

# HAREL FRERES LIMITED

GROUP ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

## GROUP ABRIDGED AUDITED STATEMENTS OF FINANCIAL POSITION

	2010 MUR'M	2009 MUR'M
<b>ASSETS</b>		
<b>Non-current assets</b>	12,434.5	7,685.0
<b>Current assets</b>	1,960.6	2,163.3
<b>Non-current assets classified as held for sale</b>	12.4	18.9
<b>Total assets</b>	<u>14,407.5</u>	<u>9,867.2</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Owners' interest	11,455.0	6,762.1
Minority interest	840.7	954.2
Total equity	<u>12,295.7</u>	<u>7,716.3</u>
<b>Non-current liabilities</b>	895.2	851.5
<b>Current liabilities</b>	1,216.4	1,299.2
<b>Liabilities directly associated with non-current assets classified as held for sale</b>	0.2	0.2
<b>Total equity and liabilities</b>	<u>14,407.5</u>	<u>9,867.2</u>

## GROUP ABRIDGED AUDITED INCOME STATEMENTS

	2010 MUR'M	2009 MUR'M
Turnover	3,643.3	3,246.9
Profit before finance costs	548.1	562.0
Finance costs	(158.9)	(218.1)
Share of results in associates	86.7	90.4
Profit before taxation	475.9	434.3
Taxation	(75.7)	(70.8)
Profit for the year	<u>400.2</u>	<u>363.5</u>
<b>Profit attributable to:</b>		
Owners of the parent	250.4	240.9
Minority interest	149.8	122.6
	<u>400.2</u>	<u>363.5</u>

## DATA PER SHARE

EARNINGS PER SHARE - MUR	1.14	1.39
NET ASSETS PER SHARE - MUR	50.3	38.9
WEIGHTED NUMBER OF ORDINARY SHARES USED IN CALCULATION OF EPS	220,090,624	173,834,000
NUMBER OF ORDINARY SHARES AT YEAR END	227,545,624	173,834,000

## GROUP ABRIDGED AUDITED STATEMENTS OF COMPREHENSIVE INCOME

	2010 MUR'M	2009 MUR'M
Profit for the year	400.2	363.5
Other comprehensive income for the year	253.7	188.0
<b>Total comprehensive income for the year net of tax</b>	<u>653.9</u>	<u>551.5</u>
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	464.2	364.5
Minority interest	189.7	187.0
	<u>653.9</u>	<u>551.5</u>

## AUDITORS' REPORT

We have audited the financial statements of Harel Frères Limited for the year ended December 31, 2010, from which the abridged financial statements were extracted, in accordance with International Standards on Auditing.

Our opinion on these financial statements, which will be submitted for consideration and approval at the forthcoming Annual Meeting of shareholders, is unqualified.

In our opinion, the abridged financial statements are consistent, in all material respects, with the financial statements from which they were derived.

**BDO & Co**  
Chartered Accountants

*These abridged audited financial statements are issued pursuant to Listing Rule 12.14 and Securities Act 2005. The Board of Directors of Harel Frères Limited accepts full responsibility for the accuracy of the information contained in these financial statements.*

The statement of direct and indirect interests of officers of the company required under rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 is available, free of charge, upon request addressed to the Company Secretary, HF Administrative Services Ltd, 18, Edith Cavell Street, Port-Louis.

Copies of the full audited financial statements for the year ended December 31, 2010 are available, free of charge, upon request addressed to the Company Secretary, HF Administrative Services Ltd, 18, Edith Cavell Street, Port-Louis

**By order of the Board**  
**HF Administrative Services Ltd**  
Secretary

March 30, 2011

## GROUP ABRIDGED AUDITED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent						Total Equity MUR'M
	Stated Capital MUR'M	Treasury Shares MUR'M	Revaluation and Other Reserves MUR'M	Retained Earnings MUR'M	Total MUR'M	Minority Interests MUR'M	
<b>Balance as at January 1, 2010</b>	173.8	(0.6)	4,353.1	2,235.8	6,762.1	954.2	7,716.3
Total comprehensive income for the year	-	-	213.8	250.4	464.2	189.7	653.9
Amalgamation adjustment	3,349.7	-	1,031.9	-	4,381.6	-	4,381.6
Release of deferred tax on excess depreciation over historical cost depreciation	-	-	1.2	-	1.2	-	1.2
Release on disposal of land	-	-	(35.8)	35.8	-	-	-
Movements on reserves	-	-	-	-	-	(186.2)	(186.2)
Dividends	-	-	-	(154.1)	(154.1)	(117.0)	(271.1)
<b>Balance as at December 31, 2010</b>	<u>3,523.5</u>	<u>(0.6)</u>	<u>5,564.2</u>	<u>2,367.9</u>	<u>11,455.0</u>	<u>840.7</u>	<u>12,295.7</u>
Balance as at January 1, 2009	173.8	-	4,220.3	2,116.6	6,510.7	892.1	7,402.8
Total comprehensive income for the year	-	-	123.6	240.9	364.5	187.0	551.5
Release of deferred tax on excess depreciation over historical cost depreciation	-	-	2.3	-	2.3	-	2.3
Share buy-back	-	(0.6)	-	-	(0.6)	-	(0.6)
Movements on reserves	-	-	6.9	-	6.9	(6.5)	0.4
Dividends	-	-	-	(121.7)	(121.7)	(118.4)	(240.1)
Balance as at December 31, 2009	<u>173.8</u>	<u>(0.6)</u>	<u>4,353.1</u>	<u>2,235.8</u>	<u>6,762.1</u>	<u>954.2</u>	<u>7,716.3</u>

## GROUP ABRIDGED AUDITED CASH FLOW STATEMENTS

	2010 MUR'M	2009 MUR'M
Net cash from operating activities	604.9	499.1
Net cash used in investing activities	(420.1)	(192.8)
Net cash used in financing activities	(499.0)	(532.2)
Decrease in cash and cash equivalents	<u>(314.2)</u>	<u>(225.9)</u>
<b>Movements in cash and cash equivalents</b>		
At January, 1	404.2	630.1
amalgamation adjustment	41.5	-
Increase	<u>(314.2)</u>	<u>(225.9)</u>
<b>At December, 31</b>	<u>131.5</u>	<u>404.2</u>

## NOTES

1. The abridged audited financial statements for the year ended December 31, 2010 are audited and have been prepared in line with International Financial Reporting Standards, except for the adoption of the relevant amendments to published Standards, Standards and Interpretations issued, now effective.

## 2. SEGMENT INFORMATION

Harel Frères Limited segments are strategic business units that offer different products and services.

	SUGAR	ENERGY	COMMERCIAL & ALCOHOL PRODUCTION	OTHERS	TOTAL
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
<b>2010</b>					
External sales	971.6	1,317.9	1,179.9	173.9	3,643.3
Segment profit/(loss)	(23.2)	389.2	121.9	60.2	548.1
Profit/(loss) after tax	(63.9)	227.1	112.8	124.2	400.2
<b>2009</b>					
External sales	816.6	1,204.8	1,061.2	164.3	3,246.9
Segment profit	11.5	393.4	87.2	69.9	562.0
Profit/(loss) after tax	(32.7)	173.5	84.0	138.7	363.5

## 3. BRIEF REVIEW OF THE ACTIVITIES AND RESULTS

### GROUP RESULTS

The amalgamations of Harel Frères Ltd with The Mount Sugar Estates Company Limited and The Saint André Sugar Estate Company Limited became effective on January 01, 2010 and December 31, 2010 respectively, and contributed to Shareholders Funds increasing from MUR 6.7 Billion to MUR 11.5 Billion and Net Asset Value per Share from MUR 38.90 to MUR 50.30 at December 31, 2010

In spite of the difficult economic conditions generally prevailing during 2010, not least of which was the persistently weak Euro – depreciating by over 6% in value against the Rupee –, the Group fared rather well, increasing Turnover by 12% and Profit after Tax by some 10% to MUR 400 Million for the year.

Finance costs decreased from MUR 218.1 Million in 2009 to MUR 158.9 Million for the year

It is to be noted however that, as a consequence of the larger capital base evolving from the above mentioned amalgamations, Earnings per Share decreased from MUR 1.39 in 2009 to MUR 1.14 in 2010.

During 2010, all segments, with the exception of sugar, performed satisfactorily and the segmental results for the year are briefly explained below

### SUGAR

The results of the sugar segment were favourably impacted in the main by a good crop, the conversion of the quasi totality of our production into special sugars and a substantial reduction in the 2010 SIFB premium. They were however adversely affected by a lower sugar price – itself a result of a weak Euro –, and by a significant increase in labour costs during the year.

### ENERGY

This segment's results showed a marked improvement over last year owing to a better electricity off-take on the part of CEB, a satisfactory operational performance and reduced finance costs.

### COMMERCIAL AND ALCOHOL PRODUCTION

A buoyant consumer market coupled with a well targeted product mix led to increased sales, improved margins and a satisfactory segmental result

### OTHERS

While the performance of our associates as a whole was on par with that of the previous year, the poorer results of our property development arm, in line with the overall lack-lustre performance of this activity nationally during 2010, contributed to lower results in this segment compared to 2009

### PROSPECTS

The outlook for 2011 is proving difficult to assess as of date.

Regarding sugar, it is estimated that production will face a drop of about 8% owing to the severe drought which prevailed from October 2010 to mid January of this year. We are however cautiously optimistic that the ensuing drop in revenue will be partially mitigated by an improved sugar price, provided that the Euro: Rupee exchange rate does not deteriorate.

Other segments, with the possible exception of our property development activity, are performing satisfactorily and should bring in results similar to those of last year.