26,071

Key management personnel compensation

MRs000	THE GROUP **2014**	THE GROUP 2013	THE COMPANY **2014**	THE COMPANY 2013
Remuneration and other benefits relating to key management personnel, including directors				
Salaries and short term employee benefits	**26,111**	23,372	**22,714**	20,509
Post employments benefits	**3,167**	2,699	**2,932**	2,492
	29,278	26,071	**25,646**	23,001

26 related party transactions *continued*

Transactions carried out by the company with related parties

2014 MRs000	purchase of property, plant & equipment	rental/ other income	operating expenses	manage-ment fees	interest expense	loan received from	loan repaid to	emolu-ments and benefits
Parent	**-**	**-**	**3,932**	**10,042**	**3,606**	**129,214**	**205,918**	**-**
Associate	**-**	**363**	**-**	**-**	**-**	**-**	**-**	**-**
Associate of parent	**-**	**-**	**761**	**-**	**-**	**-**	**-**	**-**
Subsidiary companies	**254**	**14,428**	**10,816**	**-**	**-**	**-**	**-**	**-**
Shareholders with significant influence	**-**	**2,790**	**511**	**-**	**53,599**	**-**	**69,508**	**-**
Enterprises in which directors/key management personnel (and close families) have significant interest	**-**	**-**	**667**	**-**	**-**	**-**	**-**	**-**
Key management personnel and directors	**-**	**32**	**-**	**-**	**-**	**-**	**-**	**25,646**
2013								
Parent	-	-	3,932	10,521	3,098	380,762	331,061	-
Associate	-	363	-	-	-	-	-	-
Associate of parent	-	702	71	-	-	-	-	-
Subsidiary companies	-	16,900	11,141	-	-	-	-	-
Shareholders with significant influence	-	2,588	411	-	56,369	-	69,508	-
Enterprises in which directors/key management personnel (and close families) have significant interest	-	-	606	-	-	-	-	-
Key management personnel and directors	-	12	-	-	-	-	-	23,001

› 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. › 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. › For the year ended June 30th, 2014, the group has not recorded any impairment of receivables relating to amounts owed by related parties (2013: 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

2014 MRs000	receivables from related companies	amount payable to related companies	payables to related companies
Parent	**-**	**-**	**910**
Associate of parent	**3,266**	**-**	**123**
Shareholders with significant influence	**495**	**777,048**	**1,081**
2013			
Parent	-	96,184	2,316
Associate of parent	5,007	-	61
Shareholders with significant influence	19	681,096	106

27 currency

The financial statements are presented in thousands of Mauritian Rupees.

28 directors of subsidiaries

Holding office at the end of the accounting period

Caudan Leisure Limited
René Leclézio
Jocelyne Martin

Caudan Security Services Limited
René Leclézio
Jocelyne Martin
Mooroogassen Soopramanien

Security and Property Protection Agency Co Ltd
René Leclézio
Jocelyne Martin
Mooroogassen Soopramanien
Deepak K. Lakhabhay
Bertrand de Chazal
Dhunpathlall Bhima

Harbour Cruise Limited
Philippe de Labauve d'Arifat
René Leclézio

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

Caudan Communauté
René Leclézio
Jocelyne Martin

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