

AUTOMATIC SYSTEMS LTD.



**ANNUAL  
REPORT  
2007**

# CONTENTS

<b>FINANCIAL HIGHLIGHTS</b>	<b>3</b>
<b>COMPANY INFORMATION</b>	<b>5</b>
<b>NOTICE OF MEETING</b>	<b>7</b>
<b>ANNUAL REPORT</b>	<b>9</b>
<b>CORPORATE GOVERNANCE REPORT</b>	<b>15</b>
<b>SECRETARY'S REPORT</b>	<b>27</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>30</b>
<b>INCOME STATEMENT</b>	<b>31</b>
<b>BALANCE SHEET</b>	<b>32</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>33</b>
<b>CASH FLOW STATEMENT</b>	<b>34</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>35</b>





# FINANCIAL HIGHLIGHTS

	2007	2006
	Rs M	Rs M
<b>Income Statement</b>		
Total Revenue	895.2	734.1
Operating Profit	13.2	10.7
Government Tax	77.9	64.9
Profit before taxation	13.4	12.1
Taxation	1.0	2.6
Profit for the year	12.4	9.5
	Rs	Rs
<b>Financial Ratios</b>		
Earnings per share	3.49	2.70
Dividend per share	3.00	3.70
Share price (at 31 Dec)	33.50	34.30



# COMPANY INFORMATION

## **EXECUTIVE DIRECTORS**

M. L. Jean Hardy  
Hervé Henry

## **NON-EXECUTIVE DIRECTORS**

M. A. Eric Espitalier-Noël (*Chairperson*)  
David R. H. Attenborough (*Appointed on 20 February 2008*)  
P. R. Sydney Bathfield (*Resigned on 09 January 2008*)  
Ravindra Chetty  
Jowaheer Lall Dookun  
Antoine L. Harel  
Charles P. L. Harel (*Appointed on 27 March 2007*)  
O. Farouk A. Hossen  
J. D. Gérard Pascal  
Timothy Taylor (*Resigned on 20 December 2007*)  
M. Jean Marc Ulcoq (*Resigned on 14 August 2007*)  
L. J. Michel Rivalland (*Appointed on 20 February 2008*)  
John A. Stuart (*Appointed on 20 February 2008*)

## **ALTERNATE DIRECTORS**

Peter R. Benton - *Alternate to David R. H. Attenborough and John A. Stuart (Appointed on 20 February 2008)*  
Arvind Lall Dookun - *Alternate to Jowaheer Lall Dookun*  
M. L. Jean Hardy - *Alternate to Hervé Henry and O. Farouk A. Hossen*  
Antoine L. Harel - *Alternate to L. J. Michel Rivalland (Appointed on 20 February 2008)*  
Charles P. L. Harel - *Alternate to Antoine L. Harel*

## **SECRETARY**

Abacus Corporate Services Ltd  
Level 6, One Cathedral Square  
Jules Koenig Street  
Port Louis

## **REGISTRAR AND TRANSFER OFFICE**

Abacus Corporate Services Ltd  
Level 6, One Cathedral Square  
Jules Koenig Street  
Port Louis

## **AUDITOR**

PricewaterhouseCoopers  
TM Building  
Pope Hennessy Street  
Port Louis

## **REGISTERED OFFICE**

c/o Abacus Corporate Services  
Level 6, One Cathedral Square  
Jules Koenig Street  
Port Louis



# NOTICE OF MEETING

## **AUTOMATIC SYSTEMS LTD.**

Notice is hereby given that the annual meeting of the Company will be held at the Mauritius Turf Club, Port-Louis on Friday 30 May 2008 at 2.30 p.m. to transact the following business:-

As special business:

1. As a special resolution, to alter the Constitution of the Company by amending Clause 23.6, by deleting the sentence "All directors shall retire from office at each Annual Meeting of the Company." and replacing it by "All directors shall retire from office at each Annual Meeting of the Company but shall be eligible for re-election."

And as ordinary business:

2. To receive and adopt the annual report and financial statements of the Company for the year ended 31 December 2007 and the report of the auditor thereon
3. To re-appoint Jowaheer Lall Dookun, who is over the age of 70, as director until the next annual meeting in accordance with S 138(6) of the Companies Act 2001

4-14 To re-elect the following persons as directors of the Company to hold office until the next annual meeting (as separate resolutions):

4. M. A. Eric Espitalier-Noël
5. Ravindra Chetty
6. M. L. Jean Hardy
7. Antoine L. Harel
8. Charles P. L. Harel
9. Hervé Henry
10. O. Farouk A. Hossen
11. J. D. Gérard Pascal
12. David R. H. Attenborough \*
13. L. J. Michel Rivalland \*
14. John A. Stuart \*

\* (These directors were appointed on 20 February 2008)

15. To note that PricewaterhouseCoopers, having indicated its willingness to continue in office, will be automatically re-appointed as auditor and to authorise the directors to fix its remuneration

## **BY ORDER OF THE BOARD**

**ABACUS CORPORATE SERVICES LTD**

**CORPORATE SECRETARY**

**15 April 2008**

- \* A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her and that proxy needs not also be a member.
- \* Proxy forms should be delivered at the Registered Office, c/o Abacus Corporate Services, Level 6, One Cathedral Square, Jules Koenig Street, Port Louis on Thursday 29 May 2008 at 2.30 p.m. at latest.
- \* The minutes of the annual meeting held on 22 June 2007 are available for consultation by the shareholders at the Registered Office of the Company.
- \* The minutes of the annual meeting to be held on 30 May 2008 shall be available for consultation and comments at the Registered Office of the Company from 01 to 08 July 2008.





# ANNUAL REPORT

The Directors have pleasure in presenting the seventeenth annual report and the audited financial statements of Automatic Systems Ltd (ASL) for the year ended 31 December 2007.

## PRINCIPAL ACTIVITY

ASL's principal activity is the running of a totalisator (Tote) system of betting on races organised by the Mauritius Turf Club in Mauritius in accordance with the provisions of the Mauritian Horse Racing Board Act 2003.

## REVIEW OF THE BUSINESS AND FINANCIAL STATEMENTS

The profit for the year amounted to Rs 12.4 million, compared to Rs 9.5 million in 2006 which included an exceptional profit of Rs 1.9 million from the sale of equipment. The increase in profit from operations therefore amounts to Rs 4.8 million or 63%. A Dividend of Rs 10.6 million was declared in 2007, compared to Rs 13.1 million in 2006 out of which Rs 8.2 million was paid from profit of 2005. Retained earnings at 31 December 2007 amounted to Rs 3.1 million, against Rs 1.4 million in 2006.

## REVIEW OF THE YEAR

Total turnover continued to grow, rising from Rs 734.1 million in 2006 to Rs 895.2 million in 2007 representing an increase of 22%. ASL operated 20 off-course outlets in 2007 compared to 19 in 2006. The 20 off-course betting outlets were the main contributors to the 2007 increase in turnover, growing by Rs 155.0 million (49%) to reach Rs 468.9 million. Off-course betting now represents more than 52% of ASL's turnover.

The Teletote turnover also increased by 7%, whilst on-course betting turnover decreased by 5%.

## TWO NEW WAYS OF BETTING

### *All for All*

The All for All commonly known as "*l'évé pilé*" where the punter decides to reinvest his winnings at the time he places his bet on the Win and Place was re-introduced in 2007; it proved to be very popular. The amount reinvested for the year 2007 represented a turnover of Rs 34.0 million.

## *Fractional Betting*

Introduced in 2007, fractional betting allows the punter on Pick 6, Pick 4, Place Accumulator, Quartet and Trifecta to bet the amount he chooses independent on the cost of the bet, which will entitle him to a percentage of that bet, thus increasing his chances of winning without having to bet a big amount.

Fractional betting is very popular as punters can increase the number of combinations, while paying only a fraction of the normal betting price.

## OFF-COURSE BETTING

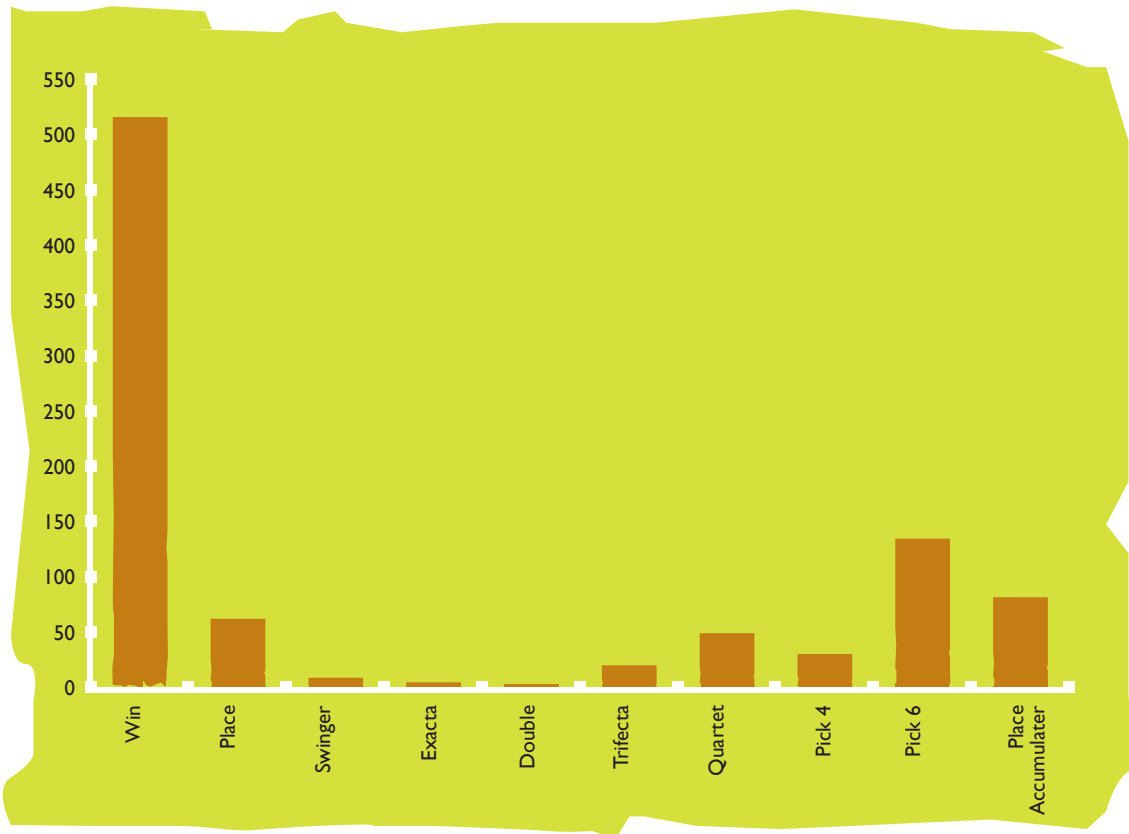
From the very beginning of 2007, ASL had 20 off-course outlets in operation. In 2006, ASL began with 10 outlets, rising to 19 by the end of the year. The increased number of outlets which operated for the whole racing season accounts for an increase in turnover of Rs 155.0 million, compared to a total increase in turnover Rs 161.0 million. Over and above the increase in the number of outlets, the off-course betting is continuously tapping from the illegal betting market.

The sales performances of the outlets are closely monitored. Rose Hill outlet was transferred to new premises in the same area in order to offer better facilities to clients. Moreover, Montagne Blanche and Pamplémousses outlets were closed, the first one after 7 meetings and the second one after 21 meetings. New outlets were opened, instead, in Plaine Magnien and Terre Rouge. The changes proved to be a success, as turnover improved significantly.

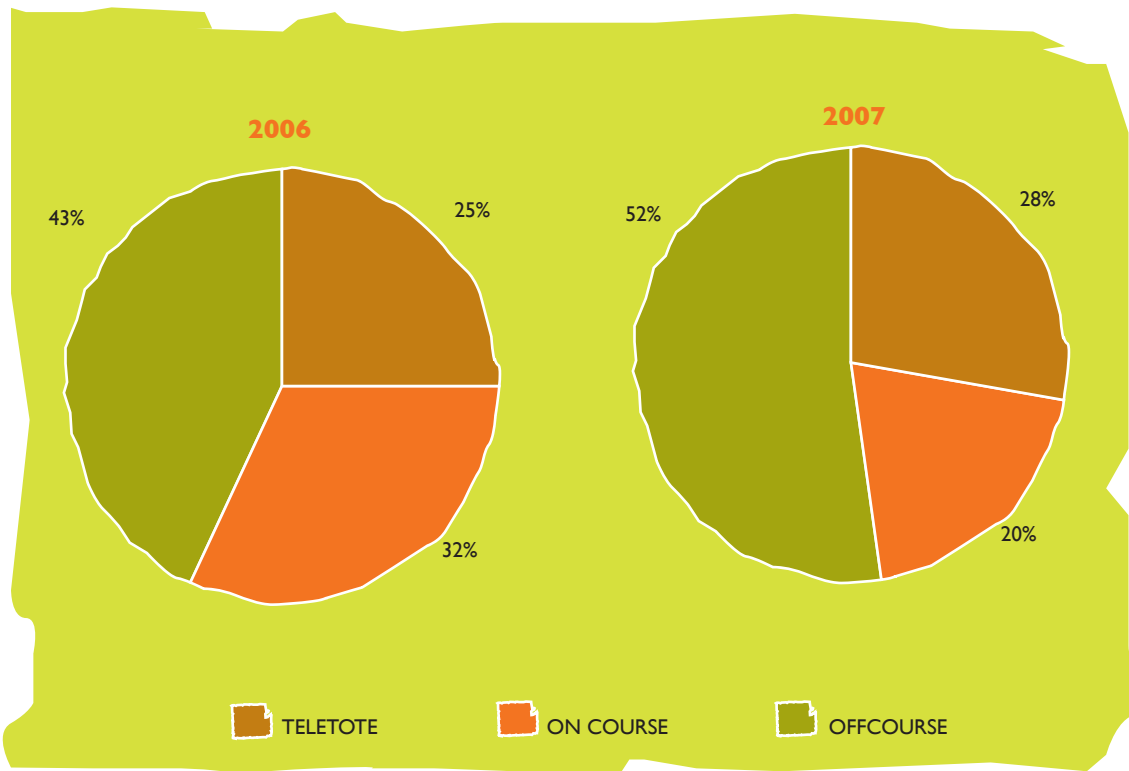
ASL's agents for Mahebourg and Curepipe are moving to better, more accessible and more spacious premises for the 2008 racing season to give more comfort to the growing number of clients.

The number of outlets being limited, ASL shall continue to monitor their performance.

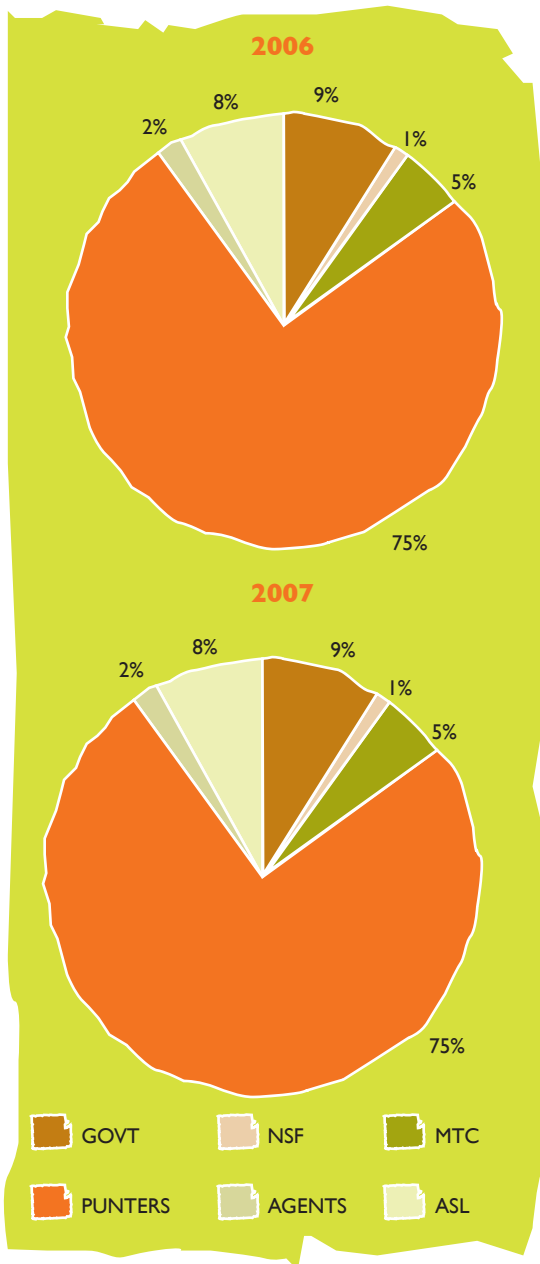
DISTRIBUTION OF TURNOVER PER TYPE OF BET 2007



SHARE OF TELETOTE / ON COURSE / OFF-COURSE TO T/O



**TOTAL TURNOVER DISTRIBUTION**



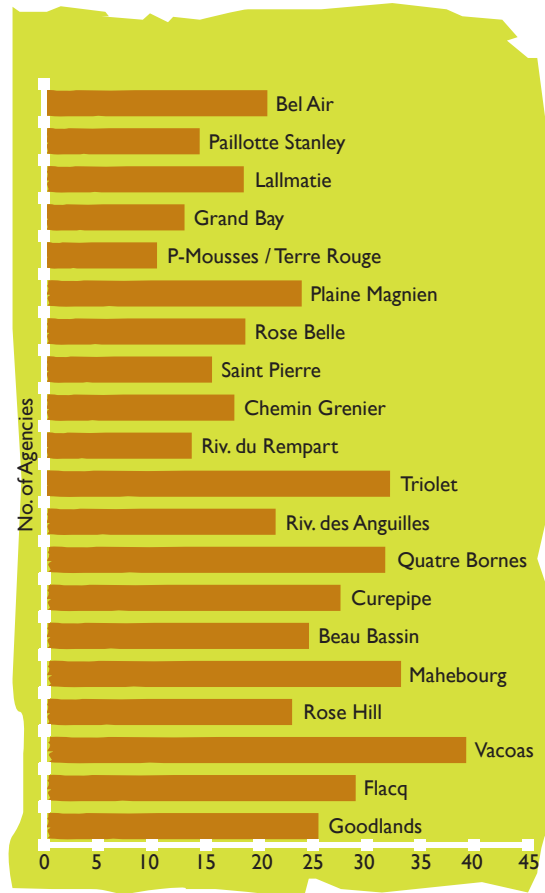
**TELETOTE**

Teletote turnover increased by 7 % in 2007 to reach Rs 250.0 million, compared to Rs 234.2 million in 2006. The off-course network played a major role in the Teletote's progress. Punters find it simpler to open accounts in off-course outlets, and also effect their deposits and withdrawals. For the year 2007 Rs 74.0 million were deposited in the outlets, compared to Rs 62.5 million in 2006.

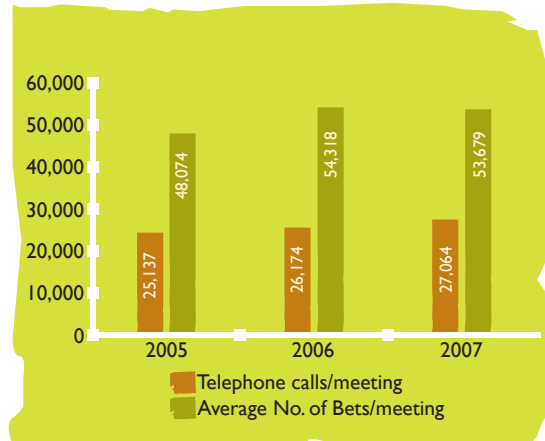
The number of telephone calls also increased from 758,000 in 2006 to 784,000 in 2007. The customer service centre received 40,600 calls during the year.

ASL's aim is to continually seek ways of improving its services to clients and will therefore add 16 more terminals in its call centre to reach 157 in 2008 and will also move from Analogue telephone lines to Digital.

**OFF COURSE OUTLETS CONTRIBUTION TO T/O**



**AVERAGE NO. OF BETS AGAINST CALLS RECEIVED**



### No. of Teletote Accounts

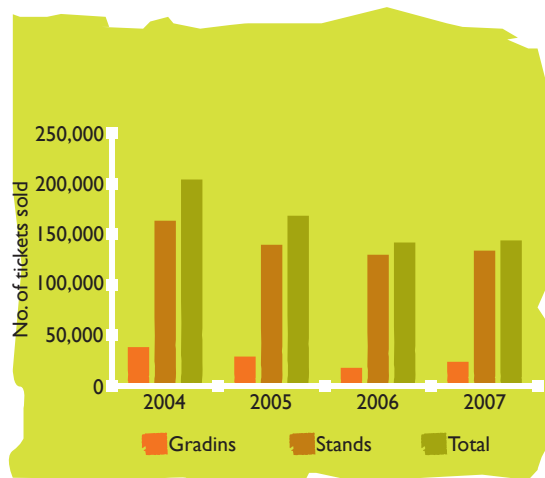
1996	4,668
1997	7,600
1998	9,468
1999	11,422
2000	13,797
2001	16,754
2002	18,003
2003	18,096
2004	20,634
2005	23,012
2006	18,908
2007	20,833

### ON-COURSE

Less encouragingly, on-course turnover has decreased for the second year in a row. The decrease in 2007 was of the order of 5%. In fact, this was not a poor performance when one considers that there is now a second Tote operator in competition with ASL, sharing the on-course Tote betting market.

Attendance at the Champs de Mars racetrack was at par with 2006, although this was partly due to the fact that 31 meetings were held instead of 30.

### ATTENDANCE AT CHAMP DE MARS



### GOVERNMENT TAX

Tax paid to the Government increased to nearly Rs 77.9 million from Rs 64.9 million in 2006 and Rs 58.0 million in 2005.

### NATIONAL SOLIDARITY FUND

Fractions and Dividends unclaimed by winning punters, amounting to Rs 9.4 million in 2007 (Rs 7.5 million in 2006) were remitted to the National Solidarity Fund, as in previous years. ASL has suggested to the authorities that the fractions which actually belong to the punters be added to the different betting pools and redistributed as Dividends to the punters.

### ADVERTISING

With the advent of a new Tote operator, ASL has in 2007 changed its brand name from Tote to Supertote, in order to differentiate it from its competitor and also to emphasise the "super" advantages of its product. This change was supported by an intensive awareness campaign to establish the new brand name, which has received positive feedback from both punters and the public.

As a responsible operator, Supertote has always focused its advertising campaign on betting in a responsible manner, explaining the different bets offered and emphasising the fun side of betting. The slogan "misé pou amisé" confirms this policy.

### CORPORATE SOCIAL RESPONSIBILITY

ASL is conscious of its social responsibilities and this year went further by sponsoring a race "The Supertote Red Ribbon Trophy" in collaboration with PILS (a leading NGO, supporting HIV/AIDS victims) on the Supertote Race Day held on 04 August 2007. ASL donated Rs 100,000 to PILS. Social workers from PILS were present during the day to distribute red ribbons and other materials to the public. The aim of the event was to give added visibility to the fight against AIDS in an effective setting, as horse racing is very popular at all levels and in all parts of Mauritian society. Our collaboration with PILS will be ongoing and the Supertote Red Ribbon Trophy will be run every year on Supertote day. A percentage of ASL's turnover for the Supertote Red Ribbon Trophy will be donated to PILS.

ASL has contributed Rs 9.4 million to the National Solidarity Fund for the year 2007.

### SPONSORSHIP

ASL is the most active sponsor of horse racing events. Once again it sponsored the Supertote Stayers' Championship. The Championship was held over four races – the Supertote Golden Trophy, the Air Mauritius Maiden Cup, the L'Express Turf MTC 175th Anniversary Cup and the Mauvilac Coupe des Presidents. The Winner of the Championship was Tabascorz and the trainer received a price of Rs 300,000.

ASL again sponsored the Supertote Golden Trophy providing a total prize money of Rs 300,000 including Rs 200,000 for the winner. Tabascorz also won the Supertote Golden Trophy, its trainer Mr Vincent Allet, received a total amount of Rs 500,000 from Supertote.

ASL was also present during the International meeting and sponsored the Supertote International Trophy. MBC launched the live horse racing programme called Super Tote Racing Focus, on TNT 5 in 2007. The program covers the whole race day and Supertote is its sole sponsor. The objective of ASL by sponsoring this channel dedicated to horse racing is to promote horse racing as well as to offer to the public more interviews and analysis on horse races. Towards the end of the season, there was also some reporting on off-course betting, showing the atmosphere in Supertote off-course agencies.



## OUTLOOK

The Government encourages foreign investment. In accordance with Government policy, the shareholders of Draper Investment Ltd, the holding company of ASL, have encouraged Phumelela Gold Enterprises through its Mauritian subsidiary, Phumelela Gold Enterprises (Mauritius) Limited (PGE), to participate in its shareholding replacing Rogers & Company Ltd when the latter decided to sell their shares. Phumelela Gold Enterprises is a partnership between Phumelela Gaming and Leisure Limited, a Johannesburg Stock Exchange listed company, and Gold Circle (Pty) Limited, and is responsible for promoting South African horse racing worldwide. They have already included Mauritian racing in their Telly Track racing channel. The Directors believe that the experience of Phumelela Gold Enterprises will be an advantage to the shareholders of ASL and Mauritius horse racing in general.

In January 2008, the Gambling Regulatory Board invited applications from interested parties to organise Fixed Odd Betting on foreign football matches. ASL has applied for same and hopes to be given a licence. The actual Amtote system will be used and bets will be offered through all ASL's off-course outlets as well as from its Teletote operations.

ASL will use Superscore as its brand name for the promotion of Fixed Odd Betting on foreign football whilst the Teletote which has become a strong and recognised brand name since it was introduced in 1994 will remain the same for telephone betting.

In order to further improve the services to its local customers and to allow Mauritians staying abroad to bet on Mauritian races, ASL will seek permission from relevant authorities to introduce Internet Betting and Mobile Betting via text messages (sms).

No 2

27



# CORPORATE GOVERNANCE REPORT

The Directors are committed to maintain and improve good corporate governance, in accordance with best practices as prevail in similar businesses. The directors report as follows:

## LAW

The Directors shall ensure that at all material times the provisions of the Law of Mauritius are complied with. All payments that need to be made by virtue of the Law shall be made timeously. Similarly all declarations, statements, filings and all applications and renewal of permits and licences, shall be made in due time. The Directors shall treat as confidential matters which should not be made public otherwise than by operation of the Law.

## ETHICS

As regards the Management of the affairs of ASL, the Directors shall continue to act professionally, efficiently and honestly. The Directors shall relentlessly aim at improving the administration and management of ASL so as to enable ASL to enjoy a solid reputation. The affairs of ASL shall be conducted in such a way as to be in best interest of society. ASL shall always strive to offer the best services possible to the public.

## RELATIONSHIP WITH AUTHORITIES AND THIRD PARTIES

The Directors shall deal with others in a fair, honest, efficient and courteous manner. The Directors shall at all times maintain a conduct which is commensurate with the good reputation of ASL. All contracts and agreements to be entered into with any person shall be negotiated at arm's length and shall be concluded in a fair and equitable manner. All dealings with the public authorities shall be open and transparent.

## AVOIDANCE OF CONFLICT

The Directors shall never use their position to achieve personal gains. The Directors shall make full disclosure of any matter which may affect the impartiality of any Board decision. The Directors shall never make use by themselves or through any other person of any inside information. In their capacity as Directors, the latter shall not accept any gift from any party dealing with ASL.

## DEALING IN SHARES OF THE COMPANY

With regard to directors' dealings in the shares of ASL, the directors endeavour to follow the principles of the code on securities transactions by directors as stipulated in Appendix 6 of the Mauritius Stock Exchange Listing Rules. ASL has also set up a procedure whereby any director purporting to deal in the shares of the Company should inform the Chairperson accordingly.

## SHAREHOLDERS

The Directors shall make available to the shareholders true and accurate information. The Directors shall work towards protecting and consolidating the investment of the shareholders so as to generate the best possible yields.

## RISKS' ASSESSMENT

The Directors shall demonstrate care and responsibility when making public statements. Risks that would be associated with the activities of ASL shall continue to be regularly assessed and safeguards shall be envisaged accordingly.

## EMPLOYEES

The Company has no employees. Up to 31 March 2007, Hardy Henry & Cie Limitée employed all staff involved in Supertote. Following the assignment of the Management Service Agreement to HH Management Ltd with effect as from 01 April 2007, the staff is now employed by HH Management Ltd. Please refer to the section on Contract of Significance with Directors on page 22 for more information.

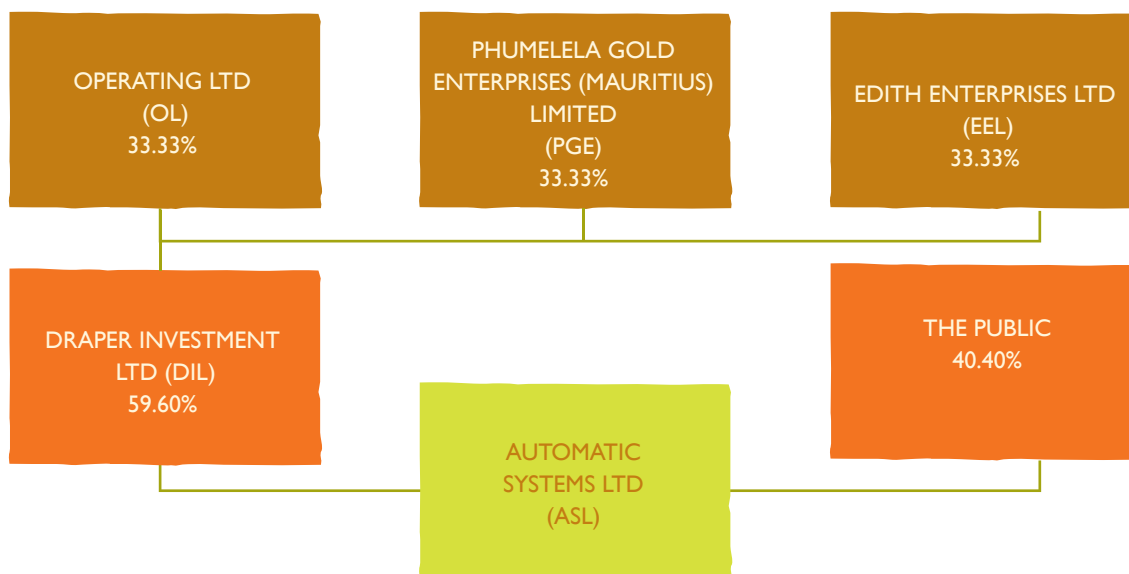
## ENVIRONMENTAL AND SOCIAL POLICIES

The Directors shall ensure that the activities of ASL do not have a negative impact on the environment.



## CASCADE HOLDING STRUCTURE

ASL is a listed company owned as follows:



## MAJOR SHAREHOLDERS

On 31 December 2007, the following shareholders held directly and indirectly more than 5% of the ordinary share capital of the Company.

	Direct interest		Indirect interest
	No. of ordinary shares	% holding	% holding
Draper Investment Ltd	2,106,909	59.60	-
Operating Ltd	-	-	19.86
Edith Enterprises Ltd	-	-	19.86
Phumelela Gold Enterprises (Mauritius) Limited	-	-	19.86

During the year 2007, Rogers & Company Ltd ("Rogers") which held 8.68 % directly and 16.97% indirectly, respectively, of the shareholding, disposed of its entire interest in the Company. PGE has subsequently acquired 33.33% of DIL.

DIL increased its direct shareholding in ASL from 50.92 % to 59.60 % and PGE indirectly held 19.86% of the shareholding of ASL as at 31 December 2007.

Phumelela Gold Enterprises, the ultimate beneficial owner of PGE is a partnership between Phumelela Gaming and Leisure Limited and Gold Circle (Pty) Limited, which amongst others:

- Owns a majority share in Isle of Man Tote Limited, a company incorporated in The Isle of Man (IOM). The Company owns a totalisator licence in the IOM and provides betting opportunities via its online totalisator operation to a worldwide customer base;
- Owns the exclusive worldwide (UK and Ireland excluded) broadcasting rights to 30 of the UK racecourses;
- Officially hosts the global tote betting pools on the Dubai International Racing Carnival. On Dubai World Cup night in 2007, 46 hubs in the USA commingled into South African pools, as well as totalisators in Canada, Holland (Magnabet), Germany, the Isle of Man, Barbados and Tasmania;

- Holds the global distribution rights to the Dubai International Racing Carnival; and
- Operates a television studio that broadcasts live horseracing audio, visual and data from South Africa, the UK and other international racecourses to betting shops, private subscribers and over 40 countries on a daily basis.

## DIRECTORS' PROFILE

### M.A. ERIC ESPITALIER-NOËL (CHAIRPERSON)

Appointed Director in 2004

Chairperson of the Company since July 2004, Eric Espitalier-Noël, born in 1959, holds a Bachelor's degree in Social Sciences from the University of Natal in South Africa and a Master degree in Business Administration from University of Surrey (UK). He started his career in the audit department of De Chazal Du Mée. He also worked as Area Marketing Manager for Indian Ocean Export Ltd in Durban. In 1986 he joined the Espitalier-Noël Group of which he is today an executive director. He is a director of the following listed companies: Rogers & Company Ltd, The Savannah Sugar Estate Co. Limited, Mon Desert Alma Ltd, Espitalier-Noël Investment Trust Ltd (DEM), Espitalier-Noël Ltd (DEM), Livestock Feed Ltd (DEM) and Tropical Paradise Co. Ltd (DEM).

### DAVID R. H.ATTENBOROUGH

Appointed Director in 2008

David R. H. Attenborough, born in 1963 holds a BSC and MBA. He managed the licensing and development division of British bookmaking chain Ladbrokes for five years before transferring to Africa, where he was responsible for the development of casino and other gaming opportunities for the Group for a further five years. In 2001 he became Vice-President Development for African Lakes Corporation, a UK listed company specialising in IT connectivity and an ISP provider in 20 African countries. He joined Phumelela Gaming and Leisure Limited in September 2003, became Chief Operating Officer in May 2004 and was appointed to the Phumelela Board in June 2005.

### PETER R. BENTON

Appointed Alternate Director to David R. H. Attenborough and John A. Stuart in 2008

Peter R. Benton, born in 1960, spent five years in a finance and company secretarial role for MNET. He joined MNET in its formative years and was part of the finance team that supported the growth from some 50,000 subscribers to over 750,000 subscribers when he left. He played an active role on the listing committee when MNET was taken to market. He subsequently spent seven years in the tourism industry as Financial Director for World Leisure Holidays, the wholesale tour operation arm of Sun Resorts Limited. He was part of the team that helped grow this company over 700% in the time he was with them. Since then, he continued his careers in a finance capacity in the IT industry in e-commerce and distribution. He joined Phumelela Gaming and Leisure Ltd in December 2006 in the International Division and has been an active member of the team evaluating various investment opportunities and potential acquisitions for the group.

### P. R. SYDNEY BATHFIELD

Appointed Director in 1998

Resigned on 09 January 2008

P. R. Sydney Bathfield, born in 1937, qualified as a Chartered Accountant in London in 1963. He returned to Mauritius where he joined Kemp Chatteris in 1966 and Lonrho in 1969. He emigrated to the United States of America in 1978 and worked in London and Paris before returning to Mauritius in 1995. He joined the Rogers Group and was the executive director of the International and Financial Services Cluster. Since his retirement in 2002 he has acted as a business adviser to the Rogers Group. He was the Chairman of the Stock Exchange of Mauritius from 1997 to 2000. He is not a director of any other listed company.

### **RAVINDRA CHETTY**

Appointed Director in 1997

Ravindra Chetty, born in 1962, read Law at Balliol College, Oxford University. He was called to the bar in Middle Temple, England and in Mauritius in 1987. Since then he is practising as a barrister at law in Mauritius. His practice involves various areas such as civil, commercial, tax and insurance Law. He is also a lecturer and member of the Board of Examiners at the Council of Legal Education. He was the president of the Mauritius Bar Association in 2005. He also acts as legal advisor of various Funds. He had been the President of Mauritius Football Association from 1996 to 2002. He is not a director of any other listed company.

### **JOWAHEER LALL DOOKUN**

Appointed Director in 2002

Jowaheer Lall Dookun, born in 1932, holds a graduation from North Western Polytechnic, London, UK. He was a Director of Paramount Co. Ltd, the holding company of National Transport Corporation, and he is a Director in various Dookun Group companies such as Mauritius Cosmetics Limited, Paper Converting Company Limited, Gumboots & Protectivewear Manufacturing Ltd and Agri-Pac Limited. He was elected councillor of the Municipality of Vacoas-Phoenix from 1969 to 1980. He was also a Director of Central Electricity Board from 1983 to 1995. He is a Director of the following listed companies: Mauritius Cosmetics Limited (DEM) and Paper Converting Company Limited (DEM).

### **ARVIND LALL DOOKUN**

Appointed Alternate director to Jowaheer Lall Dookun in 2003

Arvind Lall Dookun, born in 1963, holds a Textile Technology Diploma from the UMIST (Textile Dept. BIHE Bolton UK), HND in Clothing Technology and an Institute Diploma BA Hons equivalent in Clothing Fashion Business Management from the London College of Fashion part of the University of the Arts, London UK. He is an Associate member of the Clothing and Footwear Institute and a Licentiate member of the Textile Institute, Manchester UK. He is the Managing Director of General Export and Economic Development Services Ltd (ESC company) and a Director of INXS Ltd which is an insurance and re-insurance broker and consultancy company licensed by the FSC. He is not a director of any other listed company.

### **M. L. JEAN HARDY**

Appointed Director at incorporation in 1991

M.L. Jean Hardy, born in 1948, is the promoter of the Tote Betting System in Mauritius. He was one of the co-founder of Hardy Henry & Cie Limitée in 1976. He is a director of Hardy Henry & Cie Limitée and its affiliated companies. He is not a director of any other listed company.

### **ANTOINE L. HAREL**

Appointed Director in 2000

Antoine Harel, born in 1957, holds a BA in Accounting and Computing from the University of Kent, England. He worked for Ernst & Young in London and qualified as a Chartered Accountant in London in 1986. He returned to Mauritius where he joined Harel Mallac & Co Ltd in 1987 as the manager of Computer Department. He became the Director for Computer, Communication, Distribution and Retail division of Harel Mallac & Co Ltd in 1997. He was appointed Chief Executive Officer from 1997 to 2005 and he is now the Chairman of Harel Mallac & Co Ltd. He is also director of the following listed companies: Compagnie des Magasins Populaires Limitée, Mauritius Chemical & Fertilizer Industry Ltd, Bychemex Ltd (DEM) and Chemco Ltd (DEM), Les Gaz Industriels Ltd (DEM) and The Mount Sugar Estates Co. Ltd.

#### CHARLES P. L. HAREL

Appointed Director on 27 March 2007

Charles Harel, born in 1967, holds a National Diploma in Management and Finance of Cape Technikon, South Africa, as well as an MBA from the University of Birmingham, United Kingdom. In 1995, he joined Harel Mallac Group and was appointed as assistant to the Commercial Director of the “Compagnie des Magasins Populaires Ltée” (Monoprix). In 1998, he was appointed Manager of the Business Units Travel & Tourisms and Retail. In May 2005, he has been appointed General Manager of Harel Mallac Bureautique Ltd. He is a director of the following listed companies: Compagnies des Magasins Populaires Ltée and Harel Mallac & Co Ltd.

#### HERVÉ HENRY

Appointed Director at incorporation in 1991

Hervé Henry, born in 1946, is the holder of a “Diplome de Perfectionnement en Administration des Entreprises” from the University of Aix, Marseilles. He was one of the co-founder of Hardy Henry & Cie Limitée in 1976. He is a director of Hardy Henry & Cie Limitée and its affiliated companies. He is not a director of any other listed company.

#### O. FAROUK A. HOSSEN

Appointed Director in 1991

Farouk Hossen, born in 1945, holds the Fellowship of the Association of British Opticians and Honours Fellowship Diploma for practice in contact lenses. He practised the profession in England for three years before settling in Mauritius where he established practice as an optician since 1972. He is a director of number of Companies and of three Public Companies. He had the opportunity to sit on the board of The State Bank of Mauritius for two years. He is a director of the following listed companies; Bristish American Investment Co. (Mtius) Ltd and The Mauritius Leasing Company Limited.

#### J. D. GERARD PASCAL

Appointed Director in 1991

Gérard Pascal, born in 1951, became a Fellow Member of the Association of Certified Accountants in 1983. He was an audit manager at De Chazal du Mée, Chartered Accountants, before joining Rogers & Company Ltd in 1982 as Group Accountant. He was appointed Group Finance Manager in 1986 and Chief Finance Executive in 2004. Mr Pascal retired from Rogers in 2006. He is a director of IPRO Growth Fund.

#### TIMOTHY TAYLOR

Appointed Director in 2006

Resigned on 20 December 2007

Timothy Taylor, born in 1946, holds a BA Hons in Industrial Economics from Nottingham University. He joined Rogers in 1973 as Manager of the Planning and Development Department, eventually becoming Chief Executive of the Group in 1999 and retiring from this position in December 2006. He is a director of the following listed Companies: Rogers & Company Ltd, New Mauritius Hotels Ltd, Liberty Investment Trust Ltd and Air Mauritius Ltd. He is the Chairman of the National Committee on Corporate Governance.

#### M. JEAN MARC ULCOQ

Appointed Director in 2000

Resigned on 14 August 2007

Jean Marc Ulcoq, born in 1952, is a Fellow Member of the Association of Certified Accountants. He joined Harel Mallac & Co Ltd in 1981 as the Chief Accountant becoming Assistant to Managing Director in 1986. He became a member of Harel Mallac & Co Ltd's Board of Directors in 1990 and was appointed Group Finance Director in 1997 and Company Secretary in 2000. In 2006, he was appointed Chief Corporate Affairs Executive and Company Secretary. He is not a director of any other listed company.

#### L. J. MICHEL RIVALLAND

Appointed Director in 2008

L. J. Michel Rivalland, born in 1953, is a Fellow Member of the Chartered Association of Certified Accountants. He is the Managing Director of The Mauritius Chemical & Fertilizer Industry Ltd. since October 2006. He is a director of the following listed companies: Harel Mallac & Co Ltd, The Mauritius Chemical & Fertilizer Industry Ltd, Bychemex Ltd (DEM), Chemco Ltd (DEM), United Investments (DEM).

#### JOHN A. STUART

Appointed Director in 2008

John A. Stuart, born in 1956 holds a B.Com and is the Director of International Marketing and Operations of Phumelela Gaming and Leisure Ltd. He has worked in the totalisator industry since 1979 when he joined the then TAB KwaZulu-Natal as Internal Auditor. He filled various roles in that organisation and at the time of his departure he was Assistant General Manager. He joined Phumelela in 1997 as Business Development Manager with his primary focus on alternative forms of gambling. After occupying various roles in the organisation he took responsibility for the International Division in May 2006.

## DIRECTORS

The table below shows the directors of the Company, their attendances at meetings and their remunerations during the year 2007. It also shows their direct and indirect interests in the share capital of the Company as at 31 December 2007.

Name	Category	Directorships in related companies				Interest in shares as at 31 Dec 2007			Attendance at meetings during 2007				Remuneration during 2007 (Rs)
		DIL	OL	EEL	Rogers (Up to 30 Sept 2007)	PGE	Direct		Indirect	Board	Audit Committee	Corporate Governance Committee	
							No of shares	% holding					
M.A. Eric Espitalier-Noël	Non-executive	*			*				5/5		1/2	70,000	
David R. H. Attenborough (As from 20 February 2008)	Non-executive	*			*								
Peter R. Benton Alternate to David R. H. Attenborough and John A. Stuart (As from 20 February 2008)	Non-executive												
P.R. Sydney Bathfield (Until 09 January 2008)	Non-executive								5/5	2/2		80,000	
Ravindra Chetty	Non-executive/ Independent						100	0.000	3/5		2/2	60,000	
Jowaheer Lall Dookun	Non-executive							0.483	3/5		1/2	45,000	
Arvind Lall Dookun Alternate to Jowaheer Lall Dookun	Non-executive						2,057	0.060	2/5			20,000	
M. L. Jean Hardy	Executive	*	*				8,000	0.230	5/5			60,000	
Antoine L. Harel	Non-executive	*	*					0.571	5/5	2/2		60,000	
Charles P.L. Harel (As from 27 March 2007)	Non-executive			*				0.571	2/5		1/2	35,000	
Hervé Henry	Executive	*	*					0.570	4/5			50,000	
O. Farouk A. Hossen	Non-executive/ Independent						22,049	0.630	3/5	2/2		45,000	
J. D. Gérard Pascal	Non-executive/ Independent						1,319	0.040	4/5	2/2		60,000	
L.J. Michel Rivaland (As from 20 February 2008)	Non-executive												
John A. Stuart (As from 20 February 2008)	Non-executive					*							
Timothy Taylor (Until 20 December 2007)	Non-executive				*				1/4			20,000	
M. Jean Marc Ulcoq (Until 14 August 2007)	Non-executive	*							0/2				

### **COMMON DIRECTORSHIPS OF ASL HOLDING STRUCTURE**

Please refer to the table regarding directors on page 21.

### **DIRECTORS INTERESTS IN THE SHARE CAPITAL OF THE COMPANY**

Please refer to the table regarding directors on page 21.

### **DIRECTORS' DEALING IN SHARES**

The directors of the Company follow the Model Code for Securities transactions (Appendix 6 of the Listing Rules) in all dealings in which they are or might be interested.

No director transacted in shares of the Company during the year.

### **SHAREHOLDERS' AGREEMENT**

The Company does not have a Shareholders' Agreement.

### **MATERIAL CLAUSES OF THE COMPANY'S CONSTITUTION**

The Company has on 22 June 2007 adopted a new Constitution in line with the Companies Act 2001 and the Listing Rule of the Stock Exchange of Mauritius. The main differences in relation to the previous Memorandum and Articles of Association are as follows:

- Postal votes are now allowed;
- The issue of fractional shares are permitted;
- All the directors to retire at annual meeting.

### **CONTRACT OF SIGNIFICANCE WITH DIRECTORS**

ASL had a Management Service Agreement with Hardy Henry & Cie Limitée, a company controlled by two directors, namely, Messrs M.L. Jean Hardy and Hervé Henry. The Management Service Agreement initially signed with Hardy Henry & Cie Limitée on 25 October 1991, was amended on 18 January 2000 and reviewed on 27 February 2004. Following the restructuring of the Hardy Henry Group, the directors of Hardy Henry & Cie Limitée had requested that the Management Service Agreement be assigned to HH Management Ltd, another company forming part of the Hardy Henry Group.

On 27 March 2007 the board approved the decision to assign the Management Service Agreement from Hardy Henry & Cie Limitée to HH Management Ltd with effect as from 01 April 2007. A Novation Agreement has been signed in that respect and it was agreed therein that in the event HH Management Ltd encounters any financial problems in the performance of its obligations towards ASL, Hardy Henry & Cie Limitée will guarantee payment of any resulting liability.

Details of transactions with HH Management Ltd are given in Note 17 (b) to the financial statements.

### **REMUNERATION POLICY**

The remuneration structure with regard to directors' fees comprises of two components, namely, a basic monthly fee and an attendance fee. Members of the Audit and Corporate Governance Committees are paid an attendance fee only.

### **DIRECTORS' ATTENDANCE AT MEETINGS HELD IN 2007**

Please refer to the table regarding directors on page 21.

### **BOARD AND COMMITTEES**

As at 31 December 2007 the Board consisted of 10 directors (2 Executive, 5 Non Executive and 3 Independent) and met five times during the year.

On 20 February 2008, the Board appointed Messrs David R. H. Attenborough, John A. Stuart and L. J. Michel Rivalland as Non Executive directors. Mr Peter R. Benton was appointed as alternate director to Messrs David R. H. Attenborough and John A. Stuart and on the same date Antoine L. Harel was appointed as alternate director to L. J. Michel Rivalland.

So far the Board has not adopted a charter. The Board is chaired by M. A. Eric Espitalier-Noël and M. L. Jean Hardy is the Chief Executive. The Chairperson and Chief Executive are elected by the members of the Board.

The Board constituted two committees, the Audit Committee which also performs the duties of the Risk Committee, and the Corporate Governance Committee, which also performs the duties of the Remuneration Committee. Both Committees were set up in June 2005. The key areas normally covered by the Nomination Committee remain under the responsibility of the full Board.

For the year under review, no evaluation of the Board, the Audit Committee or the Corporate Governance Committee was carried out, as the Board is still considering how best to carry out the evaluation exercise.

The new Constitution provides for the retirement of all directors from office at each annual meeting of the Company.

#### **CORPORATE GOVERNANCE COMMITTEE**

The Corporate Governance Committee comprises of Ravindra Chetty (Chairperson), Jowaheer Lall Dookun, M. A. Eric Espitalier-Noël and Charles P. L. Harel and met twice during the year.

The Committee has during the year reviewed the Constitution of the Company which was adopted by the shareholders on 22 June 2007. The Committee has the following objectives:

- To review the structure of the Company in the light of the Code of Corporate Governance;
- To identify areas of compliance and areas of non compliance with the Code of Corporate Governance and to report to the Board accordingly;
- To assist the Board in the implementation of the Code of Corporate Governance;
- To ensure that the Company's Annual Report complies with the provisions of the Code of Corporate Governance.

#### **AUDIT COMMITTEE**

The Audit Committee assists the Board in overseeing:

- The quality and integrity of the financial statements and public announcements related thereto;
- The Company's compliance with legal and regulatory requirements;

- The scope and effectiveness of the external audit function as well as the qualifications, experience and independence of the external auditors;
- The adequacy of the system of internal controls and practices as well as compliance with ethical standards;
- The policies and procedures established to minimise risks of money laundering through the tote System;
- The integrity and effectiveness of the automated system managing the bets on Supertote;
- The adequacy of the insurance cover subscribed by the Company.

The Audit Committee met twice during the year.

As from 09 January 2008, following the resignation of P. R. Sydney Bathfield as director of the Company, the Audit Committee is constituted of only three members, namely, J. D. Gérard Pascal, O. Farouk A. Hossen and Antoine L. Harel. On 20 February 2008 J. D. Gérard Pascal was appointed Chairperson of the Audit Committee in the place of P. R. Sydney Bathfield.

Given that the Chairperson of the Audit Committee should have substantial accounting and financial experience and that none of the independent directors have such experience, the Audit Committee had been chaired by a non-executive director. However as from 20 February 2008, the Audit Committee is chaired by an independent director.

#### **INTERNAL CONTROL**

Proposals were requested for professional services relating to the internal audit function. The Audit Committee recommended to the Board not to appoint any internal auditor in view of the costs involved. The Committee consequently worked closely with the external auditors.

Amtote International Inc provides a line monitoring of the system so that their engineers analyse the operation in real time and may intervene in case of problems from their base in Maryland USA. The system cannot be tampered with thereby ensuring its integrity. Tests were conducted jointly with Amtote to verify that integrity.



## RISK MANAGEMENT

The Board is responsible for the overall management of risks.

The risk inherent can be classified as follows:

- Market
- Managerial
- Operational
- Other risks

The market risks relate to the number of race meetings, the number of betting shops ASL is allowed to operate and the state of the Mauritian economy, as this will impact directly on the expenditure on leisure activities.

The managerial risks have been outsourced to HH Management Ltd through a Novation Agreement effective as from 01 April 2007, whereby the Management Contract was transferred from Hardy Henry & Cie Limitée to the latter. The Management Services Agreement may be periodically reviewed and updated as circumstances may warrant following reports made to the Board of the Company and is the subject of scrutiny by the Audit Committee. HH Management Ltd reports to the Board on operational matters. Their remuneration is based partly on a fixed amount and partly on variable amount based on the financial results of the operations. They are responsible for the employment of all operational staff.

The operational risks relate to internal processes which are regulated by an information technology software which controls the betting operations of the Company. That system is closely monitored at management levels with cash reconciliations being prepared and verified after each race meeting. The main operational risks, the integrity of the betting system is provided and tested by Amtote International Inc. Satisfactory procedures are in place as regards the risks of money laundering.

Other risks relate to the reputation of the Company and physical disasters and accidents. The Board of the Company ensures that the Company is ethical and fair to the horse racing industry, to the punters who are the clients of the Company and to the Government who establishes the rules of operation through the Gambling Regulatory Board.

Physical disasters and accidents are insurable risks which are covered through policies with reputable companies and advice from insurance brokers. They have been reviewed by the Audit Committee which considers the insurance covers to be adequate.

## SHARE OPTION PLAN

The Company has no share option plan.

## DIVIDEND POLICY

The Company has no formal dividend policy. The payment of dividend is subject to the performance of the Company, its cash flow and its capital expenditure requirements. The dividend payable for the financial year is decided upon and declared by the Board.

## CORPORATE SOCIAL RESPONSIBILITY

The Company has sponsored PILS (a leading NGO, supporting HIV/AIDS victims). On the occasion of the Supertote Race day a race called the Supertote Red Ribbon Trophy was sponsored by ASL and a percentage of the turnover of that race representing Rs 100,000 was remitted to PILS.

Unclaimed dividend and fractions are remitted every year to the National Solidarity Fund (NSF). In 2007, Rs 9.4 million were remitted to NSF (Rs 7.5 million in 2006).

The Company intends to maintain and enhance its Corporate Social Responsibility through continued support to PILS, NSF and the sponsorship of various sporting events.

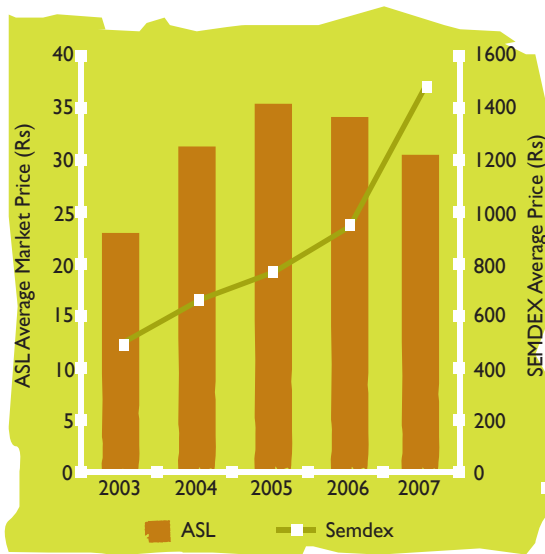
## IMPORTANT EVENTS

The Calendar for the year ending 31 December 2008 is as follows:

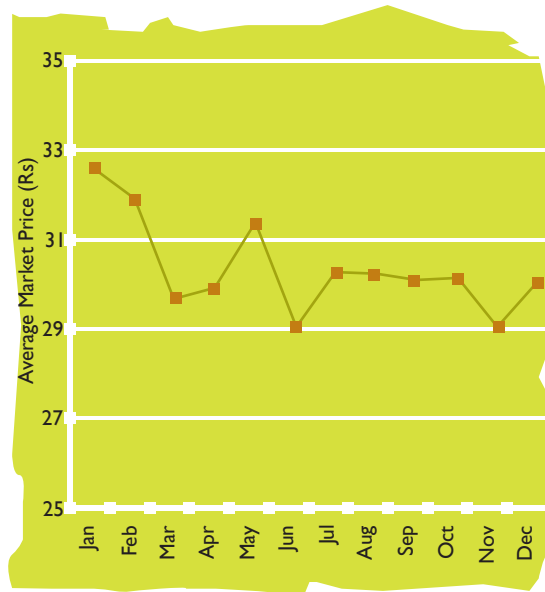
	Events	Dates
1	Payment of dividend (declared in 2007)	February
2	Annual Meeting	May
3	Approval of quarterly financial reports	May, August, December
4	Approval and publication of half yearly financial statements	September
5	Declaration of dividend	December

## SHARE PRICE INFORMATION

AVERAGE MARKET PRICE OF SHARES 2003-2007



AVERAGE MONTHLY MARKET PRICE OF SHARES-2007



## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- state whether International Financial Reporting Standards have been followed, 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 have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## DONATIONS

No donation was made by the Company during the year (2006 – Nil).

## FEES PAID TO AUDITOR

The fees paid to the auditor, PricewaterhouseCoopers, are disclosed as per Note 3 in the financial statements.

## AUDITOR

PricewaterhouseCoopers has indicated its willingness to continue in office and will be automatically re-appointed at the Annual Meeting.

Approved by the Board of directors on 15 April 2008 and signed on its behalf by:

M.A. Eric Espitalier-Noël

M.L. Jean Hardy

## DIRECTORS



  
**SUPERTOTE**

*Golden*  
TROPHY

# SECRETARY'S REPORT

to be included in the Financial Statements of AUTOMATIC SYSTEMS LTD.  
Under Section 166 (d) of the Mauritian Companies Act 2001

We confirm that, based on records and information made available to us by the directors of the Company, the Company has filed with the Registrar of Companies, for the financial year ended 31 December 2007, all such returns as are required of the Company under the Mauritian Companies Act 2001.

Abacus Corporate Services Ltd  
Corporate Secretary  
15 April 2008





# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUTOMATIC SYSTEMS LTD.

## REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the financial statements of Automatic Systems Ltd. (the "Company") on pages 31 to 46 which comprise the balance sheet at 31 December 2007 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Directors' Responsibility for the Financial Statements

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

### Auditors' Responsibility

3. 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.

4. 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.

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

### Opinion

6. In our opinion, the financial statements on pages 31 to 46 give a true and fair view of the financial position of the Company at 31 December 2007 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Companies Act 2001

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

- a) we have no relationship with or interests in the Company other than in our capacity as auditors and tax advisers;
- b) we have obtained all the information and explanations we have required; and
- c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

### Financial Reporting Act 2004

8. The directors are responsible for preparing the Corporate Governance Report on pages 15 to 25 and making the disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius ("Code"). The Financial Reporting Act 2004 requires us to report on these disclosures, where the directors disclose the extent of compliance with the Code.

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

### OTHER MATTERS

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

PricewaterhouseCoopers

Shyam Mohadeb  
Licensed auditor  
15 April 2008

# INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 Rs 000	2006 Rs 000
<b>TURNOVER</b>	895,234	734,120
Payments to winners	673,309	549,563
Payments to the National Solidarity Fund	9,391	7,529
Government tax	77,852	64,941
	<u>760,552</u>	<u>622,033</u>
<b>Gross profit</b>	134,682	112,087
<b>Selling expenses</b>	(8,359)	(6,937)
Administrative expenses	(67,681)	(53,234)
Payments to The Mauritius Turf Club	(45,443)	(41,240)
	<u>13,199</u>	<u>10,676</u>
<b>OPERATING PROFIT (Note 3)</b>	13,199	10,676
Finance income	527	2,220
Finance costs	(324)	(797)
Finance income – net (Note 4)	203	1,423
<b>PROFIT BEFORE TAXATION</b>	13,402	12,099
Taxation (Note 5)	(1,036)	(2,553)
	<u>12,366</u>	<u>9,546</u>
<b>PROFIT FOR THE YEAR</b>	12,366	9,546
<b>EARNINGS PER SHARE (Note 6)</b>	Rs <u>3.49</u>	<u>2.70</u>



# BALANCE SHEET

## 31 DECEMBER 2007

	2007 Rs 000	2006 Rs 000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant and equipment (Note 7)	40,723	34,768
Available-for-sale financial assets (Note 8)	104	104
	<u>40,827</u>	<u>34,872</u>
<b>Current assets</b>		
Receivables and prepayments (Note 9)	1,109	927
Loans at call (Note 10)	12,500	10,000
Cash at bank	1,865	1,589
	<u>15,474</u>	<u>12,516</u>
<b>Total assets</b>	<u>56,301</u>	<u>47,388</u>
<b>EQUITY</b>		
Share capital (Note 11)	24,745	24,745
Share premium (Note 12)	1,168	1,168
Retained earnings	3,144	1,383
	<u>29,057</u>	<u>27,296</u>
<b>Total equity</b>	<u>29,057</u>	<u>27,296</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred income tax (Note 13)	3,085	3,284
	<u>3,085</u>	<u>3,284</u>
<b>Current liabilities</b>		
Trade and other payables (Note 14)	23,154	16,275
Current income tax (Note 5)	1,005	533
	<u>24,159</u>	<u>16,808</u>
<b>Total liabilities</b>	<u>27,244</u>	<u>20,092</u>
<b>Total equity and liabilities</b>	<u>56,301</u>	<u>47,388</u>

Authorised for issue by the Board of directors on 15 April 2008 and signed on its behalf by:

M.A. Eric Espitalier-Noël  
M.L. Jean Hardy  
DIRECTORS

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

	Share capital Rs 000	Share premium Rs 000	Retained earnings Rs 000	Total equity Rs 000
At 01 January 2006	24,745	1,168	4,917	30,830
Profit for the year	-	-	9,546	9,546
Dividends (Note 15)	-	-	(13,080)	(13,080)
At 31 December 2006	24,745	1,168	1,383	27,296
Profit for the year	-	-	12,366	12,366
Dividends (Note 15)	-	-	(10,605)	(10,605)
At 31 December 2007	24,745	1,168	3,144	29,057

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 Rs 000	Restated 2006 Rs 000
<i>Cash flow from operating activities</i>		
Profit before taxation	13,402	12,099
Adjustments for:		
Depreciation of plant and equipment (Note 7)	9,329	7,694
Profit on disposal of plant and equipment	-	(1,893)
Dividend income	(63)	(30)
Interest income	(464)	(2,190)
Interest expense	324	797
	<hr/>	<hr/>
<i>Operating profit before working capital changes</i>	22,528	16,477
Increase in receivables and prepayments	(182)	(1)
Increase in trade payables	1,702	1,420
	<hr/>	<hr/>
<i>Cash generated from operations</i>	24,048	17,896
Interest received	464	2,190
Income tax paid (Note 5)	(763)	(3,726)
Interest paid	(324)	(797)
	<hr/>	<hr/>
<i>Net cash from operating activities</i>	23,425	15,563
	<hr/>	<hr/>
<i>Cash flow from investing activities</i>		
Payments for purchase of plant and equipment (Note 7)	(12,546)	(34,886)
Payments for purchase of available-for-sale investment	-	(4)
Proceeds from disposal of plant and equipment	-	2,383
Dividends received	63	30
	<hr/>	<hr/>
<i>Net cash used in investing activities</i>	(12,483)	(32,477)
	<hr/>	<hr/>
<i>Cash flow from financing activities</i>		
Dividends paid (Note 15)	(8,166)	(4,914)
	<hr/>	<hr/>
<i>Net cash used in financing activities</i>	(8,166)	(4,914)
	<hr/>	<hr/>
<i>Net increase/(decrease) in cash and cash equivalents</i>	2,776	(21,828)
Cash and cash equivalents at beginning of year	11,589	33,417
	<hr/>	<hr/>
<i>Cash and cash equivalents at end of year (Note 18)</i>	14,365	11,589
	<hr/>	<hr/>

# NOTES TO THE FINANCIAL STATEMENTS -31 DECEMBER 2007

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### *Basis of preparation*

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investment to fair value. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement and complexity or areas where assumptions and estimates are significant to the financial statements are discussed below.

### *(a) Standards, amendments and interpretations effective in 2007*

IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Company's financial instruments, or the disclosures relating to taxation and trade and other payables.

### *(b) Standards, amendments and interpretations effective in 2007 but not relevant*

Certain new Standards, amendments and interpretations to existing Standards have been published that are mandatory for the Company's accounting year beginning on or after 01 January 2007. The directors have assessed the relevance of these Standards, interpretations and amendments with respect to the Company's operations and concluded that they are not relevant to the Company.

### *Critical accounting estimates and judgements in applying accounting policies*

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company does not have any areas involving a higher degree of judgement or complexity, nor any areas where assumptions and estimates are significant to the financial statements.

### *Cash and cash equivalents*

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### *Foreign currency translation*

Foreign currency transactions are translated into Mauritius Rupees, the functional currency, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

# NOTES TO THE FINANCIAL STATEMENTS -31 DECEMBER 2007 (CONT'D)

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### *Plant and equipment*

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

Depreciation is calculated using the straight-line method at annual rates estimated to write off the cost of the assets to their estimated residual values over their expected useful lives. The annual rates used are:

Equipment	12.5 %
Teletote	12.5% to 20.0%
Off-course equipment	12.5% to 20.0%
Electrical installation and equipment	12.5%
Office equipment and furniture	12.5% to 20.0%

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

### *Financial assets*

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

- **Loans and receivables**

Loans and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified in non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet.

- **Available-for-sale financial assets**

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

# NOTES TO THE FINANCIAL STATEMENTS -31 DECEMBER 2007 (CONT'D)

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### *Financial assets (Cont'd)*

- Available-for-sale financial assets (Cont'd)

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in equity.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These includes the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing model, making maximum use of market inputs and relying as little as possible on entity specific inputs.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

### *Impairment of assets*

Plant and equipment 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 purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

### *Share capital*

Ordinary shares are classified as equity.

### *Deferred income tax*

Deferred income tax is provided in full, using the liability method, on 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 (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary difference arises from depreciation of property, plant and equipment. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

# NOTES TO THE FINANCIAL STATEMENTS -31 DECEMBER 2007 (CONT'D)

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### *Provisions*

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

### *Revenue recognition*

Bets are recognised as turnover when they are placed at the counters or over the telephone.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time-proportion basis using the effective interest method.

### *Dividends*

Dividends to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are declared by the directors.

## 2. FINANCIAL RISK MANAGEMENT

### *Financial instruments*

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

### *Financial risk factors*

The Company's activities expose it to a variety of financial risks. The Company's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management remains the responsibility of the Board of directors to whom the audit and risk management committee reports.

- Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's policy is to maximise returns on interest-bearing assets.

- Credit risk

The Company only accepts bets on a cash basis and is therefore not exposed to credit risk in its core business operation.

The Company's policy is to maximise returns on interest-bearing assets and surplus funds are lent to third parties at rates higher than those proposed by banks after considering the financial position of the borrowers. The loans have up to now been on an unsecured basis.

### *Fair values*

The carrying amounts of available-for-sale financial assets, receivables, loans, cash at bank and trade and other payables approximate their fair values.

# NOTES TO THE FINANCIAL STATEMENTS -31 DECEMBER 2007 (CONT'D)

## 2. FINANCIAL RISK MANAGEMENT (Cont'd)

### Currency profile

All the Company's financial assets and liabilities are denominated in Mauritian rupee.

## 3. OPERATING PROFIT

	<b>2007</b>	<b>2006</b>
	<b>Rs 000</b>	<b>Rs 000</b>
<i>Operating profit is stated after charging/(crediting):</i>		
Depreciation of plant and equipment (Note 7)	9,329	7,694
Profit on disposal of plant and equipment	-	(1,893)
Commission and management service fees to related parties (Note 17(b))	26,768	22,060
Commission to off-course agents	18,759	12,550
Repairs and maintenance	3,214	2,973
Licences and municipality taxes	3,439	3,547
Auditor's remuneration		
– audit services	325	300
– non-audit services	106	81
	<u>          </u>	<u>          </u>

The Company did not employ any staff during the year (2006 – Nil).

## 4. FINANCE INCOME

Interest income:		
Other borrower	262	2,172
Bank	202	18
Dividend income	63	30
Interest expense	(324)	(797)
	<u>          </u>	<u>          </u>
	203	1,423

## 5. TAXATION

Expense:		
Current income tax based on the profit for the year as adjusted for tax purposes at 15.0% (2006 – 22.5%)	1,005	533
Underprovision/(Overprovision) in prior year	230	(199)
Deferred income tax (Note 13)	(199)	2,219
	<u>          </u>	<u>          </u>
	1,036	2,553
Liability:		
At 01 January	533	3,925
Paid during the year	(763)	(3,726)
Charge for the year	1,005	533
Underprovision/(Overprovision) in prior year	230	(199)
	<u>          </u>	<u>          </u>
At 31 December	1,005	533



# NOTES TO THE FINANCIAL STATEMENTS -31 DECEMBER 2007 (CONT'D)

## 5. TAXATION (Cont'd)

The reconciliation between the actual income tax rate of 7.7% (2006 – 21.1%) and the applicable rate of 15.0% (2006 – 22.5%) is as follows:

	<b>2007</b>	<b>2006</b>
(As a percentage of profit before tax)	%	%
Applicable income tax rate	15.0	22.5
Effect of:		
Deferred tax not provided in prior year	(1.8)	-
Non-taxable income	(0.1)	(0.1)
Income tax under/(over) provided in previous year	1.7	(1.7)
Effect of change in tax rate on deferred tax	(7.6)	0.3
Other permanent differences	0.5	0.1
	<hr/>	<hr/>
Actual income tax rate	7.7	21.1

## 6. EARNINGS PER SHARE

Earnings per share is calculated on the profit after taxation of **Rs 12,366,000** (2006 – Rs 9,546,000) and on **3,535,000** ordinary shares outstanding during the two years under review.

# NOTES TO THE FINANCIAL STATEMENTS -31 DECEMBER 2007 (CONT'D)

## 7. PLANT AND EQUIPMENT

	Equipment Rs 000	Teletote Rs 000	Off-course equipment Rs 000	Electrical installation and equipment Rs 000	Office equipment and furniture Rs 000	Tote trophy Rs 000	Total Rs 000																		
Cost:																									
At 01 January 2006	73,907	27,836	5,228	5,556	7,016	39	119,582																		
Additions	24,998	5,531	-	1,118	2,841	-	34,488																		
Disposal	(54,732)	(6,722)	(1,417)	-	-	-	(62,871)																		
At 31 December 2006	44,173	26,645	3,811	6,674	9,857	39	91,199																		
Additions	12,906	1,064	-	634	680	-	15,284																		
At 31 December 2007	57,079	27,709	3,811	7,308	10,537	39	106,483																		
Accumulated depreciation and impairment losses:																									
At 01 January 2006	72,734	23,020	5,228	5,193	4,943	-	111,118																		
Charge for the year	3,330	2,848	-	299	1,217	-	7,694																		
Disposal	(54,242)	(6,722)	(1,417)	-	-	-	(62,381)																		
At 31 December 2006	21,822	19,146	3,811	5,492	6,160	-	56,431																		
Charge for the year	4,828	2,844	-	362	1,295	-	9,329																		
At 31 December 2007	26,650	21,990	3,811	5,854	7,455	-	65,760																		
Net book amount:																									
At 31 December 2007	30,429	5,719	-	1,454	3,082	39	40,723																		
At 31 December 2006	22,351	7,499	-	1,182	3,697	39	34,768																		
<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;"><b>2007</b></td> <td style="text-align: right;"><b>2006</b></td> </tr> <tr> <td></td> <td style="text-align: right;"><b>Rs 000</b></td> <td style="text-align: right;"><b>Rs 000</b></td> </tr> <tr> <td>Additions</td> <td style="text-align: right;">15,284</td> <td style="text-align: right;">34,488</td> </tr> <tr> <td>Less: Payables to suppliers at 31 December 2007</td> <td style="text-align: right;">(3,241)</td> <td style="text-align: right;">(503)</td> </tr> <tr> <td>Add: Payables to suppliers at 01 January 2007</td> <td style="text-align: right;">503</td> <td style="text-align: right;">901</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>12,546</u></td> <td style="text-align: right;"><u>34,886</u></td> </tr> </table>									<b>2007</b>	<b>2006</b>		<b>Rs 000</b>	<b>Rs 000</b>	Additions	15,284	34,488	Less: Payables to suppliers at 31 December 2007	(3,241)	(503)	Add: Payables to suppliers at 01 January 2007	503	901		<u>12,546</u>	<u>34,886</u>
	<b>2007</b>	<b>2006</b>																							
	<b>Rs 000</b>	<b>Rs 000</b>																							
Additions	15,284	34,488																							
Less: Payables to suppliers at 31 December 2007	(3,241)	(503)																							
Add: Payables to suppliers at 01 January 2007	503	901																							
	<u>12,546</u>	<u>34,886</u>																							
Payments for purchases of plant and equipment																									

# NOTES TO THE FINANCIAL STATEMENTS -31 DECEMBER 2007 (CONT'D)

## 8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

		<b>Listed shares Rs 000</b>	<b>Unquoted shares Rs 000</b>	<b>Total Rs</b>
At 01 January and 31 December 2006 and 31 December 2007	Rs	<u>4</u>	<u>100</u>	<u>104</u>

The investment in listed shares consist of 100 ordinary shares in United Basalt Products Limited.

The investment in unquoted shares consist of 1,000 ordinary shares of Rs 100 each in Central Depository and Settlement Co. Ltd. The directors consider the investment to be fairly valued at cost.

## 9. RECEIVABLES AND PREPAYMENTS

	<b>2007 Rs 000</b>	<b>2006 Rs 000</b>
Other debtors	600	418
Prepayments	<u>509</u>	<u>509</u>
	<u>1,109</u>	<u>927</u>

Other debtors include deposits to Mauritius Telecom Ltd amounting to Rs 370,500 (2006 – Rs 320,500). These deposits are not receivable within 12 months of the balance sheet date.

## 10. LOANS AT CALL

	<b>2007 Rs 000</b>	<b>2006 Rs 000</b>
At 31 December	<u>12,500</u>	<u>10,000</u>

The loans at call are unsecured, repayable on demand and carry interest at 11.25% (2006 – 10.50%) per annum.

## 11. SHARE CAPITAL

	<b>2007 Number</b>	<b>2006 Number</b>	<b>2007 Rs 000</b>	<b>2006 Rs 000</b>
Authorised:				
Ordinary shares of Rs 7 each	<u>5,000,000</u>	<u>5,000,000</u>	<u>35,000</u>	<u>35,000</u>
Issued and fully paid:				
Ordinary shares of Rs 7 each	<u>3,535,000</u>	<u>3,535,000</u>	<u>24,745</u>	<u>24,745</u>

# NOTES TO THE FINANCIAL STATEMENTS -31 DECEMBER 2007 (CONT'D)

## 12. SHARE PREMIUM

A share premium arises when the value of the consideration received for the issue of shares exceeds the nominal value of the shares issued. The share premium account is regarded as permanent capital of the Company and only certain expenses of a capital nature may be set-off against it, namely:

- (i) the preliminary expenses of the Company; or
- (ii) the expenses of, or the commission paid on, the creation or issue of any shares.

The share premium account may also be applied:

- (i) in paying up shares of the Company to be issued to shareholders of the Company as fully paid shares;
- (ii) to reflect the decrease in the share premium account arising from shares acquired or redeemed.

## 13. DEFERRED INCOMETAX

	<b>2007</b> <b>Rs 000</b>	<b>2006</b> <b>Rs 000</b>
The movement on the deferred tax account during the year is as follows:		
At 01 January	3,284	1,065
Income statement (credit)/charge (Note 5)	<u>(199)</u>	<u>2,219</u>
At 31 December	<u>3,085</u>	<u>3,284</u>

The deferred income tax is in respect of the taxable temporary difference arising between the net book value and the tax written down value of plant and equipment.

## 14. TRADE AND OTHER PAYABLES

	<b>2007</b> <b>Rs 000</b>	<b>2006</b> <b>Rs 000</b>
Amount payable to related party	670	605
Other creditors and accruals	7,594	3,687
Teletote deposits	3,590	3,420
Unclaimed dividends declared in prior years	695	397
Dividends	<u>10,605</u>	<u>8,166</u>
	<u>23,154</u>	<u>16,275</u>

## 15. DIVIDENDS

Declared Rs 3.00 per share (2006 – Rs 3.70)	<u>10,605</u>	<u>13,080</u>
Paid Rs 2.31 per share (2006 - Rs 1.39)	<u>8,166</u>	<u>4,914</u>

## 16. COMMITMENTS

At 31 December 2007, capital commitments of the Company approved by the directors but not yet contracted for amounted to **Rs 6,575,000** (2006 - Rs 5,525,000).

# NOTES TO THE FINANCIAL STATEMENTS -31 DECEMBER 2007 (CONT'D)

## 17. RELATED PARTY TRANSACTIONS

### (a) Related parties

The directors regard Draper Investment Ltd, a company incorporated in Mauritius, as the Company's immediate and ultimate holding company. At 31 December 2007, Draper Investment Ltd owned 59.6% (2006 – 50.9%) of the Company's shares.

### (b) Transactions with a company controlled by directors

#### *Management Service Agreement*

The Company has a contract with HH Management Ltd, a company controlled by two directors, Messrs M.L Jean Hardy and Hervé Henry, for the management of the totalisator.

The management duties of HH Management Ltd include:

- The running of all totalisator operations;
- Liaising and negotiating with stakeholders in the racing industry; and
- The payment of salaries and wages of staff employed by it, maintenance expenses and all consumables, amongst other expenses.

HH Management Ltd is remunerated as follows:

- A percentage of the turnover of the Company which declines as the turnover increases;
- A 5% commission on the net profit before taxation of the Company; and
- A fixed management service fee of Rs 600,000 per annum.

The amount charged in the income statement in respect of the Management Service Agreement is as follows:

	<b>2007</b>	<b>2006</b>
	<b>Rs 000</b>	<b>Rs 000</b>
Commissions payable based on:		
- turnover	25,498	20,855
- net profit before taxation	670	605
Management service fee payable	600	600
	<hr/>	<hr/>
Included in administrative expenses	<b>26,768</b>	<b>22,060</b>

The amount due to HH Management Ltd at 31 December 2007 in respect of the Management Service Agreement was Rs 670,000 (2006 – Rs 605,000).

#### *Other transactions*

Other transactions with HH Management Ltd are in respect of the purchase of services, reimbursement of Value Added Tax incurred by HH Management Ltd in the running of the totalisator operations. The total amount expensed in the income statement in 2007 in respect of other transactions was Rs 369,597 (2006 – Rs 411,491).

# NOTES TO THE FINANCIAL STATEMENTS -31 DECEMBER 2007 (CONT'D)

## 17. RELATED PARTY TRANSACTIONS (Cont'd)

### (c) Transactions with directors

#### Directors' remuneration

	<b>2007</b> <b>Rs 000</b>	<b>2006</b> <b>Rs 000</b>
Executive directors	110	110
Non-executive directors	495	555
	605	665

#### Directors' interests in the share capital of the Company

At 31 December 2007, the following directors had direct and indirect interests in the ordinary share capital of the Company:

<b>Name of director</b>	<b>DIRECT INTEREST</b>		<b>INDIRECT INTEREST</b>
	<b>No. of ordinary shares</b>	<b>% holding</b>	<b>% holding</b>
Ravindra Chetty	100	0.000	-
Jowaheer Lall Dookun	-	-	0.483
M. L. Jean Hardy	8,000	0.230	1.675
Hervé Henry	-	-	0.570
O. Farouk A. Hossen	22,049	0.630	0.010
J. D. Gérard Pascal	1,319	0.040	0.130
Arvind Lall Dookun	2,057	0.060	0.053
Charles P. L. Harel	-	-	0.571
Antoine L. Harel	-	-	0.571

## 18. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise the following balance sheet amounts:

	<b>2007</b> <b>Rs 000</b>	<b>2006</b> <b>Rs 000</b>
Cash at bank	1,865	1,589
Loans at call (Note 10)	12,500	10,000
	14,365	11,589

# NOTES TO THE FINANCIAL STATEMENTS -31 DECEMBER 2007 (CONT'D)

## 19. THREE YEAR SUMMARY

	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Non-current assets</b>			
Plant and equipment (Rs 000)	40,723	34,768	8,464
Available-for-sale financial assets (Rs 000)	104	104	100
<b>Current assets</b>			
Receivables and prepayments (Rs 000)	1,109	927	926
Loans at call (Rs 000)	12,500	10,000	30,500
Cash at bank (Rs 000)	1,865	1,589	2,917
<b>Equity</b>			
Number of shares issued	3,535,000	3,535,000	3,535,000
Issued and fully paid shares (Rs 000)	24,745	24,745	24,745
Share premium (Rs 000)	1,168	1,168	1,168
Retained earnings (Rs 000)	3,144	1,383	4,917
<b>Non-current liabilities</b>			
Deferred income tax liabilities (Rs 000)	3,085	3,284	1,065
<b>Current liabilities</b>			
Trade and other payables (Rs 000)	23,154	16,275	7,087
Current income tax liabilities (Rs 000)	1,005	533	3,925
<b>Income statement</b>			
Turnover (Rs 000)	895,234	734,120	657,430
Profit before taxation (Rs 000)	13,402	12,099	6,700
Profit for the year (Rs 000)	12,366	9,546	4,833
<b>Cash flow statement</b>			
Dividends paid (Rs 000)	8,166	4,914	7,424

## 20. INCORPORATION

The Company is incorporated in Mauritius as a public company with limited liability. It is listed on the Stock Exchange of Mauritius.

## 21. CURRENCY

The financial statements are presented in thousands of Mauritian rupees.







c/o Abacus Corporate Services  
Level 6, One Cathedral Square, Jules Koenig Street, Port Louis  
Tel: +230 207 1000