

Dear Shareholder,

I am pleased to present the Annual Report 2006 to you.

Group turnover has increased to the Rs 10 billion mark, which ranks the group as No. 2 in Mauritius in terms of turnover. Group profit from operations reached Rs 710m compared to Rs 456m in 2005 and profit before tax stood at Rs 515m compared to Rs 413m in 2005. This is largely due to the seafood hub.

The group profit attributable to the shareholders amounted to Rs 427m for the year under review, compared to Rs 317m in 2005. The earnings per share have increased from Rs 4.44 to Rs 5.98.

There has been a significant development within our major associate company, Sun Resorts Ltd (SRL). The Kerzner Group and SRL have decided to go their separate ways. As a result, the Kerzner Group has withdrawn from the shareholding of SRL and from the management of the hotels, and has taken over Le Saint Geran, while SRL has retained the other four hotels. This transaction will mean a net cash inflow of some US\$ 75m for SRL and the increase of IBL's shareholding in SRL from 23.38% to 29.36%.

On the aviation side (Catovair), we are still waiting for our permits from the Mauritian authorities to fly to Reunion on a regular basis and for our nomination as the second national air carrier.

2006 was marked by the appointment of the Boston Consulting Group (BCG) by the Board to review the various activities of the group in depth and to propose a medium term strategic plan.

The timing of such an exercise was appropriate, given the significant investments made recently in the seafood hub (in excess of Rs 1 billion), and our aim of becoming the second national air carrier operating regionally.

The BCG recommendations can be summarised as follows:

1. Continue to operate IBL as a conglomerate with emphasis on growth businesses in the Retail, Financial Services and Seafood & Marine sectors;
2. Harvest the "Agencies" and the Contracting businesses;
3. Re-engineer stake and change to a more appropriate aircraft in the Aviation field;
4. Sell unused property assets and hold Business Units accountable for their property assets;
5. Develop a leadership continuity plan; and
6. Fix, or exit, from a few well-defined operations.

The above recommendations were accepted by the Board which resulted in a new organisation structure as from January 2007. This structure, and their responsible COOs, are detailed hereunder:

Activity Sector	Chief Operating Officer
Financial Services	Eric Venpin (Acting)
Logistics, Engineering & Commerce	Fabrizio Merlo
Retail	Nicolas Merven
Seafood & Marine	Capt. François Brousse de Gersigny
Corporate Entity	
Corporate Services (includes Corporate Affairs, Human Resources & Communication and Information Services)	Simon-Pierre Rey
Property Management, Projects & Services	François Desmarais
Finance	Gaëtan Lan Hun Kuen

The Board is confident that the medium term strategy of the group has been well-defined and that the above team, under the leadership of the Chief Executive Officer, Mr Patrice d'Hotman de Villiers, will successfully implement the above plan.

2007 has started reasonably well and prospects look good.

I would like to thank my fellow board members for their support, as well as the CEO, management and staff for their dedication and hard work during 2006.

For and on behalf of the Directors



Thierry Lagesse

Chairman

30 March 2007