HF
HAREL FRERES

ANNUAL REPORT 2009

Harel Frères Limited • annual report 2009

Dear Shareholder,

The Board of directors is pleased to present the Annual Report of Harel Frères Limited for the year ended December 31, 2009, the contents of which are listed on next page.

This report was approved by the Board of directors on May 19, 2010.

Jean Hugues Maigrot
Chairperson

Cyril Mayer
Managing Director

CONTENTS

NOTICE OF MEETING TO SHAREHOLDERS

Notice is hereby given that the **Annual Meeting of Harel Frères Limited** will be held at the 7th floor, Harel Mallac Building, 18 Edith Cavell Street, Port Louis on **Wednesday June 30, 2010 at 2.00 p.m.** to transact the following business :

1. To consider the Annual Report for the year ended December 31, 2009.

2. To receive the report of the auditors of the company.

3. To consider and approve the audited financial statements of the company for the year ended December 31, 2009.

Ordinary Resolution
"Resolved that the audited financial statements of the company for the year ended December 31, 2009 be hereby approved."

4. To re-elect as director Mr Jean Hugues Maigrot under Section 138 (6) of the Companies Act 2001.

Ordinary Resolution
"Resolved that Mr Jean Hugues Maigrot be hereby re-elected as director of the company to hold office until the next Annual Meeting."

5 to 14. To elect or re-elect the following persons as directors of the company (as separate resolutions):

Ordinary Resolution
"Resolved that the following persons be hereby elected/re-elected as director of the company." (as separate resolutions)

5. Mr George Dumbell
6. Mr Maurice de Marassé Enouf
7. Mr Jean de Fondaumière
8. Mr Dominique de Froberville
9. Mr Louis Guimbeau
10. Mr Alexis Harel
11. Mr Henri Harel
12. Mr Cyril Mayer
13. Mr François Montocchio
14. Mr Alain Vallet

15. To take note of the automatic reappointment of the auditors under Section 200 of the Companies Act 2001 and to authorise the Board to fix their remuneration.

Ordinary Resolution
"Resolved that the automatic reappointment of the auditors under Section 200 of the Companies Act 2001 be noted and that the Board be authorised to fix their remuneration."

16. To fix, for the period from July 01, 2010 to June 30, 2011, the fees of the directors at MUR 15,000 per month and MUR 15,000 per Board sitting and those of the Chairperson at MUR 40,000 per month and MUR 30,000 per Board sitting.

Ordinary Resolution
"Resolved that the fees for the period from July 01, 2010 to June 30, 2011 be hereby fixed for the directors at MUR 15,000 per month and MUR 15,000 per Board sitting and those of the Chairperson at MUR 40,000 per month and MUR 30,000 per Board sitting."

By order of the Board
HF Administrative Services Ltd
Secretary

May 19, 2010
18 Edith Cavell Street
Port-Louis

Notes:

a. A shareholder of the company entitled to attend and vote at this meeting may appoint a proxy (whether a shareholder or not) to attend and vote on his behalf, or may cast his vote by post.

b. The appointment of proxies must be made in writing on the enclosed form and the document should reach the registered office of the company not less than twenty-four (24) hours before the time of holding the meeting. Any power of attorney or instrument under which the proxy is signed or notarially certified must be produced before the start of the meeting.

c. The notice for casting a postal vote must be made in writing on the enclosed form and sent to the attention of Mr. Louis Denis Koenig, the person authorised by the Board to receive and count the postal votes at the Annual Meeting. The document should reach the registered office of the company not less than forty-eight (48) hours before the time of holding the meeting.

d. For the purpose of the above Annual Meeting, the directors have resolved, in compliance with Section 120 (3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting and attend the meeting shall be those shareholders whose names are registered in the share register on June 7, 2010.

ADMINISTRATION

Registered office
Level 1, Harel Mallac Building
18 Edith Cavell Street, P.O. Box 317
Port-Louis – Republic of Mauritius
Telephone : (230) 208 0808
Telefax : (230) 211 1836
e-mail : harelfreres@harelfreres.com

Secretary
H F Administrative Services Ltd
18 Edith Cavell Street, P.O. Box 317
Port-Louis – Republic of Mauritius
Telephone : (230) 208 0808
Telefax : (230) 211 1836
e-mail : harelfreres@harelfreres.com

Auditors
BDO & Co
(Chartered Accountants)

Bankers
The Mauritius Commercial Bank Limited
The State Bank of Mauritius Limited
Barclays Bank, PLC

Sugar estates
Belle Vue - Mauricia S.E.
Mapou – Republic of Mauritius
Telephone : (230) 266 1531 – (230) 266 8485
Telefax : (230) 266 1985
e-mail : bellevue@harelfreres.com

Sucrivoire
01 BP 1289 Abidjan 01 – Côte d'Ivoire
Telephone : (225) 21 75 75 75
Telefax : (225) 21 25 45 65
e-mail : CONQUET@sifca.ci

Power plant
Compagnie Thermique de Belle Vue Limitée
Belle Vue - Mauricia
Mapou – Republic of Mauritius
Telephone : (230) 266 1226
Telefax : (230) 266 8013
e-mail : ctbv@ctbv.net

CTBV Management Co Ltd
18 Edith Cavell Street
Port-Louis – Republic of Mauritius
Telephone : (230) 208 0808
Telefax : (230) 211 1836
e-mail : ctbvm@ctbv.net

Commercial & alcohol production
Grays Inc. Ltd
Beau Plan, Pamplemousses
Republic of Mauritius
Telephone : (230) 209 3000
Telefax : (230) 243 3664
e-mail : grays@grays.mu

Grays Refinery Ltd
Beau Plan, Pamplemousses
Republic of Mauritius
Telephone : (230) 243 3735
Telefax : (230) 243 3733
e-mail : graysrefinery@harelfreres.com

Property management
Sagiterre Ltée
4th Floor, Ken Lee Building
Edith Cavell Street,
Port-Louis – Republic of Mauritius
Telephone : (230) 211 0971
Telefax : (230) 211 0484
e-mail : sagiterre@sagiterre.com

Stone crushing and block making
Produits Basaltiques du Nord Ltée (PROBAN)
Royal Road, Fond du Sac
Republic of Mauritius
Telephone : (230) 266 1355
Telefax : (230) 266 9045
e-mail : proban@intnet.mu

GROUP STRUCTURE

HAREL FRERES LIMITED

Sugar*

MILLING

Belle Vue Milling Co. Ltd	63.29%
Beau Plan Milling Co. Ltd	63.29% ***

COTE D'IVOIRE

Ivoirel Limitée	100.00% **
Sucrivoire S.A.	25.50%

Property management

Sagiterre Ltée	100.00%

Other interests

ADMINISTRATION

Mauricia Limitée	100.00%
HF Administrative Services Ltd	100.00%

CULTURAL

Fondation Nemours Harel	50.00%

N.B.: Percentages indicated above are in respect of effective holding as at December 31, 2009.
* The growing activities of the sugar segment are now owned directly by Harel Frères Limited.
** Holding entity
*** Dormant company.

Subsidiaries

Associates

HF Investments Ltd - 100.00%

Energy

POWER GENERATION

Société HBM	79.11% **
Compagnie Thermique de Belle Vue Limitée	40.35%

MANAGEMENT AND SERVICES

CTBV Management Co Ltd	22.15%
Coal Terminal (Management) Co Ltd	12.21%

Commercial & alcohol production

BOTTLING AND DISTRIBUTION

Grays & Co. Ltd	100.00% **
Grays Inc. Ltd	74.00% **
Ile de Soleil Ltée	100.00% ***
Eco Energy Ltd	80.00%
East Indies Company SARL	74.00%
East Indies Company Ltd	18.50%
Les Chais de l'Isle de France Limitée	50.00%
Les Domaines de Mauricia Limitée	50.00%
Cosmebelle (Maurice) Limitée	50.00%
Anytime Investment Ltd	24.50%
New Fabulous Investment Ltd	24.50%
New Goodwill Co Ltd	33.33%
Rum Distributors Ltd	33.33%

DISTILLERY

Grays Refinery Ltd	66.67%
Distillerie de Bois Rouge Ltd	33.33% **
Société de Distillation de St Antoine et Bois Rouge	33.33% ***

Construction

Société Proban	55.56% **
Produits Basaltiques du Nord Ltée	30.00%
Rehm Grinaker Construction Co Ltd	35.49%

Other interests

FINANCIAL SERVICES

Intendance Holding Ltd	26.80% **

LEISURE

Sugarworld Ltd	30.70%

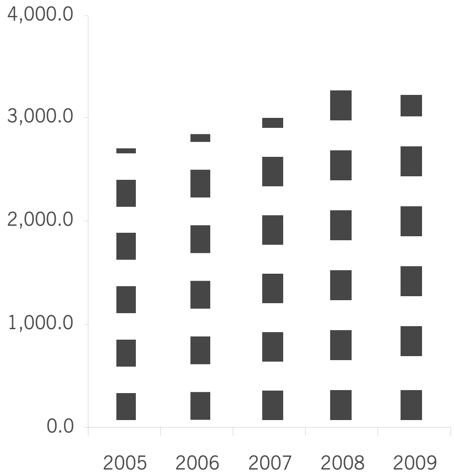
COMODITY TRADING

Alcohol and Molasses Export ltd	30.80%

PROPERTY

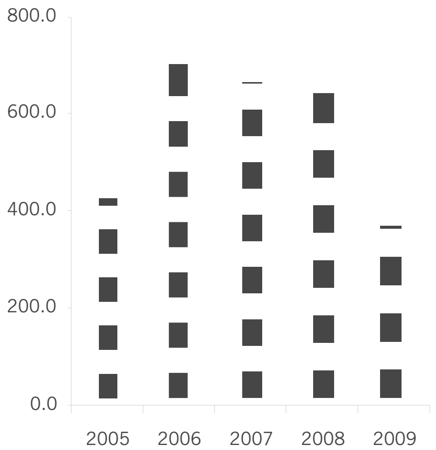
Horus Ltée	50.00%

FINANCIAL HIGHLIGHTS (GROUP)



Turnover (MUR' M)

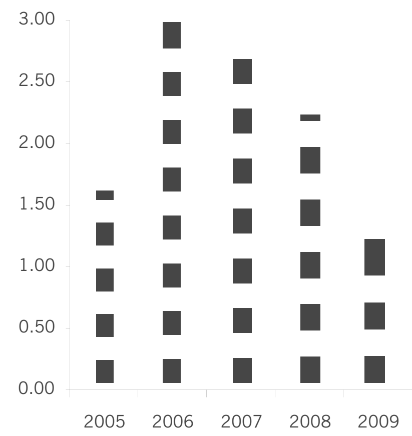
2005	2,599.6
2006	2,768.5
2007	2,948.0
2008	3,289.2
2009	3,246.9



Profit after taxation (MUR' M)

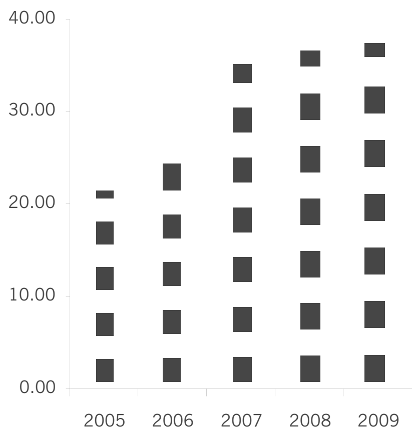
2005	426.0
2006	704.5
2007	663.3
2008	646.6
2009	363.5

Earnings per share (MUR)



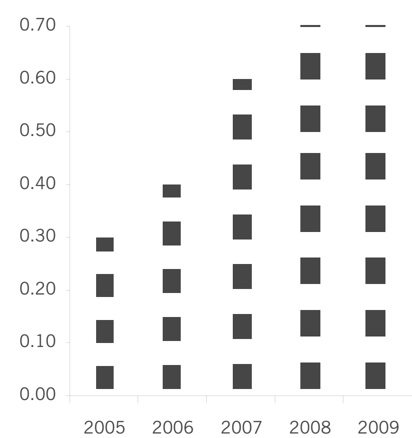
2005	1.63 *
2006	2.99
2007	2.71
2008	2.39
2009	1.39

Net assets per share (MUR)



2005	22.25 *
2006	24.45
2007	35.70
2008	37.50
2009	38.90

Dividend per share (MUR)



2005	0.30 *
2006	0.40
2007	0.60
2008	0.70
2009	0.70

* : Adjusted for share split of 1 into 10 and bonus issue of 1 for every 3 split shares.

SHARE ANALYSIS

• Distribution of shareholders at December 31, 2009

Range of shareholding

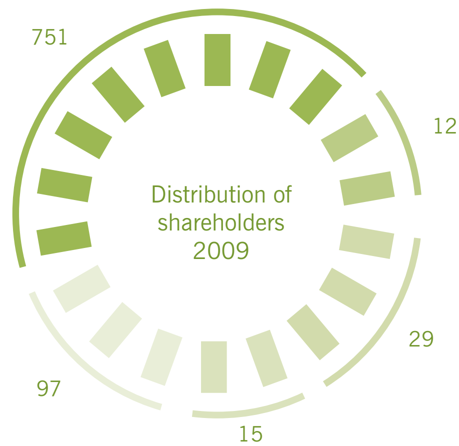
	SHAREHOLDERS		SHARES HELD	
	Number	**%**	**Number**	**%**
1 – 500	282	31.21	50,468	0.03
501 – 1,000	90	9.96	76,494	0.04
1,001 – 5,000	200	22.12	541,656	0.31
5,001 – 10,000	66	7.30	485,703	0.28
10,001 – 50,000	130	14.38	2,872,495	1.65
50,001 – 100,000	35	3.87	2,655,569	1.53
100,001 – 250,000	35	3.87	5,168,456	2.98
250,001 – 500,000	22	2.43	7,825,345	4.50
500,000 – 1,000,000	20	2.21	14,739,337	8.48
Over 1,000,000	24	2.65	139,418,477	80.20
	904	100.00	173,834,000	100.00

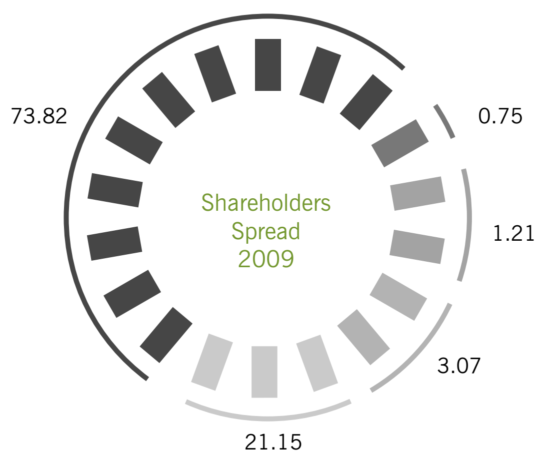
Shareholders spread

To the best knowledge of the directors, the spread of shareholders at December 31, 2009 was as follows :

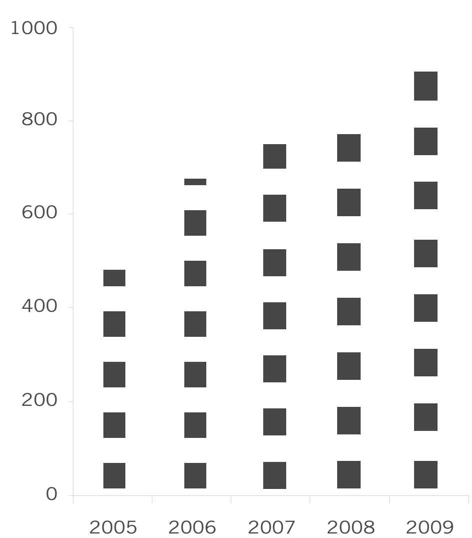
	SHAREHOLDERS		SHARES HELD	
	Number	**%**	**Number**	**%**
Individuals	751	82.00	36,774,386	21.15
Insurance & assurance companies	15	2.07	2,096,524	1.21
Pension & provident funds	29	3.37	5,336,364	3.07
Investment & trust companies	12	1.68	1,309,107	0.75
Other corporate bodies	97	10.88	128,317,619	73.82
	904	100.00	173,834,000	100.00

DISTRIBUTION OF SHAREHOLDERS	NUMBER
Individuals	751
Insurance & assurance companies	15
Pension & provident funds	29
Investment & trust companies	12
Other corporate bodies	97
	904





SHAREHOLDERS SPREAD	%
Individuals	21.15
Insurance & assurance companies	1.21
Pension & provident funds	3.07
Investment & trust companies	0.75
Other corporate bodies	73.82
	100.00



Number of shareholders

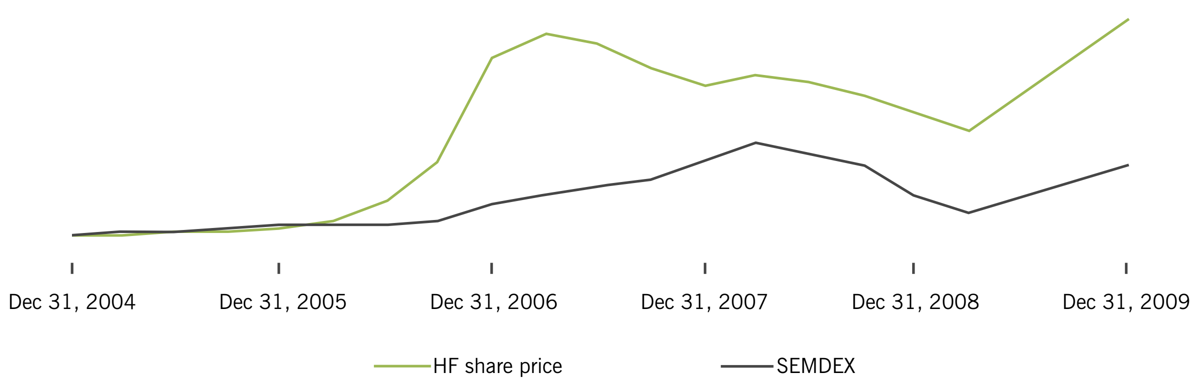
2005	481
2006	677
2007	750
2008	772
2009	904

SHARE ANALYSIS

(CONT'D)

• **Stock Exchange performance**

RELATIVE QUARTERLY MOVEMENT OF SEMDEX AND HAREL FRERES SHARE PRICE



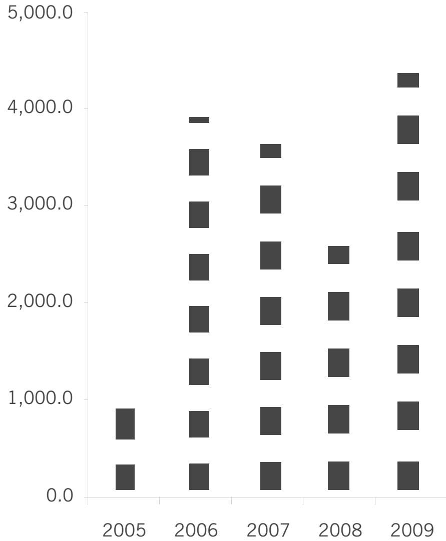
	2005	2006	2007	2008	2009
SEMDEX (Points)					
- Year End Closing	804.03	1,204.46	1,852.21	1,182.74	1,660.87

SHARE PRICE (MUR)					
- Year End Closing Price	5.18 *	22.00	18.50	14.90	25.40
- High	5.18 *	30.50 *	26.00	25.00	26.50
- Low	4.43 *	4.73 *	17.60	14.50	12.10

Note:The Harel Frères share price was MUR 29.50 on May 19, 2010.

YIELDS **					
- Earnings Yield %	31.80%	13.52%	14.65%	16.04%	5.47%
- Dividend Yield %	5.80%	1.82%	3.24%	4.70%	2.76%
Price Earnings Ratio	3.14 **	7.36	6.83	6.23	18.27

* : Adjusted for share split of 1 into 10 and bonus issue of 1 for every 3 split shares.
** : Historical data per published figures (not adjusted for restatement of figures and share split of 1 into 10 and bonus issue of 1 for every 3 split shares).



Market capitalisation (MUR'M)

2005	899.59
2006	3,824.35
2007	3,215.93
2008	2,590.13
2009	4,415.38

Note:The market capitalisation of Harel Frères on May 19, 2010 was MUR 6,493 M.

• Main Exchange Rates to the Rupee

Consolidated Average Indicative Selling Rates of Commercial Banks
(Source: Bank of Mauritius on http://bom.intnet.mu)

Currency	December 31, 2008	December 31, 2009
Euro	45.8855	44.2565
US Dollar	32.4463	30.8192
GB Pound	47.0363	49.5212
SA Rand	3.5258	4.2114

• Shareholders' calendar

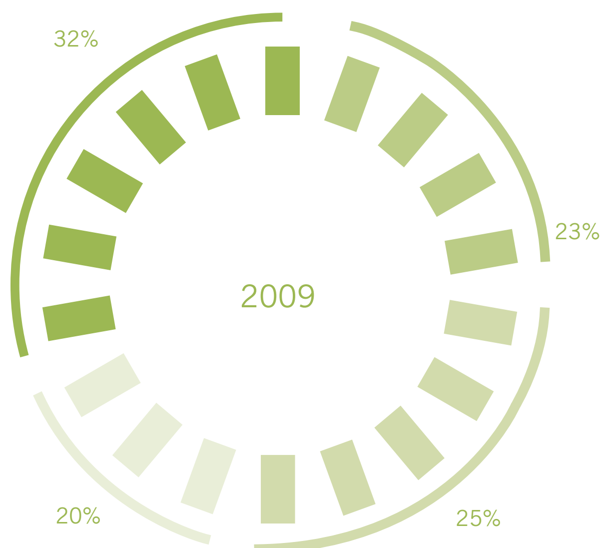
Financial year-end	December 31
Publication of yearly group abridged financial statements (audited)	Late March
Group audited annual financial statements available	Late March
Quarterly financial report - Q1 (unaudited)	Mid May
Annual report issued	Mid June
Annual meeting of shareholders	Late June
Quarterly financial report - Q2 (unaudited)	Mid August
Quarterly financial report - Q3 (unaudited)	Mid November
Dividend - declaration	Late November
- payment	Late December

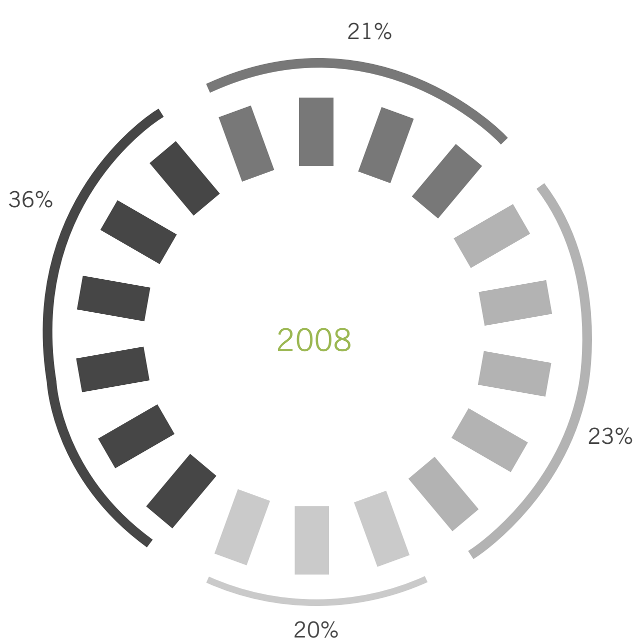
VALUE-ADDED STATEMENT

GROUP VALUE ADDED STATEMENT
YEAR ENDED DECEMBER 31, 2009

		2009	2008	
		MUR'M	MUR'M	
Turnover		**3,246.9**	3,289.2	
Losses in fair value		**(8.1)**	(17.7)	
Other Income		**161.3**	177.2	
		3,400.1	3,448.7	
Less: Paid to suppliers		**(1,704.6)**	(1,505.0)	
TOTAL VALUE ADDED		**1,695.5**	1,943.7	
WEALTH DISTRIBUTED				
To employees for salaries,wages and other benefits	**23%**	**396.9**	402.7	21%
To Government				
Taxes		**70.8**	100.5	
Custom and Excise Duties		**344.2**	349.9	
	25%	**415.0**	450.4	23%
To providers of capital				
Dividends to:				
Shareholders of Harel Frères Limited		**121.7**	121.7	
Outside shareholders of subsidiaries		**118.4**	167.9	
Banks and other lenders		**101.8**	97.2	
	20%	**341.9**	386.8	20%
Retained for the group's business				
Depreciation		**237.1**	231.1	
Amortisation charge		**63.7**	57.1	
Retained profits		**240.9**	415.6	
	32%	**541.7**	703.8	36%
TOTAL DISTRIBUTED AND RETAINED		**1,695.5**	1,943.7	

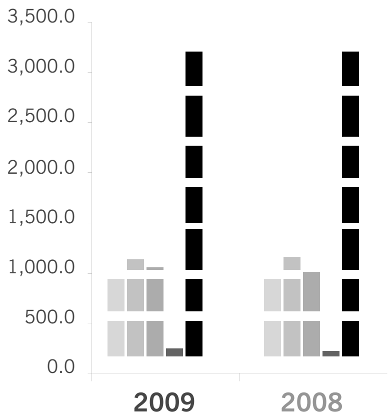
	2009	2008
To employees for salaries, wages and other benefits	**23%**	21%
To Government	**25%**	23%
To providers of capital	**20%**	20%
Retained for the group's business	**32%**	36%
	100%	100%





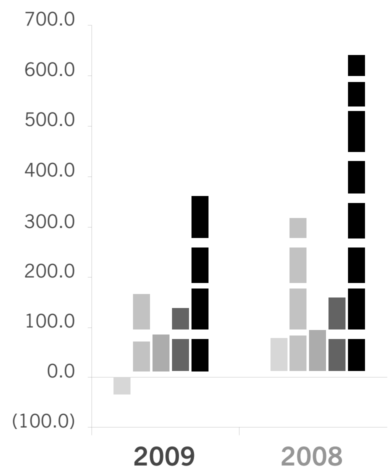
SEGMENTAL ANALYSIS

Revenue (MUR'M)



	2009	2008
SUGAR	**816.6**	824.3
ENERGY	**1,204.8**	1,319.6
COMMERCIAL	**1,061.2**	1,013.0
OTHER ACTIVITIES	**164.3**	132.3
TOTAL	**3,246.9**	3,289.2

Profit after tax (MUR'M)



	2009	2008
SUGAR	**(32.7)**	78.9
ENERGY	**173.5**	312.4
COMMERCIAL	**84.0**	90.6
OTHER ACTIVITIES	**138.7**	164.7
TOTAL	**363.5**	646.6

BOARD OF DIRECTORS

The following directors held office at December 31, 2009 :

Directors		Alternate directors
Jean Hugues Maigrot (Chairperson)	Independent nonexecutive	Jocelyn de Chasteauneuf / Jacques de Navacelle *
		Jacques de Navacelle / Jocelyn de Chasteauneuf **
Jocelyn de Chasteauneuf	Independent nonexecutive	Jean Hugues Maigrot / Jacques de Navacelle * / **
Antoine Louis Harel	Nonexecutive	
Maurice de Marassé Enouf	Nonexecutive	Dominique de Froberville *
Jean de Fondaumière	Nonexecutive	Dominique de Froberville * / **
Jean Pierre Hardy	Nonexecutive	Dominique de Froberville *
Alexis Harel	Executive	
Henri Harel	Executive	Alain Vallet / Alexis Harel * / **
Charles Edouard Piat ***	Nonexecutive	
Joseph Marc Harel	Nonexecutive	
Cyril Mayer (Managing Director)	Executive	Jean Hugues Maigrot * / **
Jacques de Navacelle	Independent nonexecutive	Jean Hugues Maigrot *
Alain Vallet	Executive	Alexis Harel / Henri Harel *

* Up to June 26, 2009.
** As from November 24, 2009.
*** Ceased to hold office on January 01, 2010

BOARD PROFILE

Jean Hugues Maigrot (73 years old)
Notary Public
Independent nonexecutive Chairperson – First appointed to the Board 2003

Jean Hugues Maigrot was appointed Notary Public in 1971 and has been in practice ever since. He is legal adviser to a number of listed and large private companies and chairs the Corporate Governance Committee of Harel Frères.

Directorship of listed companies :
- Omnicane Ltd

Jocelyn de Chasteauneuf (72)
Independent nonexecutive director – First appointed to the Board 2003

Having joined the Mauritius Commercial Bank Ltd (MCB) in 1955, Jocelyn de Chasteauneuf trained as a banker at Lloyds Bank (London) in 1960-61 and 1971. He was appointed on the management team of MCB in 1972 and Assistant General Manager in 1986. He retired from the bank in 1995. He is the Chairperson of the Audit Committee of Harel Frères.

Directorship of listed companies :
- Fincorp Investment Ltd

Maurice de Marassé Enouf (64)
Nonexecutive director – First appointed to the Board 2007

Having started his career at De Chazal Du Mée in 1963 and briefly worked for the Rogers group, Maurice Enouf joined Flacq United Estates Ltd as Group Internal Audit Manager in 1973. He was appointed Group Accountant for Medine S.E. in 1983 and, soon after, was promoted Chief Accountant and Finance Manager of the WEAL Group until his retirement in 2001. He is at the moment self-employed.

Directorships of listed companies :
- Innodis Ltd
- Mauritus Oil Refineries Ltd

Jean de Fondaumière (56)
Chartered Accountant (Scotland)
Nonexecutive director – First appointed to the Board 2002

After serving in managerial positions in Australia, Jean de Fondaumière served as Group Chief Executive Officer of the Swan Group (Swan Insurance Co Ltd and The Anglo-Mauritius Assurance Society Limited) from 1997 until December 31, 2006. He acted as Chairperson of the Stock Exchange of Mauritius Ltd from 2002 to December 2006. He is a director of a number of companies involved in various economic activities such as tourism, finance, agriculture and commerce in Mauritius and the region. He is a member of the Corporate Governance Committee of the company.

Directorships of listed companies :
- Naïade Resorts Limited

Jean Pierre Hardy (52)
Maîtrise de Gestion (France)
Nonexecutive director – First appointed to the Board 1988 and reappointed in 2007

After having completed his studies, Jean Pierre Hardy worked in Europe and Reunion until 1987, when he returned to Mauritius to run a sworn broker's office. He is self-employed and has since launched a number of business ventures in textiles, information technology and finance. Besides being involved in several NGO's and associations engaged in the social, educational and environmental fields, he is active in promoting the concept of 'Maurice île durable'. He was a director of Harel Frères Limited and of a number of subsidiaries between 1988 and 2003. He is currently a member of the Audit Committee of the company.

Alexis Harel (47)
BSc (Bus. Admin) (USA)
Executive director – First appointed to the Board 1999

Having started a career in auditing with De Chazal Du Mée (Chartered Accountants), Alexis Harel then occupied managerial positions in the industrial and IT sectors before joining Grays as Commercial Executive in 1992. He is a member of Harel Frères' Management Committee.

Directorships of listed companies :
- Naïade Resorts Limited
- United Docks Ltd

Antoine Louis Harel (53)
BA (Hons) in Accounting and Computing (UK), Chartered Accountant (England and Wales)
Nonexecutive director – First appointed to the Board 2009

Having served articles with Ernst & Young, London, and qualified as a Chartered Accountant in 1986, Antoine Louis Harel returned to Mauritius in 1987 and joined Harel Mallac & Co Ltd at managerial level. After having headed different divisions within the group, he was appointed CEO in 1998, a position he occupied until 2005, when he became the company's Chairperson. Mr Harel is a past President of the Mauritius Chamber of Commerce and Industry.

Directorships of listed companies :
- Automatic Systems Ltd
- Compagnie des Magasins Populaires Ltée
- Harel Mallac & Co Ltd
- The Mauritius Chemical and Fertilizer Industry Ltd

Henri Harel (49)
ACIS (South Africa)
Executive director – First appointed to the Board 1996

Henri Harel first worked in South Africa as an auditor with De Ravel, Boulle, Saad & Wyman (Chartered Accountants). He then occupied the post of Internal Auditor with Toyota S.A. Manufacturing and that of Financial Accountant at Amalgamated Beverage Industries Ltd (Coca-Cola). Upon his return to Mauritius in 1991, he worked for Société de Gérance de Mon Loisir as Financial Controller until 1996, when he joined Harel Frères Limited in a similar capacity. He is at present the group's Chief Finance Officer and a Management Committee member. He is also the Chairperson of the Sugar Industry Pension Fund and of its Finance and Investment Committee.

Directorship of listed companies :
- Swan Insurance Co Ltd

Joseph Marc Harel (70)
Nonexecutive director – First appointed to the Board 1991 and reappointed in 2006

Joseph Marc Harel worked between 1959 and 1962 in the audit and accounting departments of De Chazal Du Mée (Chartered Accountants) and as Assistant General Manager of Compagnie Sucrière de Mon Songe Ltée from 1962 to 1965. He then moved to South Africa where he acquired and managed a sugar cane farm. In 1983 he moved to France and ran a wine farm in the Bordeaux region up to 2007. He has since moved back to Mauritius where he is active in property development.

Cyril Mayer (58)
BCom, Chartered Accountant (South Africa)
Managing Director – First appointed to the Board 1992

Cyril Mayer joined the group as a management executive in 1988. He served as Executive Chairperson from 1992 to 2003, when he stepped down and was appointed Group Managing Director. As such, he has overall responsibility for group activities and heads the Management Committee. He has served on most of the sugar sector institutions, the Mauritius Employers Federation and the Joint Economic Council. He is also a Board member of the Mauritius Sugar Authority.

Directorships of listed companies :
- Omnicane Ltd (Nonexecutive chairperson)
- Swan Insurance Co Ltd (Nonexecutive chairperson)
- United Docks Ltd

Jacques de Navacelle (63)
Maîtrise en Philosophie (France)
Diplôme de l'Institut de Commerce International (Paris)
Independent nonexecutive director – First appointed to the Board 2005

In 1971, Jacques de Navacelle started a banking career in Paris and, in 1978, joined Barclays Bank with whom he worked for the next twenty years, occupying various managerial positions with increasing responsibilities within the bank in Europe. In 1998, he was appointed Managing Director of Barclays Bank PLC, Mauritius. For a year prior to his retirement from Barclays at the end of 2004, he assumed overall responsibility for the bank's activities in the Indian Ocean region. He is at present the Managing Director of Mauritius Union Assurance Co Ltd, a company listed on the Stock Exchange. He served as Chairperson of the Mauritius Bankers Association in 2004 and as President of the Joint Economic Council from March 2006 to March 2008. He is currently the Chairman of Transparency Mauritius. He is a member of the Audit and Corporate Governance Committees of the company.

Directorship of listed companies :
- Omnicane Ltd
- The United Basalt Products Ltd
- Mauritius Union Assurance Company Ltd

Charles Edouard Piat (58)
Nonexecutive director – First appointed to the Board 2002, reappointed in 2009 and ceased to hold office on January 01, 2010
After his military service in the French navy, Charles Edouard Piat remained in France and worked in the insurance industry from 1973 to 1980. Thereafter, having returned to Mauritius, he founded in 1982 a ship model factory, Historic Marine Ltd, of which he currently is the Chief Executive. He has presided the Registered Trade Mark Holders and Retailers Association and was a director of Harel Frères Limited between 2002 and 2006.

Alain Vallet (55)
Advanced Certificate in Business Studies (London)
Executive director – First appointed to the Board 1992

Alain Vallet joined the group in 1979 as marketing executive for wine and spirits. He actively participated in the re-engineering of the Grays cluster in the early eighties and was appointed Chief Executive Officer in 1989 and a Grays director in 1993. He is a member of Harel Frères' Management Committee. He has served on a number of private sector institutions, such as The Mauritius Chamber of Commerce and Industry, the Association of Mauritian Manufacturers and the Mauritius Employers Federation.

Directorships of listed companies :
- Compagnie des Magasins Populaires Ltée

BOARD PROFILE

(CONT'D)

Louis Denis Koenig (43)
Maîtrise es Sciences Economiques (Economie d'Entreprise)
Diplôme d'Etudes Supérieures Spécialisées (Finance) – (France)
Management and Administrative Executive

Louis Denis Koenig worked as a Statistician at The Anglo-Mauritius Assurance Society Limited before joining the group in 1990 as Assistant Secretary. He is at present a member of the company's Management Committee. He held a Dealers Representative licence from the Financial Services Commission and has acted in such capacity for Cavell Securities Ltd, from 1992 up to October 2006. He was also a director of The Stock Exchange of Mauritius Ltd and of The Central Depositary & Settlement Co Ltd and a member of the Index Management Committee (SEM 7) of the Stock Exchange until October 2006.

Proposed appointments

George Dumbell (61)
A.C.I.B. (UK)

George Dumbell worked 34 years for the HSBC Group at senior management level in nine countries across Asia, Americas, Middle East and Europe. He is also a former director of various banking and financial institutions in Asia and Europe. He is at present the Chairperson of the Constance group of companies, a director of State Bank of Mauritus Ltd and Swan Insurance Company Limited and is a Fellow of the Mauritius Institute of Directors.

Directorship of listed companies :
- Belle Mare Holding Ltd (Chairperson)
- The State Bank of Mauritius Ltd
- Swan Insurance Co Ltd

Dominique de Froberville (50)
Maîtrise en Chimie Industrielle (France) ; MBA (England)
First appointed to the Board 2003

Dominique de Froberville started his career as Production Manager in the paint and optical industries before being appointed to managerial positions in the operational divisions of two textile groups. He joined Mauritius Freeport Development Co Ltd in 2001 as Director of Operations and has since been promoted to the post of Chief Executive Officer. He served as a Board member of the company from 2003 to 2006 and as Audit Committee member between 2003 and 2005. He has been a council member of the Mauritius Employers Federation and is a council member of the Mauritius Exporters Association.

Louis Guimbeau (59)
Fellow of the Institute of Financial Accountants (UK)

After starting his career in 1975 as Administrative Manager, Louis Guimbeau worked as Group Finance and Administrative Director in a jewellery group between 1983 and 1989 before joining the Rogers Group where he was the Finance and Administrative Manager of various subsidiaries. He was appointed as Group Finance Manager of Société du Port in 1996, a position he held up to April 2004 when he joined the Saint Aubin Group as Finance and Administrative Manager. He is a director of various companies within the CIEL group where he sits on a couple of Board committees.

François Montocchio (64)
Fellow of the Association of International Accountants (UK)

François Montocchio was an Executive Director of Harel Mallac & Co Ltd between 1967 and 1982. He then left for South Africa where he held financial and administrative positions. On his return to Mauritius in 1994, he was appointed Financial Manager of Compagnie des Grandes Surfaces Limitée. He became thereafter the General Manager of Standard Continuous Stationery Ltd in 1995 and created Standards Labels Limited in 1997. He was the Chief Executive Officer of Harel Mallac & Co Ltd from 2005 to 2007 and a member of its board of directors between 2005 and 2010. He was also the Chairman of The Mauritius Chemical and Fertilizer Industry Limited up to September 2007 and the Chairman of The Mount Sugar Estates Company Limited from July 2007 until its amalgamation with Harel Frères Limited on January 01, 2010. He is presently the Chairperson of Union Sugar Estates Ltd.

Directorship of listed companies :
- Compagnie des Magasins Populaires Ltée

MANAGEMENT

Head office :

Management Committee

Cyril Mayer	Managing Director
Alexis Harel	Executive Director
Henri Harel	Group Chief Finance Officer
Louis Denis Koenig *	Administrative Executive
Sébastien Mamet	Strategic Development Executive
Alain Vallet	Executive Director

* Also serves as Secretary to the Committee

Profiles of Management Committee members are set out on pages 19 to 22 and 27.

Accounts

Steeve Lareine	Group Accountant

Sugar estates :

Mauritius

Denis Pilot	General Manager
Jean Arthur Pilot Lagesse	Deputy General Manager
Reynolds Laguette	Factory Manager

Côte d'Ivoire

Jean-Claude Conquet	General Manager

Power plant :

CTBV Management Co Ltd	Managers
Geoffroy Mattlinger	Plant Manager

Commercial and alcohol production :

Bottling and distribution

Alain Vallet	Chief Executive Officer
Alexis Harel	Commercial Executive

Distillery

Patrice Gourel de St Pern	Plant Manager

Property management :

Bernard Desvaux de Marigny	Manager

Stonecrushing and block making :

The United Basalt Products Limited	Managers

Profiles of Managers are set out on pages 26 and 27.

MANAGEMENT PROFILE

Jean-Claude Conquet (61 years old)
Engineer (France)

Jean-Claude Conquet started his career as a Reseach and Developement Engineer in France in 1973. He then moved to Côte d'Ivoire in 1979 where he joined the SIFCA Group. He has held several managerial positions within the group, mainly in the coffee and rice processing and distribution sectors. He was appointed General Manager of Sucrivoire in 2005.

Bernard Desvaux de Marigny (53)
Member of the Mauritius Institute of Surveyors (MMIS)

After qualifying as a Land Surveyor in 1981 and being in practice until 1987, Bernard Desvaux de Marigny set up the partnership of "Desmarais-Desvaux, Arpenteurs" which he co-managed until 2001, when he joined the group as General Manager of Sagiterre Ltée.

Patrice Gourel de St Pern (51)
Certificate in Management Development (RASITC)

After working at the St Antoine distillery between 1979 and 1981, Patrice Gourel de St Pern joined the group in 1981 as Shift Supervisor at Grays Refinery Ltd. He was appointed Assistant Plant Manager in 1988 and Plant Manager in 1995. He is a member of the International Institute of Risk and Safety Managers and of the Association of Health and Safety Managers.

Reynolds Laguette (57)
Member of the Institute of Engineering and Technology (UK), MBA (England)

Reynolds Laguette joined the group in 1974 as Instrumentation Engineer at the Belle Vue sugar factory. He was appointed Factory Assistant in 1983, Plant and Operations Manager in 1993, Deputy Factory Manager in 2004 and Factory Manager in 2006. He is a member of the Société de Technologie Agricole et Sucrière de Maurice and of the International Society of Sugar Cane Technologists.

Jean Arthur Pilot Lagesse (49)
BSc Agriculture (RSA), MBA (UK)

Jean Arthur Pilot Lagesse started his career as Assistant Agronomist at Belle Vue Sugar Estate in 1983. He left for Constance – La Gaieté S.E. in 1986, where he was promoted to more senior positions until 1998 when he moved to Mon Trésor – Mon Désert S.E. as Field Manager, a position which he held until 2006. He then joined The Mount Sugar Estates Company Limited as Managing Director and became part of the group upon its amalgamation with The Mount on January 01, 2010. He has since been appointed Deputy General Manager (Sugar Operations) and has also been selected to succeed Denis Pilot as General Manager (Sugar Operations) upon the latter's retirement later this year.

Steeve Lareine (45)
Fellow of the Association of Chartered Certified Accountants (UK)

Steeve Lareine has been a Fellow of the Association of Chartered Certified Accountants since 2004 and is a member of the Mauritius Institute of Professional Accountants. He started his professional career with De Chazal du Mée & Co, Chartered Accountants, in the Auditing and, subsequently, in the Consulting Department. Before joining the group, he was in employment as Divisional Accountant at Rey & Lenferna Ltd. Steeve Lareine is also the Finance Manager of Compagnie Thermique de Belle Vue Limitée.

Sébastien Mamet (34)
Chartered Accountant (UK)

After working in the audit department of Ernst & Young London and Mauritius for eight years, Sébastien Mamet joined the Corporate Finance division of PricewaterhouseCoopers Mauritius in 2004. As Senior Manager of the division, he advised clients on M&A, business plans, finance raising and financial restructuring among others. He joined Harel Frères in 2009 to head its new strategic development function. As a member of the Management Committee, he advises on the strategic orientation of the group and is responsible for implementing new business developments.

Geoffroy Mattlinger (42)
Engineer (France)

Geoffroy Mattlinger started his career as a Technical Manager in a sugar terminal in Dunkerque, France. In 1996, he joined a paper factory and was appointed Factory Manager until he left in 2006 to join Séchilienne-SIDEC. In November 2006, he was seconded for duty to CTBV Management Co Ltd where he now serves as Plant Manager of the Belle Vue power station.

Denis Pilot (59)
BSc (Agronomy) USA

Denis Pilot started work, upon his return to Mauritius in 1975, as Agronomist at Mon Désert – Alma. He joined the group in 1988 as Estate Manager of Beau Plan and, in 1992, was appointed General Manager of the Belle Vue and Beau Plan sugar estates. He is a member of the International Society of Sugar Cane Technologists and a member of this society's council for Mauritius. He is also a director of the Sugar Insurance Fund Board and the Vice-Chairman of the Mount and Beau Plan Planters' Funds. He is a past President of the Mauritius Chamber of Agriculture and of the Société de Technologie Agricole et Sucrière de Maurice. Denis Pilot will be retiring from his managerial position on September 30, 2010.

CHAIRPERSON'S STATEMENT

Dear Shareholder,

The global financial crisis which started in the third quarter of 2008 drove all Western economies into a recession which raged on for about a year before some European economies started emerging in the fourth quarter of 2009. Financial conditions have improved since and the global economy has been expanding again, but confidence has recently been shaken by the Greek crisis, fears of contagion to other European countries and an ever weakening Euro. Negative sentiments towards the Euro prevail as investors continue to determine the impact of the EU/IMF Stabilization Fund on the Eurozone economy and banking system.

The Mauritian economy did not go into recession. In fact, it showed remarkable resilience in the face of the crisis, registering an economic growth of 2.8% for 2009. Undoubtedly, the stimulus packages put in place by the Minister of Finance played a major role in sheltering our economy. As a result, investment, the key economic engine, grew by 6.1% in 2009, higher than the 3.6% growth recorded in 2008. As for inflation which stood at 8% in 2009, it fell below 2% in December 2009 but unemployment unfortunately increased to 8.1% from 7.2% in 2008.

The Mauritian Rupee, on its part, appreciated against both the Euro and the US Dollar in 2009. As for interest rates, the Repo rate which stood at 6.75% at the beginning of the year, eased down one percentage point in March to 5.75%. There were no further movements until December 2009.

2009 has been a difficult year for the group. Although turnover was marginally down on last year, the challenging economic conditions took their toll on profitability, with group profit after tax suffering a 43.85% set back to MUR 363.5M. Finance costs of MUR 218.1M (inclusive of exceptionally high foreign exchange losses of MUR 116.3M) were incurred, compared to MUR 144.8M in 2008. Profitability in 2009 was mainly impacted by a persistently weakening Euro, a 13.5% drop in the Rupee price of sugar, a difficult crop, an abnormally low electricity off-take on the part of CEB and the poor performance of certain associates. Earnings per share thus fell by 42% to MUR 1.39 but the Board, having regard to the low gearing of the group and in line with its policy of maintaining a sustainable dividend, decided to declare a dividend equivalent to that of last year, i.e. MUR 0.70 per share.

An important event for the group in 2009 was the approval by shareholders, on December 10, of the amalgamation of The Mount Sugar Estates Company Limited with the company, which became effective on January 01, 2010. The enlarged group now owns some 6,700 hectares of land in the North. This will permit a more stable cane and bagasse supply to our mill and power plant respectively and significant operational synergies in our sugar sector, while optimal use can also be made of the larger land base, whether for agriculture or real estate development. Moreover, investments common to both companies in segments of strategic importance such as sugar milling, energy production, commerce and financial services have been consolidated. The merger and subsequent changes within the structure of the controlling shareholder have caused the latter's stake in the company to come down to 28.9% of share capital and have widened the company's shareholder base to around 1,200 shareholders. This in turn had a positive impact on the share price and its liquidity and has already resulted in the inclusion of Harel Frères in the SEM 7 index of the Stock Exchange.

Thus, as from 2010, Harel Frères' activities and results will be inclusive of those of The Mount Sugar Estates Company Limited. As mentioned above, economic conditions are still unstable. However, on the positive side, an average crop is forecasted, the electricity off-take has improved and all segments, other than sugar, are performing satisfactorily to date. We are therefore cautiously optimistic about improving last year's overall performance, the overriding concern remaining the spill over effects of Europe's debt crisis on the strength of the Euro.

There was some progress during 2009 concerning the various Court cases in which the company and its directors are involved. Firstly, the case instituted in 2003 by an ex-member of the company's holding entity against its fellow members lost its purpose as a consequence of the above mentioned merger and was accordingly withdrawn by the plaintiff. Secondly, the case lodged in 2003 by certain then directors against their then colleagues has also been withdrawn this day and, finally, the case of the company against three of its then directors, which had been scheduled for March 2010, was again postponed to November 2010.

On May 18, 2010, shareholders in Special Meeting voted amendments to the company's Constitution. These, in the main, concern the quorum required for a shareholders meeting - which is now four shareholders representing at least 25% of the voting rights; the size of the Board - which has been reduced to a maximum of eleven; and the tenure of office of directors, three of whom will henceforth retire by rotation at every Annual Meeting. These changes were considered desirable in the light of the changes which took place in the company's shareholding structure and in order to ensure conversance of Board members with the company's affairs, as well as continuity of the Board.

During the course of the year, Mr Charles Edouard Piat ceased to be a director of the company. Neither he nor Messrs. Jocelyn de Chasteauneuf, Jean Pierre Hardy, Joseph Marc Harel, Antoine Louis Harel and Jacques de Navacelle will stand for re-election at the forthcoming Annual Meeting. In the name of their colleagues and in my own, I would like to thank them for their dedication and valuable contribution to the Board's work and to wish them all the success they deserve for the future. New appointments will be proposed to the shareholders at the forthcoming Annual Meeting.

Finally, I wish to express my appreciation to management and employees for their continuous commitment and assiduous work during the difficult year, which is now behind us. My warmest thanks and those of the shareholders go to each of them, together with all our encouragements to face resolutely what will undoubtedly be yet another challenging year.

Jean Hugues Maigrot
Chairperson
May 19, 2010

SUGAR

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

SUGAR

The international front

On the international front, the ACP-EU Sugar Protocol came to an end on September 30, 2009 and was replaced by the new arrangements for sugar provided for under the Economic Partnership Agreements (EPA) between the EU and ACP countries in terms of which Mauritius, like the other ACP suppliers, no longer enjoys the firm guarantees of an individual and fixed country specific quota and a fixed price.

The individual country specific quotas have been replaced by an overall preferential market access provision for traditional ACP suppliers and LDC countries governed by a safeguard mechanism which is triggered when a given supply threshold has been reached. A Regional Safeguard Threshold (RST) has thus been set for each of the ACP regions, constituting the supply ceiling for each region when total supply by the non-LDC ACP countries and LDCs shall exceed 3.5 million tonnes. Regarding the Eastern and Southern Africa (ESA) region of which Mauritius forms part, a RST of 632,820 tonnes has been set for the non-LDC ACP suppliers, namely Mauritius and Zimbabwe.

As for price, the intervention supported "guaranteed price" has been replaced by a "reference price" in order to encourage development of a more competitive market environment. In this context, a minimum price equivalent to 90 percent of the EU reference price is set under the EPA sugar arrangements for raw sugar imports from ACP countries till 2012. Thereafter, price is likely to be determined by the market through commercial arrangements between suppliers and importers. With the last cut in the reference price in October 2009, which brought the planned cumulated decrease to 36 percent, the EU market price is currently around the Euro 500 level.

During the course of 2009, there was no notable progress at WTO level, in spite of repeated political undertakings to bring the Doha Development Agenda to an early conclusion

In this challenging context, the Mauritius sugar industry has pressed on with the implementation of the Multi Annual Adaptation Strategy 2006-2015, of which one of the key elements is the shift of its export mix from raw sugar for refining to direct consumption value-added products, namely white refined sugar and specialty sugars. The long term agreement with Tate & Lyle was terminated on June 30, 2009 and a new Long Term Partnership Agreement was signed with the Suedzucker Group, which affords the Mauritius sugar industry the possibility of moving up the value chain through the export of the bulk of its production as white refined sugar, while sharing the benefits offered by the market. In this context, the ability of Mauritius to optimise such benefits will depend on its future competitiveness and its ability to offer quality both in terms of products and services.

The group's sugar interests

At December 31, 2009 and prior to amalgamating with The Mount Sugar Estates Company Limited (TMSE), Harel Frères owned some 3,766 hectares of cane land in the factory area of Belle Vue, situated in the North of the island, 84% of which are fully mechanised and 62% under irrigation. The area harvested by the company in 2009 represented 3,337 hectares, compared to 3,334 last year. The balance of the harvested area in 2009 consisted of 5,802 hectares belonging to some large planters (including TMSE) and 3,521 small planters, virtually all of whom cultivate plots of less than 10 hectares in size. The estimated insurable sugar for the group amounted to 39,919 tonnes of sugar, a decrease of almost 9.4% on last year mainly attributable to the fact that, contrary to 2008, no canes from Mon Loisir were milled in 2009.

At the same date, the group also held an effective 63% stake in Belle Vue Milling Co Ltd (BVM), which owns one of the most modern sugar mills in the industry and which, according to the Multi Annual Adaptation Strategy, will be one of the four remaining mills in the country. The mill is at the moment the largest producer

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

(CONT'D)

SUGAR (CONT'D)

of specialty sugars in Mauritius and imports its energy needs from the adjacent power plant of Compagnie Thermique de Belle Vue (CTBV), its sister company.

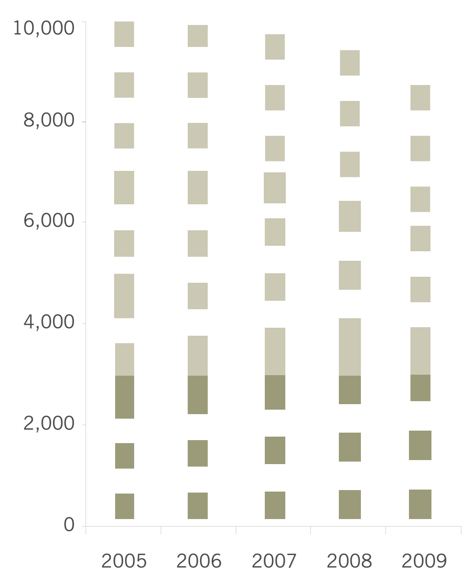
In Côte d'Ivoire, the Harel Frères group, through its wholly owned offshore subsidiary, Ivoirel Ltée, owns 25.5% of Sucrivoire S.A., which is one of the two sugar groups operating in Côte d'Ivoire. The other shareholders are SIFCA, an Ivorian group (51.5%) and the State of Côte d'Ivoire (23%). The company is managed jointly by SIFCA and Harel Frères Limited.

In 2004, owing to the pervasive political instability prevailing in this country and the resulting poor performance of Sucrivoire, the directors deemed it prudent to fully provide against this investment. However, as more fully described below, the company's financial situation has significantly improved since. Consequently, the directors have decided to conservatively value this investment at MUR 35.5 M, which is equivalent to our share of cumulative operational profits since 2004.

The 2009 crop

The 2009 crop was an average one for the Belle Vue factory area, with a sugar production of 73,158 tonnes @ 98.5% Pol. Climatic conditions were generally favourable for the island and particularly for our region with normal rainfall recorded throughout the year. Such conditions were beneficial to cane growth in our factory area. However, conditions during the crop were particularly unfavourable for sucrose accumulation, with excess rainfall occurring in October and November, usually the driest months of the year. Furthermore, the numerous cane fires which occurred during the crop were detrimental to sugar processing due to fermented canes.

It is again of concern to note that the area harvested in 2009 in the Belle Vue factory area decreased by another 240 hectares when compared to that of the previous year.



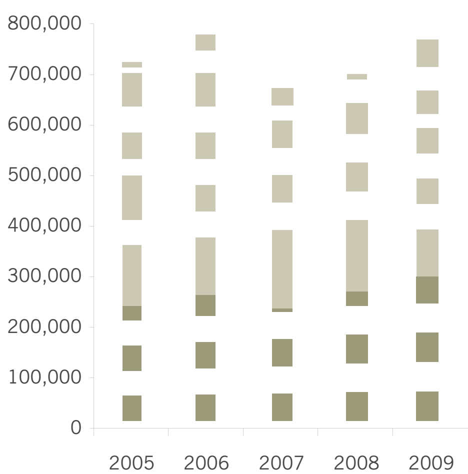
Harvest area (Hectares)

	GROUP	PLANTERS	TOTAL
2005	3,292	6,801	10,093
2006	3,284	6,655	9,939
2007	3,289	6,386	9,675
2008	3,337	6,032	9,369
2009	3,337	5,802	9,139

GROUP PLANTERS

SUGAR (CONT'D)

Harel Frères cane lands produced some 289,217 tonnes of cane, a 11% increase on last year. Mean yields recorded were much higher with 86.7 tonnes cane per hectare and 8.54 tonnes of sugar per hectare, compared to 77.2 and 7.79 respectively last year.



Canes harvested in the factory area (Tonnes)

	GROUP	PLANTERS	TOTAL
2005	243,584	467,614	711,198
2006	273,690	497,591	771,281
2007	227,718	420,309	648,027
2008	261,547	439,165	700,712
2009	289,217	470,842	760,059

GROUP PLANTERS

In 2009, 445,452 tonnes of cane were transported by our vehicles, including 207,500 tonnes from our different platforms. 241,450 tonnes of cane, representing 84% of the company's cane production, were mechanically harvested, of which some 27,000 tonnes were, as was the case last year, outsourced to independent harvesting companies in order to speed up the crop. The installation of fire extinguishers on harvesters and the regular cleaning of equipments paid off once again, with no fire problems recorded in 2009. Contracting harvesting work was carried out by our machines for a few large planters in our factory area and concerned 23,123 tonnes. Our lorries also transported 59,948 tonnes of sugar representing 82% of the total factory production.

Our New Farming System was applied, during 2009, to the planting of cane on some 341 hectares. Germination was as good as last year. Some 360 hectares were also harvested with GPS guidance and the yields which were recorded were again very encouraging.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

(CONT'D)

SUGAR (CONT'D)

Yields per Hectare

	TONNES OF CANES PER Ha	TONNES OF SUGAR PER Ha
2005	74.0	8.07
2006	83.3	9.28
2007	69.2	7.26
2008	77.2	7.79
2009	86.7	8.54

As for the mill, it crushed 760,059 tonnes of cane, at a rate of 278.6 TCH. This crushing rate was 12% lower than that of last year while the crop period extended over 137 days.

The poor quality of the cane supply had a negative effect on the daily tonnage of cane crushed and the processing of cane juice by the mill. It also affected sugar recovery, which was lower than last year, reaching only 9.63% compared to 9.75% in 2008, and making it the lowest recorded in the past 20 years. Sugar production was 73,158 tonnes @ 98.5 Pol compared to 85,125 in 2008 and 72,901 in 2007.

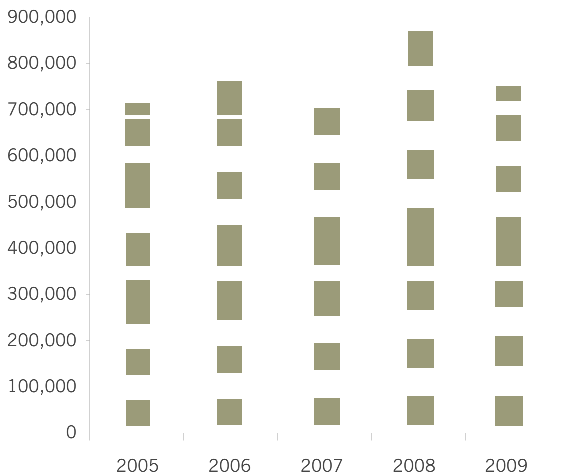
Reduced Mill Extraction and Reduced Overall Recovery were both slightly under last year's, with 97.42% and 84.92% respectively. Fibre % Cane was much lower with 16.75, compared to 18.93 last year, due to the high proportion of burnt canes received at the mill.

Production of specialty sugars increased by 26% on last year to 54,282 tonnes. At the Sugar Syndicate's request, the factory also produced 8,565 tonnes of refined white sugar, partly for the local market and partly for export to the EU. Excluding refined white sugar, specialty sugars represented 74% of the 2009 overall sugar production. The quality of the 12 different types of sugars produced was excellent as usual and to the satisfaction of buyers. The factory also supplied 879 tonnes of cane juice, equivalent to 111 tonnes of sugar, to a distillery belonging to a planter of the factory area, for the production of "rhum agricole".

Sugar accruing to the group amounted to 37,440 tonnes, a decrease of 1,377 tonnes on last year's figures, and represented 93.81% of insurable sugar.

SUGAR (CONT'D)

Tonnes of canes crushed by the mill



2005	711,198
2006	771,281
2007	706,027 *
2008	872,907 **
2009	760,059

* Includes 58,176 tonnes from the Mon Loisir factory area
** Includes 172,218 tonnes from the Mon Loisir factory area

Sugar produced (Tonnes)

	BY THE MILL	ACCURING TO THE GROUP	SPECIALTY SUGARS
2005	76,323	37,779	36,481
2006	83,505	42,131	45,094
2007	72,901 *	34,585	41,922
2008	85,125 **	38,817	43,216
2009	73,158	37,440	54,282

BY THE MILL
ACCRUING TO THE GROUP
SPECIALTY SUGARS

* Includes 6,037 tonnes for the Mon Loisir factory area
** Includes 16,670 tonnes for the Mon loisir factory area

SUGAR (CONT'D)

Personnel

At December 31, 2009, there were 66 staff members and 319 workers employed on a permanent basis in the group's sugar activities. Of the workers, 110 were employed in the fields, 132 in the mill and 77 in the transport department. In addition, job contractors and seasonal workers are hired on a temporary basis as and when needed during both crop and intercrop seasons.

During the year, MUR 1.4 M were spent on employee training. 88 persons attended 30 different courses which ranged from IT and finance to engineering or agriculture. Some 30 ex-employees who retired under the VRS 2/ERS in December 2008 also received training in various fields ranging from gardening to driving and electrical installation, thus facilitating their employability in other sectors. The cost of these courses was partly funded by the EU.

Occurrence of accidents in the workplace slightly increased in 2009 to 90 compared to 88 last year. However, overall man days lost showed a decrease of 32 in 2009, mainly in the factory, representing a rate of 6.1%.

Capital expenditure

Overall capital expenditure for 2009 amounted to MUR 154 M. The bulk of it, MUR 102.9 M went towards the upgrading of production facilities for specialty sugars, mill equipment and a cane grab. Some MUR 42.2 M were spent on transport and agricultural machinery, MUR 5.2 M for the improvement of the irrigation network and MUR 3.7 M on the CEMIS ERP computer system.

Closure of the Mon Loisir sugar mill

As reported last year, the then Minister of Agro Industry had approved the closure of the Mon Loisir mill provided, inter alia, that 300,000 tonnes of canes from that factory area be allocated to our Belle Vue mill. This decision was accepted by BVM but not by FUEL, which is contesting it in the Supreme Court.

Subsequent discussions took place with FUEL relating to cane tonnage and the terms of a commercial agreement, but were unsuccessful. FUEL has since repaired the Mon Loisir mill which was operational during the 2009 crop. Court hearings are scheduled for May 21, 2010.

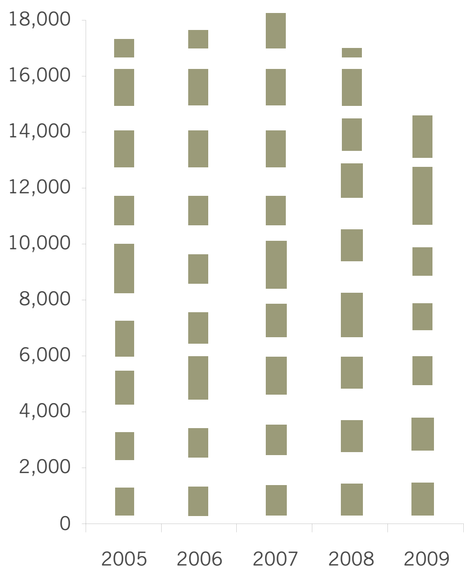
Results

While sugar accruing to the group was down by some 600 tonnes only last year, revenue from sugar operations fell by MUR 27.9 M to MUR 816.6 M due to a drop of 13.5% in the rupee price of sugar for 2009. Profitability was further eroded by the high fixed cost structure associated with sugar activities, particularly the milling sector, and by the poor quality of cane supply, which led to an exceptionally low sugar recovery by the mill.

The increase in production of specialty and refined sugar at higher premiums contributed an additional MUR 70.6 M to sugar revenue but was insufficient to curtail the loss incurred by our mill.

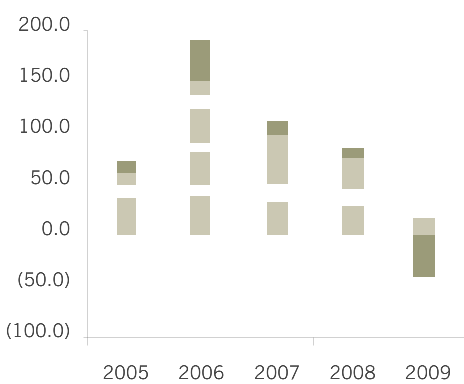
Thus, sugar operations posted an overall loss of MUR 32.7 M for the year under review, with the growing activity realising a profit after tax of MUR 14.5 M and milling operations making a loss of MUR 47.2 M. As often mentioned in past reports, the milling sector remains very vulnerable, suffering from a high gearing and a sugar sharing ratio which is sub economical and unsustainable in the medium term.

SUGAR (CONT'D)



Sugar price (MUR per Tonne)

2005	17,150
2006	17,350
2007	18,200
2008	17,000
2009	14,700



Profit after tax (MUR'M)

	GROWING	MILLING	TOTAL
2005	51.5	5.0	56.5
2006	150.0	28.1	178.1
2007	102.0	10.1	112.1
2008	69.6	8.9	78.5
2009	14.5	(47.2)	(32.7)

MILLING
GROWING

SUGAR (CONT'D)

Prospects for 2010

Amalgamation with The Mount Sugar Estates Company Limited (TMSE)

On January 01, 2010, Harel Frères Limited and TMSE amalgamated.

TMSE was a listed company which owned some 2,200 Ha of land adjacent to those of Harel Frères and held a number of investments in common with the company, amongst which BVM and CTBV. With the amalgamation, Harel Frères now owns some 6,700 Ha of land (under cane cultivation or otherwise) in a geographical area which extends from the north west coast of Mauritius to the Moka-Port Louis mountain range. Out of the above, some 400 Ha have conversion rights. The enlarged group also holds 51% of CTBV and 80% of BVM.

Apart from permitting the consolidation of a larger share of the results of the two above mentioned companies, this amalgamation is expected to improve the viability of our sugar cluster as it will ensure a more stable cane supply for value addition in sugars, molasses for the production of potable alcohol and bagasse for electricity production. Indeed, as TMSE was the largest cane supplier (after Harel Frères) to the mill, the enlarged entity will supply as much as 65% of the canes processed by BVM.

Production costs are also expected to be significantly reduced, notably because of the:

- streamlining of administrative and managerial overheads as well as integration of information technology;
- rationalisation of stores and purchasing functions and garage and transport processes;
- more efficient use of agricultural equipment;
- better planning of certain growing activities given a wider range of agro-climatic zones.

Certain buildings currently occupied by TMSE for administrative or other purposes will be made available for alternative use.

Finally, the enlarged sugar cluster will also be less vulnerable to climatic changes as TMSE and Harel Frères lands are complementary to each other, given their differences in altitude, exposure, rainfall and other agro-climatic conditions.

2010 crop

Cane growth had a very good start with unusual October and November rains, followed by higher mean temperatures and adequate rainfall in December and January. Cumulative rainfall for the period October to April represented 116% of the normal. Thus a good crop can be expected for 2010 provided that conditions for sucrose accumulation are favourable. At the time of writing this report, the crop forecast is 725,000 tonnes of canes for the Belle Vue factory area, with an estimated sugar production of 77,575 tonnes.

SUGAR (CONT'D)

Côte d'Ivoire

Political situation

During the year, the State President dismissed the government and caused a new "gouvernement d'unité nationale" to be appointed. The main political parties are still unable to agree on an electoral list and this has been delaying presidential elections, which should have taken place since 2005 and for which no date is set at the moment. The northern part of the country is still under rebel forces control, which are still armed, but the socio-political situation is fairly stable throughout the territory.

Operations

Investments made at field level, whether in irrigation, agricultural or transport equipment boosted cane production and a crop of some 84,000 tonnes of sugar is expected for the 2009-2010 crop (which is still in progress) compared to 73,594 tonnes last year. Henceforth, most financial resources will be devoted to mill rehabilitation, the declared objective being to increase mill efficiency by 15% over the next 3 - 5 years.

Commercial

Owing to the continuing (although limited) occurrence of fraudulent sugar imports through the north of the country, sales stagnated in 2009, with 74,792 tonnes of sugar being sold on the local market (compared to 74,459 tonnes last year) and 2,870 tonnes being exported to the EU under the country's 2009 quota allocation. Overall turnover amounted to FCFA 29.4 Billion (Euro 44.82 M), compared to FCFA 27.8 Billion (Euro 42.38 M) for the previous year.

There were no sizeable sugar imports into the country through the port of Abidjan or the southern borders in 2009 as a result of the official ban on sugar imports into Côte d'Ivoire. However, this ban has expired in May 2010 and has not yet been renewed.

Results

Sucrivoire S.A. posted an operating profit of FCFA 1.42 Billion (Euro 2.16 M) for the year, compared to FCFA 0.82 Billion (Euro 1.25 M) in 2008.

ENERGY

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

(CONT'D)

ENERGY

At December 31, 2009 and prior to the amalgamation with The Mount Sugar Estates Company Limited, the group had a 40.3% effective interest in Compagnie Thermique de Belle Vue Limitée (CTBV). The latter owns a 70 MW bagasse / coal fired power plant situated in Belle Vue. It is adjacent to the sugar mill, which provides it with bagasse in exchange for the supply of its energy requirements. Other shareholders are our strategic partner Séchilienne-SIDEC (27%), the Sugar Investment Trust (14%) and the State Investment Corporation (8%).

CTBV has signed a long-term contract with the Central Electricity Board (CEB). Under these terms, it supplies electrical power to the grid throughout the year.

Management

The day-to-day operation of CTBV is entrusted to CTBV Management Co Ltd (CTBVM), which employs around 45 staff, including one expatriate. CTBVM is controlled by Séchilienne-SIDEC, which holds a 67% interest. The other main shareholder is Société HBM, with a 28% holding. Overall management of CTBV is jointly assumed by Séchilienne-SIDEC and Harel Frères Limited. The former is responsible for technical support, with a view to optimising plant efficiency, both in terms of operation and energy production, while Harel Frères has an administrative responsibility.

With regard to the handling and stocking of coal, a separate entity, Coal Terminal (Management) Co Ltd (CTMC), in which CTBV holds a 30.26% interest, runs these operations from the company's depot, situated in the port area. Coal is jointly imported by CTBV and other energy producers and stocked at the depot, from where it is dispatched to users.

Performance and operations

The power plant performed satisfactorily during the year, with an availability level of 99.1% which is well above minimum contractual obligations. However, CEB's electricity off-take for the year was dismally low, with energy exported to the grid dropping to an all-time low of 320.1 GWh as compared to 349.2 GWh in 2008. This low off-take caused the plant to frequently operate at sub optimal levels, which in turn severely degraded coal usage ratios. Moreover, as a result of the Mon Loisir mill resuming crushing activities in 2009, the plant experienced a significant drop in its supply of bagasse and consequently burnt only 237,475 tonnes of bagasse, as compared to 321,365 tonnes in 2008. Hence, energy produced from bagasse went down from 108.2 GWh in 2008 to 90.3 GWh in 2009.

The company met its supply commitments to the CEB for the contractual year ended June 2009 and, in addition, generated some 13.5 GWh at a reduced tariff, over and above the minimum take. CTBV is confident of fulfilling its contractual obligations of 325 GWh for the year ending June 2010. In fact, with a capacity of approximately 450 GWh and given current availability levels, the plant is in a position to supply an extra 125 GWh yearly to the CEB, at a reduced price, if ever it were called upon to do so.

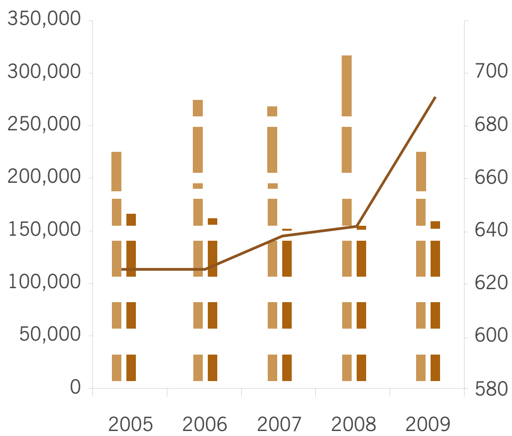
During the year under review, the plant burnt 157,742 tonnes of coal, representing a consumption of 686 g per KWh. At December 31, 2009, CTBV had 14,373 tonnes of coal in storage, which represents about 26 production days during intercrop.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

(CONT'D)

ENERGY (CONT'D)

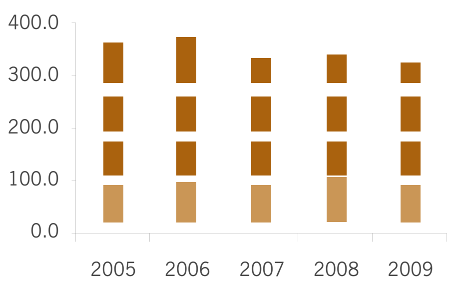
Consumption



	TONNES OF BAGASSE	TONNES OF COAL	g OF COAL PER KWh
2005	230,863	166,294	623
2006	262,145	161,145	623
2007	257,704	151,863	639
2008	321,365	154,674	642
2009	327,475	157,742	686

TONNES OF BAGASSE
TONNES OF COAL
g OF COAL PER KWh

Energy produced (GWh)



	BAGASSE	COAL	TOTAL
2005	89.0	267.0	356.0
2006	99.5	258.5	358.0
2007	87.2	237.7	324.9
2008	108.2	241.0	349.2
2009	90.3	229.8	320.1

COAL BAGASSE

ENERGY (CONT'D)

During the annual shutdown, our main undertaking consisted in the carrying out of exhaustive preventive maintenance. The main operation involved the replacement of three soot blowers on each boiler and the repair of hoppers on the fly-ash circuit. Other important works involved the replacement of pipes on the water treatment circuit, major roofing works to the plant and improvement to the bagasse handling system. Capital expenditure for 2009 amounted to MUR 35.5 M in total.

Health and safety issues have always been at the heart of our concerns and we are glad to report that work-related accidents have gone down in 2009 to 0.1% of overall work days as compared to 0.4% in 2008.

FINANCIAL

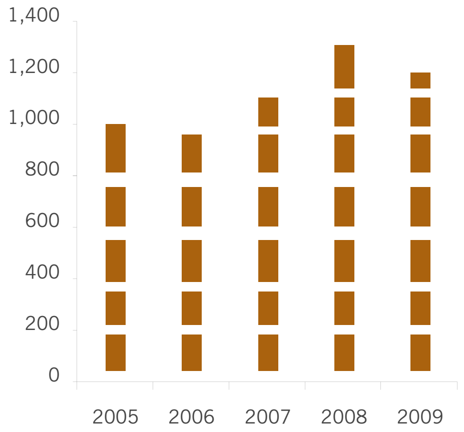
The energy segment posted a profit after tax of MUR 173.5 M, compared to MUR 312.4 M in 2008. The results were mainly due to an exceptionally low off-take on the part of CEB during 2009 coupled with a lower production of bagasse-based energy. In addition, owing to the depreciation of the Mauritian rupee against the Euro, the activity recorded substantial exchange losses amounting to MUR 107.6 M, (2008: MUR 64.6 M) arising from the repayment of foreign loans.

Overall borrowings of CTBV, of which 64.8% is denominated in Euro, amounted to MUR 585.3 M at December 31, 2009, compared to MUR 886.1 M last year. The gearing ratio, which stood at 30.5%, is well within the contractual limit of 80% and the Debt Service Reserve Account, amounting to MUR 165.7 M, has been funded in accordance with loan covenants.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

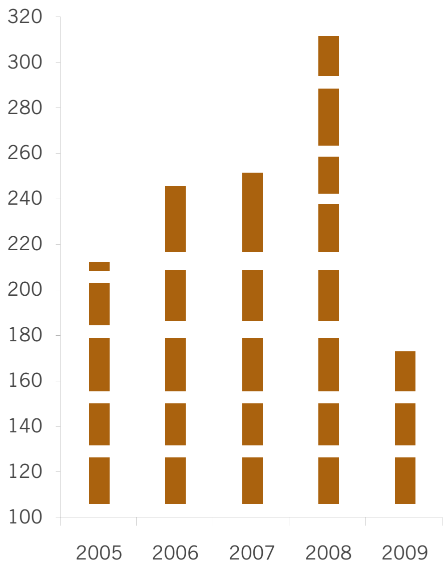
(CONT'D)

ENERGY (CONT'D)



Turnover (MUR'M)

2005	998
2006	956
2007	1,109
2008	1,332
2009	1,211



Profit after tax (MUR'M)

2005	212
2006	246
2007	252
2008	312
2009	174

ENERGY (CONT'D)

Other

As previously reported, in terms of an agreement concluded in late 2007 between the Government and the MSPA, a foreign consultant, namely Hunton & Williams, was jointly appointed by both parties in order to:

• determine whether the balance of risks between CEB and the Independent Power Producers (IPP's) is in accordance with international norms;

• give its assessment of a fair return commensurate with the risks taken by each party;

• carry out the above exercise after analysing all aspects of the Power Purchase Agreements (PPA's), the power generation of IPP's and their competitiveness when compared to local and international power producers of a similar nature; and

• make any appropriate recommendations.

The conclusions of the consultant were to be kept confidential to the parties and would not be binding on the individual IPP's. CTBV participated in the exercise and generally made available to the consultant the required information. At the time of writing this report, we are given to understand that there is a disagreement between the Government and the MSPA as to the findings of the consultant and the degree of completeness of the report.

There have been no changes made to the PPA signed with CEB during the course of the year.

COMMERCIAL & ALCOHOL PRODUCTION

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

(CONT'D)

COMMERCIAL & ALCOHOL PRODUCTION

Structure

Grays & Co Ltd regroups the main commercial and alcohol production activities of the group and holds a 74% stake in Grays Inc. Ltd, its operating arm, to which it leases office and industrial space.

In addition, it is the majority shareholder of Grays Refinery Ltd and holds a 33.3% share in New Goodwill & Co Ltd and related companies, which are involved in the production, bottling and distribution of local rum and compounded spirits.

It is also a 50% partner in a number of joint ventures, namely "Les Chais de L'Isle de France Limitée", "Les Domaines de Mauricia Limitée", and "Cosmebelle (Mauritius) Limited".

Commercial

The core business of Grays Inc. Ltd remains the production, marketing and distribution of wine and spirits. In addition, the portfolio includes a comprehensive range of international brands in the fields of hygiene & cosmetics, household and fast moving consumer goods.

In October 2009, the Company concluded an agreement with Panagora Marketing, taking over part of its wine portfolio as well its wine shop "La Carriere" in Moka, which is now branded "20/Vin". This addition brings the number of our specialised outlets to six around the island.

The multinational firm Reckitt Benkiser has entrusted the company with the distribution of the full range of its pharmaceutical products formerly handled by a competitor. This new range fits perfectly with our existing distribution network.

Performance

The local market proved to be surprisingly resilient to the economic recession which the country experienced in 2009. However, the tourism sector recorded a marked decline, which adversely affected our supplies to the on-trade market. The local trade picked up in the second part of the year, permitting the company to close the year with a turnover growth of 5.5 % to MUR 1.02 billion. The numerous cost cutting and restructuring schemes undertaken within the cluster during the year were successful and positively impacted on profitability.

Wine and spirits

Grays' core activity (spirits) was the main growth driver in 2009, although the snack and hygiene segments performed remarkably well. The essence of our 2009 objective was to focus on core competencies and brands, so as to consolidate our base. The advertising ban on alcohol has led to fiercer price competition.

Spirits production

Recent investments in our production facilities resulted in a smoother and more cost efficient operation throughout the year. The annual volume output reached a record of 4.4 million litres, an increase of 3% over 2008.

Exports

Exports were held back due to the economic downturn. We are exploring new avenues and remain confident in our potential markets. Bulk spirits exports were satisfactory and projections for 2010 are encouraging.

Human resources

The year under review was devoted to the training and development of our talents, together with emphasis on the implementation of a performance management system that drives performance at all levels in the organisation. The mission, vision and values were also revisited and revamped to better represent our dynamic sector and give a sense of belonging to all our employees.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

(CONT'D)

COMMERCIAL & ALCOHOL PRODUCTION (CONT'D)

Production of alcohol

Grays & Co. Ltd holds a two third stake in Grays Refinery Ltd, a company which owns and runs a distillery.

Mainly on account of the late commissioning of a new distilling still, production amounted to only 2.3 million litres of alcohol at 100% volume (2008: 3.5 million) over a distillation period of 97 days (2008: 150), which spread over both crop and intercrop periods. The new equipment, which now runs smoothly, has improved the efficiency of the distillation process and has reduced steam consumption by about 25%. It should also permit an additional 10% daily alcohol output, as soon as minor improvements are made to fermentation facilities.

As reported last year, a vinasse treatment project, which will optimize the benefits from this by-product, is being finalised. Vinasse, the residue from distillation which contains fertilising agents, will be evaporated to produce Concentrated Molasses Solids (CMS) which will be spread as fertilizer in cane fields. CMS, being more stable than molasses, can be stored during the intercrop. To this end, a new company, Evapo Ltd, has been incorporated as a joint venture between Grays Refinery Ltd and Island Liquid Fertiliser Ltd. This will permit the distillation period to be extended to 270 days, instead of an average of 150 days presently, and the additional alcohol produced will be exported.

Results

Given the difficult trading conditions of 2009, the commercial arm of the Grays cluster performed satisfactorily, realising profits of MUR 50.6M (2008: MUR 50.8M). The distillery's profitability, however, dropped by MUR 8.9M to MUR 14.7M, mainly on the back of a 43% increase in the price of molasses during the year.

As for New Goodwill & Co Ltd, it recorded a growth in turnover of 3.2% for the year and increased after tax profits from MUR 16.2M to MUR 18.7M in 2009.

The Commercial and Alcohol Production segment thus closed the year with after tax profits of MUR 84.0M, compared to MUR 90.6M in 2008. It is to be noted that the 2009 figure takes into account a one off MUR 16.5M provision relating to a payment failure from an export client.

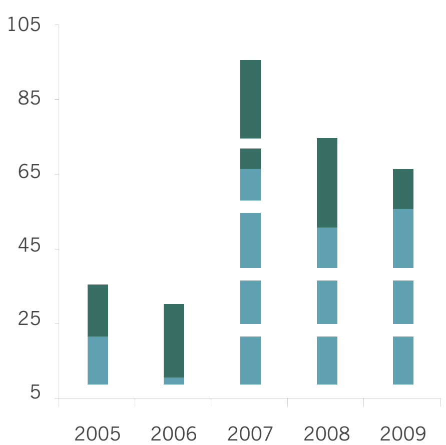
COMMERCIAL & ALCOHOL PRODUCTION (CONT'D)

Turnover (MUR'M)

	COMMERCIAL ACTIVITIES	ALCOHOL PRODUCTION	TOTAL
2005	734.7	71.0	805.7
2006	800.5	90.7	891.2
2007	902.9	90.1	993.0
2008	918.8	94.2	1,013.0
2009	1,020.0	101.2	1,121.2

ALCOHOL PRODUCTION
COMMERCIAL ACTIVITIES

Profit after tax (MUR'M)



	COMMERCIAL ACTIVITIES	ALCOHOL PRODUCTION	TOTAL
2005	21.4	14.0	35.1
2006	8.6	23.5	32.1
2007	66.1	29.1	95.2
2008	50.8	23.6	74.4
2009	50.6	14.7	65.3

ALCOHOL PRODUCTION
COMMERCIAL ACTIVITIES

OTHER INTERESTS

OTHER INTERESTS

Property management

Property management is a group activity which is carried out by Sagiterre Ltée, a wholly owned subsidiary providing services to the group as well as to external clients.

On account of the sustained economic crisis, the group has curtailed its property development programme and has not initiated any significant new projects in the current year.

Regarding existing developments undertaken by Sagiterre on behalf of the group, the sale of the "morcellements" of Cottage and Notre Dame initiated under the 1,200A scheme, were completed during the course of the year, whereas those of Creve Coeur and Montagne Longue under the same schemes, attained sales levels of 85% and 80% respectively. As for the "morcellement" at Bois Mangues, 92% of the lots have been transferred to date. All three "morcellements" should be sold out in 2010 and all lots transferred. Overall, 56 plots of a net extent of 2.4 hectares in aggregate were transferred during the year on 8 different morcellement sites belonging to the group. A morcellement permit was also obtained during the year for a 21 lot project at Solitude, which is now being sold.

Proceeds on land disposals of MUR 26.5 M (2008: MUR 51.8 M) were received during the course of the year and a profit of MUR 11.6 M was recognised thereon (2008: MUR 15.2 M).

The marketing of the "Beau Plan Business Park", an executive office complex for rent, which was undertaken by Sagiterre on behalf of the group, did not proceed as smoothly as expected, with prospective clients having to reckon with the economic slowdown, competition from the Ebène hub and road traffic considerations. However, we are confident that, with the construction of the new Terre Rouge - Ebène link road and the measures taken for the decongestion of Port Louis, the north of the island - at present a prime leisure and residential region - will attract the development of commercial and office spaces as well.

The services of Sagiterre have also been retained for various projects for non group clients, of which a number were completed in 2009, but others were postponed on account of the late or non obtention of administrative permits.

It appears that the worse of the economic downturn is behind us; 2010 should therefore be an interesting year. The consolidation of the land holdings of Harel Frères, Sagiterre's parent, with those of The Mount will no doubt offer exciting prospects for the group, and this is a good omen for the future.

Sagiterre fared better in 2009, earning a fee and commission income of MUR 22.5 M and posting after tax profits of MUR 5.9 M (2008: MUR 1.7 M).

Construction

The group's interests in the construction industry are vested in two companies, namely Produits Basaltiques du Nord Ltée (PROBAN), in which the group effectively holds a 29.2% interest, and Rehm Grinaker Construction Co Ltd (RGC) in which it holds a 35.5% stake.

PROBAN, which was incorporated in 1990 to further our policy of field derocking, is involved in the manufacturing and sale of building materials, consisting mainly of hollow concrete blocks, aggregates and rock sand. Management of operations is entrusted to The United Basalt Products Ltd. While there was an 18% growth in turnover in 2009, production costs increased disproportionately by 29.7%, mainly due to increases in input and transport costs. Profit after tax decreased by MUR 3 M to MUR 21.3M.

OTHER INTERESTS (CONT'D)

As for RGC, it is one of the leading multi-disciplinary construction companies in Mauritius and is managed by Grinaker-LTA South Africa in terms of a management contract. The recent downturn in the economy had a negative impact on RGC's performance, causing profit after tax to fall by 47.1% to MUR 100 M. Contribution to group profit thus amounted to MUR 35.6 M (2008: MUR 67 M). Prospects for 2010 are promising and profitability should be restored to reasonable levels.

Financial services

As at December 31, 2009 and prior to the amalgamation with The Mount Sugar Estates Company Limited, the group owned 26.8% of Intendance Holding Limited, the holding company of the Swan group which, in turn, mainly comprises Swan Insurance Co Ltd and The Anglo-Mauritius Assurance Society Limited.

The Swan group delivered a robust operational performance in 2009. Group profit after tax increased by MUR 51 M to MUR 194 M mainly as a result of increased underwriting surplus and the absence of catastrophe losses during the year.

Leisure

The group owns 30.7% of Sugarworld Limited, a company which operates L'Aventure du Sucre, a museum and entertainment complex, situated in the former Beau Plan sugar mill buildings.

The reduction in tourist arrivals in 2009, as well as a noticeable decrease in the entertainment budget of traditional patrons, impacted negatively on the activities of the company, causing turnover to drop by 5.6 % and after tax profits to fall by 30.2 % to MUR 9.1 M for the year.

Demand seems to have picked up since the beginning of 2010; new hospitality facilities are now operational and this year's performance will certainly be at least at the same level as that of 2009.

Commodity trading

At December 31, 2009 and prior to amalgamating with The Mount Sugar Estates Company Limited, the group owned a 30.8% interest in Alcohol & Molasses Export Ltd, a company whose main activity is to trade in molasses.

Trading conditions for molasses were favourable, with prices on the world market proving resilient throughout most of 2009. Accordingly, the company's turnover increased to MUR 221 M compared to MUR 127 M in 2008 for an equivalent tonnage. Profitability followed suit, with the group's share of profit after tax for the year reaching MUR 10.1 M (2008: MUR 8.8M).

Maritim (Mauritius) Ltd

The group held a 4.23% stake in Maritim (Mauritius) Ltd which it had attempted to dispose of in the past, but unsuccessfully.

In June 2009, we exercised our minority buy-out rights under sections 108 and followings of the Companies Act 2001 and disposed of the above mentioned shares for the sum of MUR 22.2 M, on which a profit of MUR 17.6 M was realized. However, the consideration received was estimated inadequate; an objection was lodged and the dispute has been submitted to arbitration, as provided by law.

OTHER INTERESTS (CONT'D)

Orange Madagascar

In March 2010, the company finalised the acquisition of an effective stake of 5% in Orange Madagascar (OMA), whose controlling shareholder is France Telecom. This acquisition was made in partnership with a local private equity fund and the total stake acquired was 10%. The partnership will have a Board representation on OMA, which should enable us to build up knowledge of the telecoms sector. Furthermore, one can foresee that being a co-shareholder with France Telecom may open doors for future developments in the region.

Cyril Mayer
Managing Director

May 19, 2010

corporate governance report

CORPORATE GOVERNANCCE REPORT

STATEMENT OF COMPLIANCE

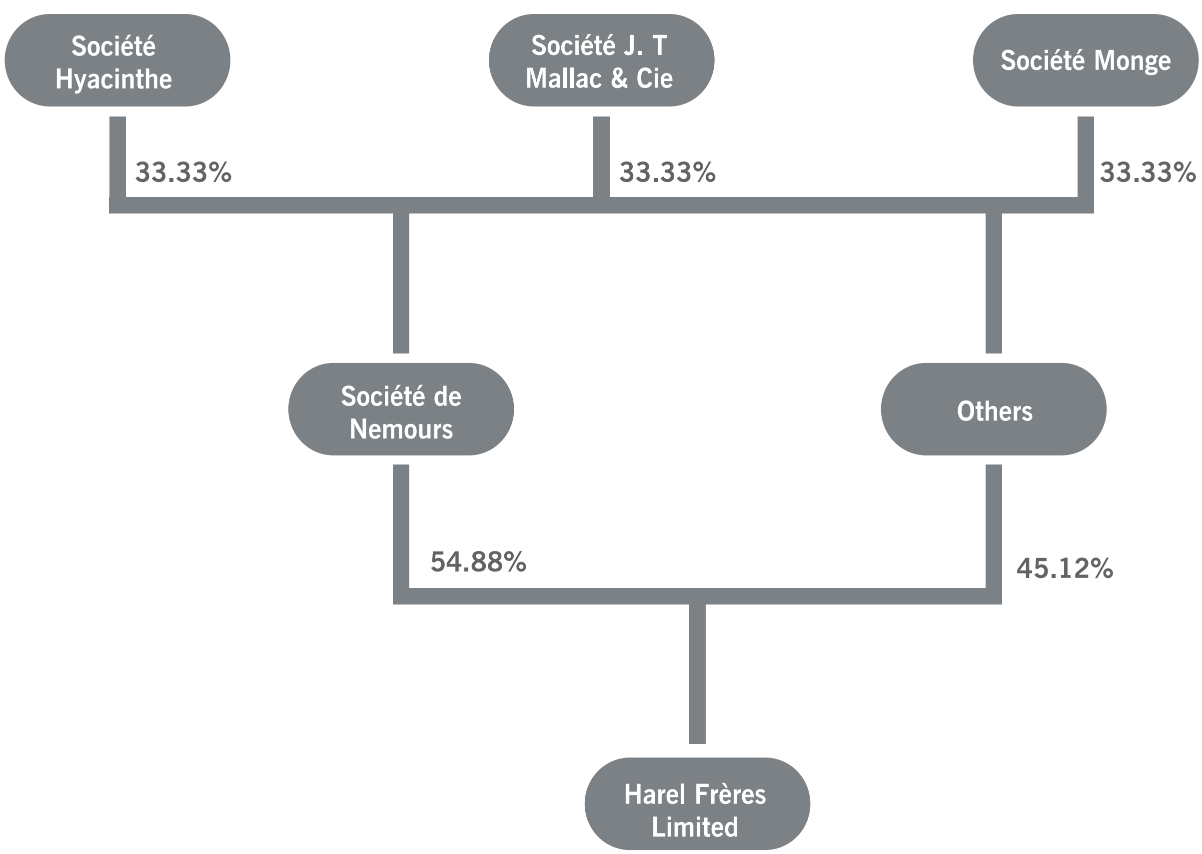
The Report on Corporate Governance for Mauritius, which was published in 2003, provides that companies listed on the official list of the Stock Exchange of Mauritius, must comply with the provisions of the Code of Corporate Governance (the Code).

The Board acknowledges that the Code sets out best practices and this report details how the principles of the Code have been applied within the group.

Except as specifically set out in this report, the Board considers that the group has complied in all material respects with the provisions of the Code for the reporting year ended December 31, 2009.

HOLDING STRUCTURE

As at December 31, 2009, the holding structure of the company was as follows :



CORPORATE GOVERNANCE REPORT

(CONT'D)

A number of changes have occurred since December 31, 2009 and have impacted the above holding structure, namely.:

• the amalgamation of The Mount Sugar Estates Company Limited (TMSE) into the company on January 01, 2010, which resulted in the percentage holding of Société de Nemours dropping from 54.88% to 43.35%;

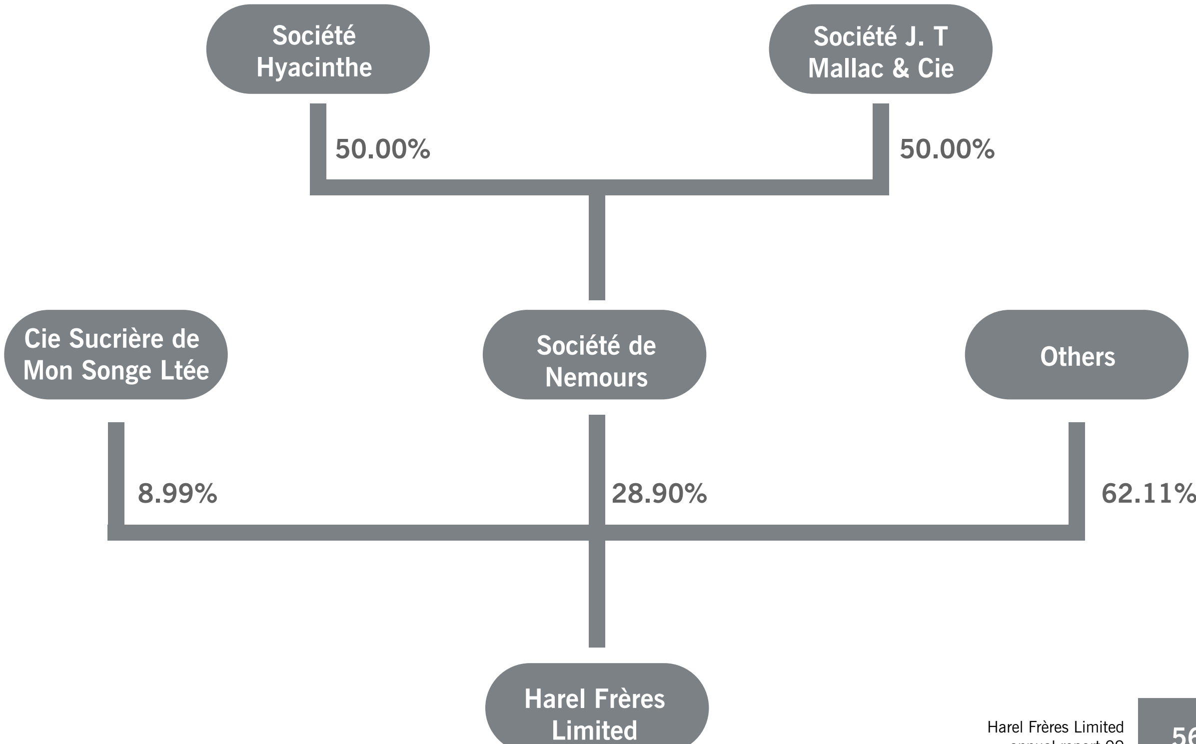
• the withdrawal of Société Monge, one of the three members of Société de Nemours, from the capital of the latter. As a result of the withdrawal, Société de Nemours will distribute 31,800,000 shares of the company (representing a 14.45% stake directly in the issued share capital of Harel Frères Limited) to Société Monge, resulting in a further reduction of the shareholding of Société de Nemours in the company to 28.90%;

• upon completion of the amalgamation of TMSE into the company, Société Le Plessis, (a former shareholder of TMSE) became the second largest shareholder of the company after Société de Nemours with a holding of 10.78%;

• Société Le Plessis is in the process of being dissolved and the shares that it holds in the company are being distributed to its members. No member of Société Le Plessis will, upon completion of the said distribution, hold a direct interest representing 5% or more in the company;

• Société Monge is also in the process of being dissolved and the shares that it will hold in the company will be distributed to its members. Compagnie Sucrière de Mon Songe Ltée is the majority member of Société Monge. Upon completion of the said distribution, Compagnie Sucrière de Mon Songe Ltée will hold a direct interest of 8.99% in the company.

On completion of the above transactions, the shareholding structure of Harel Frères Limited will be as follows:



SUBSTANTIAL SHAREHOLDERS

As at the date of this report, the following shareholders are directly or indirectly beneficially interested in 5% or more of the company's share capital:

	DIRECT	INDIRECT
Compagnie Sucrière de Mon Songe Ltée	-	8.99%
Mallac Sim Armelle	0.45%	4.78%
Moulin Cassé Ltée	-	9.84%
Pershing LLC (foreign investor)	6.00%	-
Société de Nemours	43.35%	-
Société Hyacinthe	-	14.45%
Société J.T. Mallac & Cie	0.00%	14.45%
Société Le Plessis	10.78%	-
Société Monge	-	14.45%

It should be noted that Compagnie Sucrière de Mon Songe Ltée and Moulin Cassé Ltée hold their indirect interests through Société Monge and Société Hyacinthe respectively, which are both members of Société de Nemours.

To date, no other entity or individual has reported an interest of 5% or more in the share capital of the company.

COMMON DIRECTORS

A number of directors are, at December 31, 2009, common to the company and the above-mentioned holding entities. The details are set out in the following table:

DIRECTORS OF THE COMPANY	DIRECTORS OF HOLDING ENTITIES			
	Société de Nemours	Société Hyacinthe	Société J.T. Mallac	Société Monge
Maurice de M. Enouf	x		x	
Jean de Fondaumière	x			
Jean Pierre Hardy	x*		x	
Alexis Harel	x	x		
Antoine L Harel	x			x
Henri Harel	x	x		
Joseph Marc Harel	x			x
Charles Edouard Piat	x			x**
Alain Vallet	x	x		
ALTERNATE DIRECTOR				
Dominique de Froberville	x		x	

** : Alternate director of Société de Nemours*
*** : Chairperson of Société Monge*

SHAREHOLDERS' AGREEMENT

The company is not a party to any shareholders' agreement and, to the best of its knowledge, there is no shareholders' agreement between its direct shareholders.

However, the company is aware that until January 01, 2010 there existed a Protocole d'Accord between the three members of Société de Nemours, which regulated the appointment of members of Société de Nemours on the Board of the company.

CONSTITUTION

On May 18, 2010, the shareholders approved by a special resolution certain changes to the constitution of the company. Those changes:

• allow the company to reissue and sell any treasury shares held by it;

• provide for a new quorum for meetings of shareholders: four shareholders representing at least 25% of the voting rights now constitute quorum;

• will, as from the Annual Meeting of the company to be held in 2010, reduce the number of Board members from thirteen to a minimum of seven and a maximum of eleven members;

• will require that as from the Annual Meeting to be held in 2011, three directors retire from office by rotation at every Annual Meeting; and

• establish a procedure for proposing candidates for election to the office of director.

The Listing Division of The Stock Exchange of Mauritius Ltd has confirmed that the amendments to the Company's constitution are in line with Appendix 4 of the Listing Rules (the 'Listing Rules').

The other salient features of the constitution are:

- the wide objects and powers conferred on the company;
- the absence of ownership restrictions or pre-emptive rights attached to shares issued by the company;
- the ability of the company to purchase its own shares;
- the ability of shareholders to cast postal votes; and
- the casting vote of the chairperson.

BOARD OF DIRECTORS

The names and profiles of the Board members who held office during the financial year under review as well as the directorships held by them in listed companies appear on pages 18 to 21.

At the Annual Meeting held on June 26, 2009, two directors, namely Messrs Jean Desmarais and Guillaume Raffray did not seek their re-election and were replaced by Messrs Antoine L Harel and Charles Edouard Piat. The latter ceased to hold office on January 01, 2010.

The Board as a whole is ultimately responsible and accountable for the affairs and overall performance of the group. It must ensure that proper systems and controls are in place to protect the group's assets and its good reputation. Having regard to recommendations made by management, the Board makes strategic choices and identifies key risk areas, monitors and evaluates the implementation of policies and business plans, and approves the company's capital expenditure, investments and operating budgets.

The roles of the Chairperson and Managing Director are separate and each of them has clearly defined responsibilities. The Chairperson's main role is to lead and manage the work of the Board and to ensure that it operates effectively.

The Managing Director is responsible for the day-to-day management of the group, leading the executive directors, preparing and submitting development strategies to the Board and making and implementing operational decisions.

The Board met six times during the year and the individual attendance by directors is set out on page 63. At three of those meetings, the business of the Board was the amalgamation of TMSE with the company.

Senior group executives are invited, when appropriate, to attend Board meetings and make presentations on the strategies and projects of their business units. The profiles of the senior group executives are set out at pages 26 and 27. Consultants are also invited to attend Board meetings when necessary.

In addition, the Board was invited to visit some of the on-going projects or major undertakings of the group and to meet with senior management, including the newly recruited Strategic Development Executive of the company.

Other specific responsibilities are delegated to committees established by the Board, namely the Audit Committee, the Corporate Governance Committee and the Investment Committee, which operate within clearly defined terms of reference and report regularly to the Board. Information on these committees is given below.

CHANGES TO THE BOARD COMPOSITION

In terms of the amended constitution, as from the next Annual Meeting of the company to be held in 2010, the Board will consist of not more than eleven directors and its composition is intended to be four nonexecutive directors, four executive directors and three independent nonexecutive directors.

As from the Annual Meeting to be held in 2011, three directors will retire from office by rotation at every Annual Meeting. Retiring directors will be eligible for re-election.

The Board is aware that the retirement of directors by rotation as provided for in the amended constitution is a departure from the Code, which provides that each director should be elected (or re-elected as the case may be) every year at the Annual Meeting.

While remaining committed to sustaining the highest standards of corporate governance, the Board is of the opinion that the standard provision of the Code is inappropriate in the new circumstances of the group, given its complexity and the diversity of its activities.

The Board believes that the tenure of office of directors should be of sufficient duration to allow the directors, in particular independent directors and those who are members of the committees established by the Board, to be reasonably conversant with the intricacies of the group's activities so as to exercise the degree of leadership, skill and judgement required to achieve a sustainable degree of prosperity.

DIRECTORS' INTEREST IN THE SHARE CAPITAL OF HAREL FRÈRES LIMITED

The directors' interests in the company's securities as at December 31, 2009 pursuant to the Listing Rules are as follows:

	ORDINARY SHARES							
	DIRECT				INDIRECT			
	SHARES	%	USUFRUCT	%	SHARES	%	USUFRUCT	%
DIRECTORS								
Jocelyn de Chasteauneuf	-	-	-	-	-	-	-	-
Maurice de M. Enouf	-	-	-	-	-	-	-	-
Jean de Fondaumière	-	-	-	-	-	-	-	-
Jean-Pierre Hardy	1,333	0.00%	-	-	-	-	-	-
Alexis Harel	133	0.00%	-	-	133	0.00%	-	-
Antoine L. Harel	-	0.00%	-	-	129,696	0.07%	-	-
Henri Harel	720	0.00%	-	-	1,751,786	1.01%	-	-
Joseph Marc Harel	117,379	0.07%	-	-	-	-	1,176,520	0.68%
J. Hugues Maigrot	-	-	-	-	-	-	-	-
Cyril Mayer	19,352	0.01%	46,986	0.03%	1,201,772	0.69%	574,320	0.33%
Jacques de Navacelle	-	-	-	-	-	-	-	-
Charles Edouard Piat	112,120	0.06%	-	-	-	-	440,300	0.25%
Alain Vallet	133	0.00%	-	-	-	-	-	-
ALTERNATE DIRECTORS								
Dominique de Froberville	-	-	-	-	266	0.00%	-	-
Total	251,170	0.14%	46,986	0.03%	3,083,653	1.77%	2,191,140	1.26%
Total issued shares	173,834,000							

None of the directors holds any interest in subsidiaries of the company.

The directors abide by the principles enunciated in the Model Code on Securities Transactions by Directors, set out in Appendix 6 of the Mauritius Stock Exchange Listing Rules. During the year under review, no company securities were transacted by the directors.

GROUP COMPANY SECRETARY

Directors have direct access to the advice and services of the secretary, who is responsible for ensuring that Board procedures are followed. He also ensures that newly appointed directors are made aware, within one month of their appointment, of their fiduciary duties and responsibilities and prepares an induction programme, tailored to their individual requirements, in order for them to be immediately familiar with group's operations, business environment and senior management.

BOARD COMMITTEES

Audit Committee

Current members :

Jocelyn de Chasteauneuf	*Chairperson*
Jean Pierre Hardy	*Member*
Jacques de Navacelle	*Member*

The three members of the Audit Committee are nonexecutive directors while the Chairperson and one of the members are also independent directors.

The Committee operates under a formally appointed charter modelled closely on the Code provisions. It is primarily responsible for maintaining an appropriate relationship with the group's external auditors, reviewing internal financial controls and the audit process. Its main objective is to provide the directors with additional assurance regarding the quality and reliability of the financial information used by them and to assist them in properly discharging their duties. The Committee reviews the objectivity and independence of the external auditors and also considers the scope of their work and fees paid for audit and non audit work. External and internal auditors have unrestricted access to the Committee.

The Audit Committee met four times and has satisfied its responsibilities for the year, in compliance with its terms of reference. Individual attendance by directors is set out on page 63.

Having regard to the fact that 26% of Grays Inc.Ltd is owned by a strategic partner and to the complexity of its activities, a separate Audit Committee has been set up for that company. This committee is presently under the chairmanship of Mr Danie Van Den Berg, a representative of the strategic partner, with Mr George Schooling and Mr Maurice de Marassé Enouf as members, and reports to the Board of Grays Inc. Ltd. The minutes of its proceedings are circulated to Harel Frères' Audit Committee and Board. The Grays Inc.Ltd Audit Committee met twice during the year.

Corporate Governance Committee

Current members :

Jean Hugues Maigrot	*Chairperson*
Jean de Fondaumière	*Member*
Jacques de Navacelle	*Member*
(Cyril Mayer)	*(In attendance)*

The three members of this Committee are nonexecutive directors, and it is chaired by the company's Chairperson, who is an independent director. One other member is also an independent director.

The Committee's functions are threefold :
- In its role as Remuneration Committee, its terms of reference include inter alia the development of the group's general policy on executive and senior management remuneration as well as the determination of both specific remuneration packages and performance measurement criteria for executive directors. It also makes recommendations concerning the level of directors' fees.

- In its role as Nomination Committee, it regularly reviews Board structure, size and composition and makes recommendations to the Board on Board appointments.
- The Committee has the further responsibility of implementing the Code throughout the group and of ensuring that the reporting requirements on corporate governance are made in accordance with the principles enunciated in such Code.

The Corporate Governance Committee met three times during the year and the attendance of individual directors at these meetings is detailed in the table set out on page 63.

Upon the recommendation of the Corporate Governance Committee, the Directors and Officers Liability insurance policy was renewed during the year.

Further to the Board evaluation exercise that had been carried out in 2006 and having regard to changes in the composition of the Board since, a new assessment of the collective functioning of the Board was carried out in late 2008. The findings, which were reviewed by the Board in 2009, confirmed that, generally, the Board functioned well, with a satisfactory and effective contribution from directors. Areas which the Board felt could be improved were identified and are being addressed. It has also been decided that the scope of the next such exercise would be enlarged so as to include individual evaluations of directors.

Investment Committee

In January 2010, the Board decided to set up an Investment Committee with the aim of assisting the Board in discharging its duties relating to strategic investment or disinvestment decisions. The Committee therefore reviews, approves and recommends to the Board investment or disinvestment choices based on advice provided by the management team. It has neither managerial nor decisional powers.

The Committee consists of a minimum of three and a maximum of six directors appointed by the Board, at least half of whom will be nonexecutive directors and preferably independent. The Board appoints a chairperson from the nonexecutive members of the Committee.

The current members of the Investment Committee are:

Jean Hugues Maigrot	*Chairperson*
Jean de Fondaumière	*Member*
Jacques de Navacelle	*Member*
Cyril Mayer	*Member*
Henri Harel	*Member*
Alexis Harel	*Member*
(Sébastien Mamet)	*(In attendance)*

BOARD AND COMMITTEE ATTENDANCE

Directors are expected to attend, in person of by teleconference, all Board meetings (or make themselves represented) and all Board Committee meetings of which they are a member, unless prevented to do so by exceptional circumstances. Board meeting dates are generally set well in advance to enable directors to manage their other commitments.

The attendance of directors at Board and Committee meetings is set out below.

	Board	Corporate Governance	Audit
No. of meetings	**6**	**3**	**4**
Directors			
Jocelyn de Chasteauneuf	6/6	-	4/4
Jean Desmarais	1/2	-	-
Maurice de M. Enouf	6/6	-	-
Jean de Fondaumière	5/6	3/3	-
Jean Pierre Hardy	4/6	-	2/4
Alexis Harel	6/6	-	-
Antoine L Harel	3/4	-	-
Henri Harel	6/6	-	-
Joseph Marc Harel	5/6	-	-
Jean Hugues Maigrot	6/6	3/3	-
Cyril Mayer	6/6	3/3	-
Jacques de Navacelle	6/6	3/3	3/4
Charles Edouard Piat	2/4	-	-
Guillaume Raffray	2/2	-	-
Alain Vallet	6/6	-	-

INTERNAL CONTROLS

The Board has overall responsibility for the system of internal control. A sound system of internal control is designed to manage the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal controls put in place by management to respond to the above includes:

• Maintaining proper accounting records to ensure effective operation of the group's business and compliance;

• Implementing the strategies and policies adopted by the Board, and for managing all of the group's activities, including the operation of the internal control system.

The Board has also established key processes for monitoring the system of internal control as follows:

- The Board has established a detailed organisation structure, including the delegation of appropriate responsibilities from the Board to the Board Committees, the Group Managing Director, members of the Senior Management, and to the heads of operating units;

- The effectiveness of internal controls is continually assessed by the Board by considering the recommendations of the Audit Committee, reports of the internal auditors, feedback from management and the external auditors;

- A proper Enterprise Resource Planning system is in place to provide financial and operational performance data for management accounting purposes;

- Review of the accounting information takes place on a regular basis at Audit Committee and Board level and remedial action is taken promptly, where necessary;

- A Code of Ethics has been adopted since July 2005 and is regularly monitored by an Ethics Committee to govern the staff's conduct, which sets the standards of integrity and professionalism for the group's operation.

- Management has put in place appropriate operational and compliance controls at all operating units.

INTERNAL AUDIT

Mission and scope of work

The mission of the internal audit is to provide independent, objective assurance services designed to add value and improve the company's operations.

The scope of the internal audit function is to assist the Board of directors and management to maintain and improve the process by which risks are identified and managed and to help the Board to discharge its responsibilities to maintain and strengthen the internal control framework.

The internal audit function is performed by Messrs Ernst & Young, Public Accountants.

Reporting

The internal auditors have a direct reporting line to the Audit Committee and maintain an open and constructive communication channel with the executive management. They also have direct access to the chairpersons of the Committees and of the Board. This reporting structure allows the internal auditors to remain independent and report all items of significance to the Board and the Audit Committee.

Internal audit coverage

The internal audit plan, which is approved by the Audit Committee, is based on the principles of risk management to align coverage and effort with the degree of risk attributable to the areas audited.

The internal auditor performed five audit visits for the group during the financial year 2009. The visits were performed according to the audit plan which was submitted to the Audit Committee in May 2009. Proposed recommendations in respect of issues identified were discussed with management and the final internal audit reports were submitted to the Audit Committee.

The audit team focused on the risk areas identified as significant during a risk self assessment exercise which was undertaken in October 2005. The risks identified are regrouped under the following headings:

Environment and strategy risks

These arise when there are environmental forces that could either put a company out of business or significantly change the fundamentals that drive its overall objectives and strategies.

The assessment of the environment and strategy risks also included :

• ***Regulatory risks :***

Changes in regulations and actions by the local regulators can result in increased competitive pressures and significantly affect a company's ability to conduct business efficiently.

• ***Industry risks :***

The industry may lose its attractiveness due to changes in :

• key factors for competitive success within the industry, including significant opportunities and threats;
• capabilities of existing and potential competitors; and
• group's strengths and weaknesses relative to present and future competitors.

• ***Operational risks :***

Operational risks are risks of loss resulting from inadequate or failed internal processes and procedures, human error or system failure. They also include legal risk.

Human resources risks

The personnel responsible for managing and controlling the organisation or a business process may not possess the requisite knowledge, skills and experience needed to ensure that critical business objectives are achieved and significant business risks are reduced to an acceptable level.

Financial risks

These may be defined as the risk that cash flows and financial assets are not managed cost-effectively to :
• maximize cash availability;
• reduce uncertainty of currency, interest rate, credit and other financial assets; and
• move cash funds quickly and without loss of value to wherever they are needed most.

Information Technology risks

The information technologies used in the group's businesses may not be operating as intended, thereby compromising the integrity and reliability of data and information and exposing significant assets to potential loss or misuse, or exposing the group's ability to sustain the operation of critical processes.

DIVIDEND POLICY

No formal dividend policy has been determined by the Board.

However, having regard, inter alia, to group performance, capital expenditure and debt servicing requirements, investment needs as well as the uncertainties facing the group, the Board attempts to distribute a yearly dividend which, under normal circumstances, should remain sustainable in the medium to long-term.

REMUNERATION POLICY

All directors receive a Board remuneration consisting of a fixed fee, as well as an additional fee for each Board meeting attended by them. The Chairperson is remunerated in a similar manner, but at higher rates. Changes therein are submitted to the Annual Meeting for approval.

In addition, directors who are Board Committee members receive attendance fees for such meetings, while chairpersons are again remunerated at a higher rate. Committee fees are approved by the Board.

As regards executive directors, the remuneration policy aims to:
- align executive remuneration with the group's business objectives and shareholder value,

- attract, retain and motivate high calibre employees capable of achieving the group's objectives,
- motivate executives to achieve ambitious performance levels, and
- recognize both corporate and individual performance.

The overall remuneration of executive directors comprises a base salary, pension and other benefits and a non-pensionable annual performance bonus, in addition to the Board remuneration described above. The proportion of variable pay to fixed pay is significant and aims at better aligning interests of these directors with those of the group and providing an added incentive to respond to the challenges facing the group.

The Corporate Governance Committee has retained outside consultants to provide independent market information and advice relating to executive remuneration.

REMUNERATION OF DIRECTORS

Directors' remuneration for the year ended December 31, 2009 is set out below.

	Remuneration from the company	Remuneration from subsidiaries	Remuneration from companies on which director serves as representative of the company
	MUR '000	MUR '000	MUR '000
Directors			
Jocelyn de Chasteauneuf	324	-	-
Jean Desmarais	82	-	-
Maurice de Marassé Enouf	204	182	-
Jean de Fondaumière	254	-	-
Jean Pierre Hardy	224	60	-
Alexis Harel	204	3,980	94
Antoine Louis Harel	102	3	-
Henri Harel	4,335	-	337
Joseph Marc Harel	194	-	-
Jean Hugues Maigrot	570	-	-
Cyril Mayer	12,607	-	502
Jacques de Navacelle	324	-	-
Charles Edouard Piat	92	-	-
Guillaume Raffray	92	-	-
Alain Vallet	204	4,843	102

ANNUAL SHAREHOLDERS AND INVESTORS MEETINGS

All directors are invited and encouraged to attend the Annual Meeting and be available to answer shareholders' questions. In 2009, 9 directors out of 13 attended the meeting, compared to 8 in 2008. It has been the practice for some years to allow for postal vote of shareholders at the Annual Meeting. Immediately after the Annual Meeting, the main institutional investors and investment managers are invited to attend a presentation of the Annual Report and to put questions to management. This exercise has taken place for a number of years and is well attended and welcomed by the investing community.

SHARE INFORMATION

Information relating to the share distribution and its Stock Exchange performance is set out on pages 10 to 13. Dates of important events are also noted.

DONATIONS

The aggregate amounts of political and other donations made during the year are shown on page 75.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in aggregate in Note 36 to the Financial Statements.

However, during the year, there were no material transactions between the company or any of its subsidiaries or associates and a director, chief executive, controlling shareholder or companies owned or controlled by a director, chief executive or controlling shareholder.

MANAGEMENT AGREEMENTS

The main management agreements with third parties are disclosed in Note 36 to the Financial Statements.

SHARE OPTION PLAN

The group has no share option plan.

CORPORATE SOCIAL RESPONSIBILITY

The policies and practices of the group regarding social responsibility as well as ethics, health, safety and environmental issues are detailed on pages 69 to 71.

HF Administrative Services Ltd
Secretary

May 19, 2010

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT

CSR FUNDS

The Harel Frères group has always fostered good governance including CSR. For the year under review, the group renewed its commitment of contributing 1% of after tax profits towards CSR and welcomed the change in legislation increasing such contribution to 2% of profits. However, the overall contribution for 2009 still represented 1% of the 2008 profits as the legislation only applied to the second semester.

Upon recommendation of the CSR Committee, the Board once again decided to focus on the following priority areas:

- Education
- Poverty alleviation and Health Care
- The environment

Later in the year, the Board also decided to include Sports as a focus area.

Relevant projects were identified, reviewed and approved by the CSR Committee which is also in charge of disbursing the funds. Contributions went mainly towards the following:

Poverty alleviation and health care

Ti Diams

The group contributed to the funding of diabetes test strips and lancets for the daily blood glucose monitoring of type 1 diabetics. This NGO is very successful in educating parents and diabetic children on how to live a normal life.

Caritas Rodrigues

Knowing that Rodrigues is sometimes neglected due to its distance from Mauritius, the Committee decided to assist Caritas Rodrigues in setting up an 'Ecole Ménagère' and also funded the daily lunch of 50 needy children on school days for a whole year. This project is considered very beneficial to the Rodrigues' community.

Human Service Trust

This charitable institution accommodates 135 residents, mainly the poor and deprived, the mentally and physically handicapped and the homeless. The group contributed to the renovation of a home in Calebasses so as to provide decent living conditions to the residents.

Hospice St Jean de Dieu

The Hospice accommodates 75 residents. The group gave its support to this institution, namely by financing transport facilities for residents in need of medical treatment and by assisting in the purchase of fifty electrical / medical beds so as to provide more comfort to bedridden persons.

Ki nou été

This NGO assists in the rehabilitation and counselling of prisoners and ex-prisoners, in order to facilitate their reintegration into society. The association offers psycho-social support and information on life after prison.

Action Familiale

This NGO contributes largely to the welfare of citizens as it promotes a healthy family life. The group contributed to the construction of an office building which should enable Action Familiale to provide a better service and improved advice to the Mauritian population at large.

Link to Life

The Association takes care of those who are suffering from cancer. The group's CSR Committee sponsored the renovation and rental of offices at Maison Blanche in order for the NGO to assist patients in the northern part of the island.

APEIM

The group contributed towards the construction of a new building at Trianon which will enable the NGO to enhance the services offered for the welfare of mentally handicapped children.

Education

Atelier de Formation Joie de Vivre

This NGO takes care of the underprivileged children of Chemin Grenier who do not attend school. Its aim is also to help these children to regain self-respect, become responsible adults, parents and citizens and acquire skills and training for future potential employment. The group contributed towards the construction of a new school for this NGO.

Centre de Formation pour Educateurs

Another project that proved to be very beneficial to the student population at large was the funding of a counselling program for 22 schools around the island, whereby students could come and share the problems that they face at home. The feedback was very positive and the CSR Committee renewed its support to this project, together with the sponsorship of a manual for all counsellors.

Amour Sans Frontières

This NGO provides education, both academic and vocational, to physically and mentally handicapped children in Piton and Goodlands, and helps them in achieving a certain degree of autonomy. The group supported this project by financing the supply of a daily meal to all the needy children.

Environment

Mission Verte

The CSR Committee initiated a partnership with Mission Verte, an NGO which has at heart the environment. Group companies went on a recycling campaign, and a 'tri sélectif' bin was installed for the residents of Beau Plan. The group also sponsored an informative leaflet on the 'tri sélectif' that was distributed islandwide.

Mauritius Wildlife Foundation

The group renewed its support to the Mauritius Wildlife Foundation, an internationally renowned NGO involved in the conservation of animals and endangered species, and contributed to the reforestation of Rodrigues Island and the breeding programme of tortoise in Mauritius.

Sports

Fondation pour la Formation au Football

The group gave its support to this foundation whose role is to empower and professionalise Mauritian football. It targets mainly young athletes with special potential. The group believes that these athletes need to be properly monitored and trained if they are to rise to higher levels. The scope of this foundation is also to promote the practice of football and its social benefits throughout the country.

FONDATION HAREL FRÈRES

With the promulgation of new legislation increasing the CSR budget to 2% of group profits, the Board felt that it would be suitable to set up a special purpose vehicle to monitor and channel the CSR contributions of all group companies.

"Fondation Harel Frères", a non profit private company, was incorporated in December 2009 for that purpose. It has the same objectives and operates within the same terms of reference and framework as the CSR Committee. In order to enable its proper functioning, a full-time CSR Officer, Mrs Marie-Annick Auguste, has been recruited since May 17, last, who will devote her attention to relations with NGOs, management of the CSR budget and the monitoring of projects sponsored by the "Fondation". We consequently expect our CSR programmes to have both a wider scope and better efficiency.

ETHICS

The group renewed its commitment to its Model Code of Conduct towards ethical standards based on our core values: Honesty and Integrity, Responsibility, Quality and Performance, Commitment, Teamwork, and Creativity and Innovation. The Ethics Committee continued the monitoring of compliance with the legal and regulatory framework in which the group operates.

HEALTH AND SAFETY

Health and Safety officers employed throughout the group ensure that the legal framework is complied with and contribute to the well being of all our employees. New legislation regarding Health and Safety promulgated in 2005 and enforced in 2007 has created a new regulatory framework. Both in-house and outsourced training, awareness talks and programmes are organized on a regular basis in order to enhance the Health and Safety culture in the group and to inform our employees of its importance in their workplace, but also in their homes and environment. Furthermore, a new Group Safety and Health Officer has been recently recruited.

Risk assessment and audits of the workplaces are often carried out and weakness areas are identified and dealt with accordingly. The recommendations from these risk assessment reports help in the improvement of our daily operations and contribute to reducing any possibility of having hazards at the workplaces. These efforts to implement the recommendations of the risk assessment surveys have contributed to decreasing considerably the number of accidents over the last few years.

ENVIRONMENT

As our group's operations are mainly of an agricultural or industrial nature, the directors' prime concern is to achieve its business objectives in a socially responsible manner. The strict adherence to environmental norms and the adoption of processes which are compliant with the local environment regulations are essential for future growth. All effluents from our subsidiary companies are disposed of in an ecological manner. Gaseous emissions are limited by the use of low sulphur coal, while bagasse, which is a renewable and green source of energy, is sulphur free. Regular stack sampling and ambient air monitoring are undertaken and results forwarded to the appropriate authorities. The results have showed that the levels of heavy metals are well below the maximum limit allowed by international organisations and the norms prevailing in the European Union.

The above policies and practices demonstrate the group's commitment to sustainable development and its aspiration to protect its employees, the public at large, the environment, its assets and not least, its reputation.

Louis Denis Koenig
Chairperson, CSR Committee

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flow of the company. 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 Financing Reporting Standards have been followed and complied with, subject to any material departures being disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm 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 enable them to ensure that the financial statements comply with the Companies Act 2001. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The directors report that adequate accounting records and an effective system of internal controls and risk management have been maintained.

Signed on behalf of the Board of directors

Jean Hugues Maigrot
Chairperson

Cyril Mayer
Managing Director

May 19, 2010

CERTIFICATE BY COMPANY SECRETARY

(PURSUANT TO SECTION 166(d) OF THE COMPANIES ACT 2001)

We certify that, to the best of our knowledge and belief, the company has filed with the Registrar of Companies all such returns as are required under the Companies Act 2001.

HF Administrative Services Ltd
Secretary

May 19, 2010

STATUTORY DISCLOSURES

(PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001 AND THE SECURITIES ACT 2005)

Directors

Names

The names of the directors of the company at December 31, 2009 are given on page 17 of this report. In addition, a list of directors of subsidiary companies at the same date appears on page 150.

Service contracts

Four executive directors, namely Messrs Cyril Mayer, Alexis Harel, Henri Harel and Alain Vallet have at present service contracts without expiry dates with group companies. Other than for the above-mentioned executive directors, none of the directors proposed for re-election at the forthcoming Annual Meeting of shareholders have service contracts with the company.

Remuneration & benefits

	THE COMPANY		SUBSIDIARIES	
	2009	2008	**2009**	2008
	MUR' M	MUR' M	**MUR' M**	MUR' M
Emoluments paid by the company and its susidiaries to :				
- Directors of Harel Frères Limited:				
• Executive				
full-time	**16.9**	16.4	**-**	-
part-time	**0.4**	0.4	**8.8**	8.9
• Nonexecutive	**2.6**	2.6	**0.3**	-
	19.9	19.4	**9.1**	8.9

- Directors of subsidiary companies:		
	2009	2008
	MUR' M	MUR' M
• 4 Executive (4 in 2008)		
full-time	**10.4**	9.9
part-time	**-**	-
• 25 Nonexecutive (21 in 2008)	**0.4**	0.6
	10.8	10.5

Contracts of significance

During the year under review, there were no contracts of significance to which Harel Frères Limited, or one of its subsidiaries, was a party and in which a director of Harel Frères Limited was materially interested, either directly or indirectly.

Auditors' Remuneration

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR' M	MUR' M	**MUR' M**	MUR' M
Audit fees paid to :				
- BDO De Chazal du Mée	**1.9**	1.8	**0.4**	0.3
- Other firms	**-**	-	**-**	-
Fees paid for other services provided by :				
- BDO De Chazal du Mée for taxation services	**0.1**	0.1	**0.1**	0.1
- Other firms	**-**	-	**-**	-

Donations

Donations made during the year were as follows :

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR' M	MUR' M	**MUR' M**	MUR' M
Corporate Social Responsibility	**8.8**	-	**2.6**	-
Political	**-**	-	**-**	-
Charitable - Number of recipients : 46 (2008 : 22)	**0.4**	3.0	**-**	2.5

Senior officers' interests

The company's senior officers' interests in the company as declared under the Securities Act 2005 as at December 31, 2009 were as follows:

	ORDINARY SHARES							
	DIRECT				INDIRECT			
NAMES	BENEFICIAL	%	NON-BENEFICIAL	%	BENEFICIAL	%	NON-BENEFICIAL	%
Dominique de Froberville	-	-	-	-	266	0.00%	-	-
Jean-Pierre Hardy	1,333	0.00%	-	-	-	-	-	-
Alexis Harel	133	0.00%	-	-	133	0.00%	-	-
Antoine L. Harel	-	-	-	-	129,563	0.07%	-	-
Henri Harel	720	0.00%	-	-	721,875	0.42%	4,437,051	2.55%
Joseph Marc Harel	117,379	0.07%	-	-	1,176,520	0.68%	-	-
Cyril Mayer	-	-	-	-	964,146	0.55%	-	-
Charles Edouard Piat	112,120	0.06%	-	-	440,300	0.25%	-	-
Denis Pilot	7,200	0.00%	-	-	-	-	-	-
Alain Vallet	133	0.00%	-	-	-	-	-	-

The company's senior officers have not declared any interest in the subsidiaries.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS

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

Report on the Financial Statements

We have audited the financial statements of Harel Frères Limited and its subsidiaries (the "Group") and the Company's separate financial statements on pages 78 to 149 which comprise the statements of financial position at December 31, 2009 and the income statements, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements on pages 78 to 149 give a true and fair view of the financial position of the Group and of the Company at December 31, 2009, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Financial Reporting Act 2004

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

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

Mrs Shabnam Peerboccus
for BDO & CO
(Formerly BDO De Chazal Du Mée & Co)
Chartered Accountants

Port-Louis,
Mauritius
March 31, 2010

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2009

	Note	THE GROUP		THE COMPANY	
		2009	2008	**2009**	2008
		MUR'M	MUR'M	**MUR'M**	MUR'M
ASSETS					
Non-current assets					
Property, plant and equipment	5	**6,239.1**	6,247.4	**3,856.4**	3,862.9
Investment properties	6	**248.6**	180.8	**281.9**	214.1
Intangible assets	7	**192.2**	195.6	**4.5**	3.8
Investment in subsidiaries	8	**-**	-	**2,221.3**	2,123.7
Investment in associates	9	**410.3**	399.8	**1.3**	1.3
Investment in financial assets	10	**295.2**	202.6	**18.3**	33.3
Non-current receivables	11	**9.8**	6.5	**5.3**	6.8
Bearer biological assets	12	**184.4**	178.4	**184.4**	178.4
Land development expenditure	13	**57.2**	56.3	**57.2**	56.3
Deferred VRS costs	14	**46.9**	54.7	**32.5**	37.9
Deferred tax assets	15	**1.3**	1.2	**-**	-
		7,685.0	7,523.3	**6,663.1**	6,518.5
Current assets					
Inventories	16	**429.1**	522.7	**-**	-
Consumable biological assets	17	**103.8**	111.9	**103.8**	111.9
Trade and other receivables	18	**904.1**	886.8	**915.5**	982.2
Current tax assets	25	**1.5**	-	**1.5**	-
Cash in hand and at bank	31	**724.8**	892.5	**215.5**	121.7
		2,163.3	2,413.9	**1,236.3**	1,215.8
Non-current assets classified as held for sale	19	**18.9**	27.9	**18.9**	27.9
Total assets		**9,867.2**	9,965.1	**7,918.3**	7,762.2

	Note	THE GROUP		THE COMPANY	
		2009	2008	**2009**	2008
		MUR'M	MUR'M	**MUR'M**	MUR'M
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	20	**173.8**	173.8	**173.8**	173.8
Treasury shares		**(0.6)**	-	**(0.6)**	-
Revaluation and other reserves	21	**4,353.1**	4,220.3	**5,438.4**	5,352.1
Retained earnings		**2,235.8**	2,116.6	**1,813.5**	1,727.5
Owners' interest		**6,762.1**	6,510.7	**7,425.1**	7,253.4
Minority interest		**954.2**	892.1	**-**	-
Total equity		**7,716.3**	7,402.8	**7,425.1**	7,253.4
Non-current liabilities					
Borrowings	22	**408.6**	695.2	**72.6**	94.7
Deferred tax liabilities	15	**254.2**	270.0	**9.9**	11.5
Retirement benefit obligations	23	**188.7**	183.0	**82.5**	81.2
		851.5	1,148.2	**165.0**	187.4
Current liabilities					
Trade and other payables	24	**667.7**	727.3	**291.4**	250.4
Current tax liabilities	25	**44.9**	111.5	**-**	6.3
Borrowings	22	**586.6**	574.6	**36.6**	64.0
		1,299.2	1,413.4	**328.0**	320.7
Liabilities directly associated with non-current assets classified as held for sale	19(b)	**0.2**	0.7	**0.2**	0.7
Total liabilities		**2,150.9**	2,562.3	**493.2**	508.8
Total equity and liabilities		**9,867.2**	9,965.1	**7,918.3**	7,762.2

The financial statements have been approved for issue by the Board of Directors on March 31, 2010

J. Hugues MAIGROT)
M. E. Cyril MAYER) DIRECTORS

The notes on pages 86 to 149 form an integral part of these financial statements.
Auditors' report on page 77.

INCOME STATEMENTS

YEAR ENDED DECEMBER 31, 2009

	Notes	THE GROUP		THE COMPANY	
		2009	2008	**2009**	2008
		MUR'M	MUR'M	**MUR'M**	MUR'M
Turnover	1 (q)	**3,246.9**	3,289.2	**451.7**	461.2
Compensation from the Sugar Insurance Fund Board		**3.7**	29.1	**0.1**	5.5
Losses arising from changes in fair value of consumable biological assets	17	**(8.1)**	(17.7)	**(8.1)**	(17.7)
		3,242.5	3,300.6	**443.7**	449.0
Cost of sales		**(2,384.4)**	(2,321.1)	**(347.6)**	(353.1)
Gross profit		**858.1**	979.5	**96.1**	95.9
Other income	26	**161.3**	177.2	**291.2**	306.0
Administrative expenses		**(186.9)**	(168.6)	**(82.8)**	(55.4)
Distribution costs		**(73.0)**	(87.1)	**-**	-
Other expenses		**(197.5)**	(134.9)	**(61.7)**	(64.6)
Profit before finance costs	27	**562.0**	766.1	**242.8**	281.9
Finance costs	28	**(218.1)**	(144.8)	**(32.2)**	(2.6)
Share of results of associates	9	**90.4**	125.8	**-**	-
Profit before taxation		**434.3**	747.1	**210.6**	279.3
Taxation	25	**(70.8)**	(100.5)	**(2.9)**	(5.5)
Profit for the year		**363.5**	646.6	**207.7**	273.8
Profit attributable to:					
Owners of the parent		**240.9**	415.6	**207.7**	273.8
Minority interest		**122.6**	231.0	**-**	-
		363.5	646.6	**207.7**	273.8
Earnings per share (MUR)	29	**1.39**	2.39	**1.19**	1.58

The notes on pages 86 to 149 form an integral part of these financial statements.
Auditors' report on page 77.

STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2009

	Note	THE GROUP		THE COMPANY	
		2009	2008	**2009**	2008
		MUR'M	MUR'M	**MUR'M**	MUR'M
Profit for the year		**363.5**	646.6	**207.7**	273.8
Other comprehensive income:					
Gains on revaluation of land and buildings		**-**	22.2	**-**	22.2
Increase/(decrease) in fair value					
of available-for-sale financial asset		**94.6**	(3.3)	**84.7**	74.1
Share of other comprehensive income of associates		**(14.6)**	(27.0)	**-**	-
Currency translation differences		**108.0**	34.1	**-**	-
Other comprehensive income for the year net of tax		**188.0**	26.0	**84.7**	96.3
Total comprehensive income for the year		**551.5**	672.6	**292.4**	370.1
Total comprehensive income attributable to:					
Owners of the parent		**364.5**	421.2	**294.0**	3,459.1
Minority interest		**187.0**	251.4	**-**	-
		551.5	672.6	**294.0**	3,459.1

The notes on pages 86 to 149 form an integral part of these financial statements.
Auditors' report on page 77.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2009

		Attributable to owners of the parent						
				Revaluation				
		Share	Treasury	and Other	Retained		Minority	Total
THE GROUP	Note	Capital	Shares	Reserves	Earnings	Total	Interest	Equity
		MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Balance 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	30	**-**	**-**	**-**	**(121.7)**	**(121.7)**	**(118.4)**	**(240.1)**
Balance at December 31, 2009		**173.8**	**(0.6)**	**4,353.1**	**2,235.8**	**6,762.1**	**954.2**	**7,716.3**
Balance at January 1, 2008		173.8	-	4,212.0	1,821.0	6,206.8	808.4	7,015.2
Total comprehensive income		-	-	5.6	415.6	421.2	251.4	672.6
Release of deferred tax on excess depreciation over historical cost depreciation		-	-	3.4	-	3.4	1.3	4.7
Movements on reserves		-	-	(0.7)	1.7	1.0	(1.1)	(0.1)
Dividends	30	-	-	-	(121.7)	(121.7)	(167.9)	(289.6)
Balance at December 31, 2008		173.8	-	4,220.3	2,116.6	6,510.7	892.1	7,402.8

The notes on pages 86 to 149 form an integral part of these financial statements.
Auditors' report on page 77.

THE COMPANY	Notes	Share Capital	Treasury Shares	Revaluation and Other Reserves	Amalgamation Reserve	Retained Earnings	Total
		MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Balance at January 1, 2009		**173.8**	**-**	**1,933.4**	**3,418.7**	**1,727.5**	**7,253.4**
Total comprehensive income		**-**	**-**	**-**	**-**	**207.7**	**207.7**
Increase/(decrease) in fair value of available-for-sale financial asset		**-**	**-**	**84.7**	**-**	**-**	**84.7**
Release of deferred tax on excess depreciation other historical cost depreciation		**-**	**-**	**1.6**	**-**	**-**	**1.6**
Dividends	30	**-**	**-**	**-**	**-**	**(121.7)**	**(121.7)**
Purchase of treasury shares	20	**-**	**(0.6)**	**-**	**-**	**-**	**(0.6)**
Balance at December 31, 2009		**173.8**	**(0.6)**	**2,019.7**	**3,418.7**	**1,813.5**	**7,425.1**
Balance at January 1, 2008		173.8	-	2,662.0	29.9	1,050.3	3,916.0
Adjustment arising on amalgamation			-	(827.2)	3,388.8	525.1	3,086.7
Total comprehensive income		-	-	98.6	-	273.8	372.4
Dividends	31	-	-	-	-	(121.7)	(121.7)
Balance at December 31, 2008		173.8	-	1,933.4	3,418.7	1,727.5	7,253.4

The notes on pages 86 to 149 form an integral part of these financial statements.
Auditors' report on page 77.

CASH FLOW STATEMENTS

YEAR ENDED DECEMBER 31, 2009

	Notes	THE GROUP		THE COMPANY	
		2009	2008	**2009**	2008
		MUR'M	MUR'M	**MUR'M**	MUR'M
Operating activities					
Profit before taxation		**434.3**	747.1	**210.6**	279.3
Adjustments for :					
Depreciation	5,6	**235.6**	231.1	**28.7**	27.1
Profit on sale of property, plant and equipment/ non current assets classified as held for sale		**(27.3)**	(12.0)	**6.7**	(15.5)
Profit on sale of available-for-sale financial assets		**(17.6)**	-	**(17.6)**	(9.8)
Retirement benefit obligations		**5.7**	4.0	**1.3**	(4.3)
Amortisation of bearer biological assets	12	**46.6**	41.3	**46.6**	41.3
Amortisation of intangible assets	7	**2.0**	8.0	**2.0**	1.2
Amortisation of VRS costs		**7.8**	7.8	**5.4**	5.4
Exchange differences		**57.3**	79.7	**-**	-
Investment income		**(36.4)**	(57.7)	**(249.1)**	(274.7)
Interest expense	28	**101.8**	97.2	**23.4**	8.7
Share of results of associates		**(90.4)**	(125.8)	**-**	-
Changes in working capital:					
- inventories		**93.6**	(86.3)	**-**	-
- consumable biological assets	17	**8.1**	17.7	**8.1**	17.7
- trade and other receivables		**(17.3)**	31.8	**64.1**	425.4
- trade and other payables		**(52.1)**	110.1	**44.0**	(302.1)
		751.7	1,094.0	**174.2**	199.7
VRS costs paid		**(3.0)**	(32.4)	**(3.0)**	(29.8)
Interest paid		**(101.8)**	(97.2)	**(23.4)**	(8.7)
Income tax paid		**(147.8)**	(49.5)	**(10.1)**	(9.4)
Net cash from operating activities		**499.1**	914.9	**137.7**	151.8

The notes on pages 86 to 149 form an integral part of these financial statements.
Auditors' report on page 77.

	Notes	THE GROUP		THE COMPANY	
		2009	2008	**2009**	2008
Investing activities		**MUR'M**	MUR'M	**MUR'M**	MUR'M
Purchase of property, plant and equipment/investment properties	5,6	**(313.5)**	(298.4)	**(92.3)**	(192.7)
Intangible assets acquired	7	**(2.7)**	(12.7)	**(2.7)**	(5.0)
Replantation costs	12	**(52.6)**	(61.2)	**(52.6)**	(61.2)
Land development expenditure/non-current assets classified as held for sale		**-**	(15.9)	**(1.4)**	(15.9)
Purchase of investment in					
- subsidiaries	41	**(1.1)**	(2.1)	**-**	(10.0)
- associates		**-**	(4.2)	**-**	-
Proceeds on sale of property, plant and equipment/non-current assets classified as held for sale		**53.2**	51.8	**16.7**	51.8
Proceeds on sale of investment in					
- financial assets		**22.2**	-	**22.2**	10.0
Non-current receivables		**-**	2.9	**2.5**	(0.2)
Interest received		**20.6**	50.0	**68.4**	86.3
Dividend received		**81.1**	7.7	**180.7**	188.4
Net cash (used in)/generated from investing activities		**(192.8)**	(282.1)	**141.5**	51.5
Financing activities					
Purchase of treasury shares		**(0.6)**	-	**(0.6)**	-
Proceeds from long term borrowings		**0.4**	78.0	**-**	78.0
Repayment of loans and debentures		**(287.0)**	(406.1)	**(49.5)**	(44.9)
Advance received from Sugar Reform Trust		**-**	40.9	**-**	36.8
Dividends paid to shareholders of Harel Frères Limited	30	**(121.7)**	(121.7)	**(121.7)**	(121.7)
Dividends paid to outside shareholders of subsidiaries		**(123.3)**	(114.0)	**-**	-
Net cash used in financing activities		**(532.2)**	(522.9)	**(171.8)**	(51.8)
Decrease/increase in cash and cash equivalents		**(225.9)**	109.9	**107.4**	151.5
Movement in cash and cash equivalents					
At January 1,		**630.1**	519.9	**87.5**	(62.2)
Consolidation/Amalgamation Adjustment		**-**	0.3	**-**	(1.8)
(Decrease)/Increase		**(225.9)**	109.9	**107.4**	151.5
At December 31,	31	**404.2**	630.1	**194.9**	87.5

The notes on pages 86 to 149 form an integral part of these financial statements.
Auditors' report on page 77.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

1. GENERAL INFORMATION

Harel Frères Limited is a public limited company incorporated and domiciled in Mauritius.
The address of its registered office is 18, Edith Cavell Street, Port Louis.
These financial statement will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of Harel Frères Limited comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards. Where necessary, comparative figures have been amended to conform with changes in presentation in the current year.

The financial statements are prepared under the historical cost convention, except that:
(i) land, buildings, power plant, building and civil works and certain factory equipment are carried at revalued amounts;
(ii) available-for-sale financial assets are stated at their fair value and
(iii) consumable biological assets are stated at their fair value.

Amendments to published standards, Standards and Interpretations effective in the reporting period

IFRIC 13, 'Customer Loyalty Programmes (effective July 1, 2008)' clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple element arrangement, and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. This IFRIC will not have any impact on the Group's financial statements.

Amendments to IAS 39 and IFRS 7 Reclassification of Financial Assets (effective July 1, 2008) permit an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances.
The amendments also permit an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available for sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The amendments will not have any impact on the Group's financial statements.

IFRIC 16, 'Hedges of a Net Investment in a Foreign Operation' clarifies that the net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the Group. This IFRIC will not have any impact on the Group's financial statements.

IAS 1 'Presentation of Financial Statements' (Revised 2007), prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in either one performance statement (the statement of comprehensive income) or two statements (the statement of comprehensive income and statement of comprehensive income). As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

Amendments to published standards, Standards and Interpretations effective in the reporting period (cont'd)

IAS 23 'Borrowing Costs' (Revised 2007), requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset.

IFRS 8 'Operating Segments', requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. Comparatives for 2008 have not been restated.

Amendments to IAS 32 and IAS 1 'Puttable financial instruments and obligations arising on liquidation', require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions.
The amendment is not expected to have any impact on the Group's financial statements.

Amendments to IFRS 2 'Vesting conditions and cancellations', clarify that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions.
These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment is not expected to have any impact on the Group's financial statements.

Amendments to IFRS 7 'Improving Disclosures about Financial Instruments', requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

IFRIC 15, 'Agreements for the Construction of Real Estate', clarifies whether IAS 18, 'Revenue', or IAS 11, Construction contracts', should be applied to particular transactions. IFRIC 15 is not relevant to Group's operations as all revenue transactions are accounted under IAS 18 and not IAS 11.

Improvements to IFRSs (issued 22 May 2008)

IAS 1 (Amendment), 'Presentation of Financial Statements', clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively. This amendment is not expected to have any impact on the Group's financial statements.

IAS 8 (Amendment), 'Accounting Policies, Changes in Accounting Estimates and Errors' clarifies that application of the guidance issued with IFRSs that is not an integral part of the Standard is not mandatory in selecting and applying accounting policies. This amendment is unlikely to have an impact on the Group's financial statements.

IAS 10 (Amendment), 'Events after the Reporting Period' reinforces the clarification of the explanation as to why a dividend declared after the reporting period does not result in the recognition of a liability.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

Improvements to IFRSs (issued 22 May 2008) (cont'd)

IAS 16 (Amendment), 'Property, Plant and Equipment' requires entities whose ordinary activities comprise renting and subsequently selling assets to present proceeds from the sale of those assets as revenue and transfer the carrying amount of the asset to inventories when the asset becomes held for sale. Consequential amendment to IAS 7 requires that cash flows arising from purchase, rental and sale of those assets to be classified as cash flows from operating activities. The amendment will not have an impact on the Group's operations.

IAS 18 (Amendment), 'Revenue', removes the inconsistency between IAS 39 and the guidance in IAS 18 relating to the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest rate.

IAS 19 (Amendment), 'Employee Benefits', clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

IAS 20 (Amendment) 'Government Grants and Disclosure of Government Assistance, clarifies that the benefit of a below market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39, 'Financial instruments: Recognition and measurement', and the proceeds received with the benefit accounted for in accordance with IAS 20. This amendment will not have an impact on the Group's operations.

IAS 23 (Amendment), 'Borrowing Costs', has amended the definition of borrowing costs so that interest expense is calculated using the effective interest method defined in IAS 39 'Financial instruments: Recognition and measurement'.

IAS 27 (Amendment), 'Consolidated and Separate Financial Statements' requires an investment in a subsidiary that is accounted for under IAS 39, 'Financial instruments: recognition and measurement', and is classified as held for sale under IFRS 5, 'Non-current assets held-for-sale and discontinued operations', to continue to apply IAS 39. The amendment will not have an impact on the Group's operations.

IAS 28 (Amendment), 'Investments in Associates' clarifies that an investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. Where an investment is an investment in an associate that is accounted for under IAS 39, 'Financial instruments: recognition and measurement', only certain rather than all disclosure requirements in IAS 28 need to be made. This amendment will not have an impact on the Group's operations.

IAS 29 (Amendment), 'Financial Reporting in Hyperinflationary Economies' has amended the guidance to reflect the fact that a number of assets and liabilities are measured at fair value rather than historical cost. The amendment will not have an impact on the Group's operations.

IAS 31 (Amendment), 'Interests in Joint Ventures' requires where an investment in joint venture is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 31 need to be made. The amendment will not have an impact on the Group's operations.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

Improvements to IFRSs (issued 22 May 2008) (cont'd)

IAS 34 (Amendment), 'Interim Financial Reporting' clarifies that the presentation of basic and diluted earnings per share in interim financial reports is required only when the entity is within the scope of IAS 33.

IAS 36 (Amendment), 'Impairment of Assets' clarifies that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made.

IAS 38 (Amendment), 'Intangible Assets' clarifies that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. Advertising and promotional activities includes mail order catalogues.

IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement', clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended.
This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition.
When remeasuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) is used. The amendment will not have an impact on the Group's operations.

IAS 40 (Amendment) 'Investment Property', clarifies that property under construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable.

IAS 41 (Amendment), 'Agriculture', requires the use of a market-based discount rate where fair value calculations are based on discounted cash flows and the removal of the prohibition on taking into account biological transformation when calculating fair value. The amendment replaces the terms 'point-of sale costs' and 'estimated point-of-sale costs' with 'costs to sell'. The amendment will not have an impact on the Group's operations.

IFRS 7 (Amendment), 'Financial Instruments: Disclosures, clarifies that interest income is not a component of finance costs.

Amendments to published standards, Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2010 or later periods, but which the Group has not early adopted.

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

Amendments to IFRIC 9 and IAS 39 Embedded Derivatives
IAS 27 Consolidated and Separate Financial Statements (Revised 2008)
IFRS 3 Business Combinations (Revised 2008)
Amendments to IAS 39 Eligible hedged items
Amendments to IFRS 1 and IAS 27 Cost of an Investment in a Subsidiary

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

Amendments to published standards, Standards and Interpretations issued but not yet effective (cont'd)

IFRIC 17 Distributions of Non-cash Assets to Owners
IFRIC 18 Transfers of Assets from Customers
Amendments to IFRS 1 Additional Exemptions for First-time Adopters
Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions
Classification of Rights Issues (Amendment to IAS 32)
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement
IAS 24 Related Party Disclosures (Revised 2009)
IFRS 9 Financial Instruments

Improvements to IFRSs (issued 22 May 2008)

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Improvements to IFRSs (issued 16 April 2009)

IFRS 2 Share-based Payment
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
IFRS 8 Operating Segments
IAS 1 Presentation of Financial Statements
IAS 7 Statement of Cash Flows
IAS 17 Leases
IAS 18 Revenue
IAS 36 Impairment of Assets
IAS 38 Intangible Assets
IAS 39 Financial Instruments: Recognition and Measurement
IFRIC 9 Reassessment of Embedded Derivatives
IFRIC 16 Hedges of a Net Investment in a Foreign Operation

Where relevant, the Group is still evaluating the effect that these new or revised standards and interpretations on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(b) Property, plant and equipment

Property, plant and equipment is initially recorded at cost. Land and buildings are subsequently shown at their existing use value based on valuations of external independent valuers, less subsequent depreciation for buildings. Power Plant and Building and Civil works are shown at their existing use value based on depreciated replacement cost less subsequent depreciation. All other property, plant and equipment is stated at historical cost less depreciation. Milling assets were revalued annually until 2002 on the basis of the indices submitted by the Mauritius Sugar Authority.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property, plant and equipment (cont'd)

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

Increases in the carrying amount arising on revaluation are credited to "Revaluation surplus" in shareholders' equity. Decreases that offset previous increases of the same asset are charged against revaluation surplus directly in equity; all other decreases are charged to the income statement.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from revaluation surplus to retained earnings.

Depreciation is calculated on the straight line method to write off the cost of each asset, or the revalued amount, to its residual value over its estimated useful lives. It is applied at the following rates:

Buildings on Leasehold Land	2 - 6%
Buildings	2 - 9%
Power Plant	4 - 20%
Building and Civil Works	4 - 10%
Factory Equipment	2 - 10%
Agricultural Equipment	5 - 20%
Motor Vehicles	20%
Furniture and Office Equipment	5 - 20%

Land is not depreciated.

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

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the income statement. On disposal of revalued assets, amounts in "Revaluation Surplus" relating to these assets are transferred to retained earnings.

(c) Investment properties

Investment properties, which are properties held to earn rentals, are stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on the straight line method to write off the cost of the investment properties to their residual value over the estimated useful life.

The principal annual rate is as follows:

Buildings	2 - 8%

(d) Intangible assets

Intangible assets consist of Land Conversion Rights (Closure costs), brands, goodwill, computer software and legal fees in respect of commercial contracts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Intangible assets (cont'd)

(i) Closure costs

Closure costs represents land conversion rights and are shown at cost. These are expected to be recovered from the profit on disposal of earmarked freehold land (note 5(g)) and are tested annually for impairment.

(ii) Brands

Brands are shown at cost and tested annually for impairment.

(iii) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the net identifiable assets of the acquired subsidiary, associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Any net excess of the Group's interest in the net fair value of acquiree's net identifiable assets over cost is recognised in the income statement. Goodwill on acquisitions of associates is included in investments in associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

(iv) Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised over their estimated useful lives (5 years).

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

(v) Legal fees

Legal fees incurred in respect of the commercial contracts are capitalised on the basis that future economic benefits are expected to be derived from these contracts and can be reliably measured (10 years).

(e) Investment in subsidiaries

Separate financial statements of the investor
Investments in subsidiaries are carried at fair value. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements
The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to December 31, each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activites. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of their acquisition or up to the effective date of their disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Investment in subsidiaries (cont'd)

The consolidated financial statements have been prepared in accordance with the purchase method. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement in the year of acquisition.

All significant intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, appropriate adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those adopted by the Group.

(f) Investment in associates

Separate financial statements of the investor
Investments in associates are carried at fair value. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements
An associate is an entity over which the Group has significant influence but not control, or joint control.
Investments in associates are accounted for by the equity method. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition. Investment in associates are initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of individual investments.

When the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Group.

(g) Financial instruments

(i) Financial assets

(A) Categories of financial assets

The Group classifies its financial assets in the following categories: loans and receivables, and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

(a) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets when maturity is within twelve months after the end of the reporting period or non-current assets for maturities greater than twelve months.

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

(B) Recognition and measurement

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially measured at fair value plus transaction costs for all financial assets.

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

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

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

(c) Impairment of financial assets
The Group assesses at each end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of financial assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement.

(ii) Long term receivables

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

(iii) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the income statement.

(iv) Borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred.

Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

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

(v) Trade payables

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

(vi) Hedging activities

Cash flow hedge
A subsidiary has its loans denominated in Euro and has its price indexed to the fluctuations of Euro. The subsidiary has recognised a cash flow hedge on the following basis as the foreign exchange exposure arising from translation of the loans is hedged against the revenue stream.

The difference in exchange arising upon translation of loans at year end is taken to "Translation Reserve" in shareholders' equity. Amounts deferred in equity are reclassified to the statement of comprehensive income and classified as expense or revenue upon repayment of loans in the same periods during which the hedged item affects the profit or loss.

Expiry or sale of a hedging instrument or criteria for hedge accounting no longer met
When the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time is recognised in the income statement.

(vii) Cash and cash equivalents

Cash and cash equivalent comprise of cash in hand, cash at bank and bank overdraft. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to any insignificant risk of change in value. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (cont'd)

(viii) Stated capital

Ordinary shares are classified as equity.

(h) Sugar Industry Voluntary Retirement Scheme (VRS)

VRS costs (net of refunds under the Multi Annual Adaptation Scheme and pension obligations previously provided for) are carried forward on the basis that under the Scheme, land of the Company can now be sold without payment of any land conversion taxes. These amounts are amortised over a period of 8 years.
The amortisation is reviewed and reassessed yearly to ascertain the adequacy of the yearly charge taking into account the right exercised.

(i) 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. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted by the end of the reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise mainly from depreciation on property, plant and equipment, revaluation of certain non-current assets, tax losses carried forward, bearer biological assets, retirement benefit obligations, VRS costs and other provisions.

No deferred tax liabilities have been provided on timing differences on bearer biological assets as they are unlikely to crystalize in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

(k) Biological assets

Bearer biological assets are valued at cost less amortisation. Consumable biological assets are stated at their fair value.

(i) Bearer biological assets

These relate to cane replantation costs and are amortised over a period of 8 years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Biological assets (cont'd)

(ii) Consumable biological assets

Standing canes are measured at their fair value. The fair value of standing canes is the present value of expected net cash flows from the standing canes discounted at the relevant market determined pre-tax rate.

(l) Alternative Minimum Tax (AMT)

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

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are expensed.

(n) Retirement benefit obligations

Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Company and its subsidiaries contribute to a defined benefit plan for certain employees. The cost of providing benefits is determined using the projected unit credit method so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries. Actuarial gains and losses arise from experience adjustments, changes in actuarial assumptions and amendments to pension plans. Such actuarial gains and losses which exceed 10% of the greater of the present value of the pension contributions and fair value of plan assets are charged or credited to income over the average remaining service lives of the related employees.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions to the Group's other schemes, which are treated as defined contribution schemes, are charged to the income statement in the period in which they are incurred.

Unfunded plans
For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuit on retirement payable under the Emploment Rights Act 2008 is calculated by qualified actuaries and provided for. The obligations arising under this item are not funded.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Mauritian rupees, which is the company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying as cash flow hedges.

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

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

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

(iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
(b) income and expenses for each income statement are translated at average exchange rates; and
(c) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

(p) Impairment of assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of value-added tax, rebates and discounts and after eliminating sales within the Group.

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

Sugar and molasses proceeds are recognised on total production of the crop year. Bagasse proceeds are accounted on a cash basis. Sugar and molasses prices are based on prices recommended by the Mauritius Chamber of Agriculture for the crop year.

Other revenues earned by the Group are recognised on the following bases:

• Interest income - on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.

• Dividend income - when the shareholder's right to receive payment is established.

• Compensation from the Sugar Insurance Fund Board - recognised on a time-proportion basis.

(r) Non-current assets classified as held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use. This condition is regarded as met only, when the sale is highly probable and the asset is available for immediate sale in its present condition.

(s) Provisions

Provisions are recognised when the Group has a present or constructive obligation as a result of past events which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

(t) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared.

(u) Segment reporting

Segment information presented relate to operating segments that engage in business activities for which revenues are earned and expenses incurred.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks which have to be effectively managed so as to protect its long term sustainability and to safeguard the interests of its stakeholders.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

A description of the significant risk factors is given below together with risk management policies where applicable.
(a) Market risk
(b) Credit risk
(c) Liquidity risk and
(d) Cash flow and fair value interest rate risk.

(a) Market risk

(i) Currency risk

The Group is exposed to foreign exchange risk arising from sugar growing activities, primarily with respect to the Euro. This risk affects both the crop proceeds and the fair value of the biological assets.

The Group also has investments in foreign entities, whose net assets are exposed to currency translation risk.

Currency profile
The currency profile of the Group's and the Company's total assets and liabilities are summarised below:

THE GROUP	MUR	EURO	USD	Other currencies	TOTAL
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
As at December 31, 2009					
Trade and other receivables	**875.3**	**17.2**	**5.1**	**6.5**	**904.1**
Cash in hand and at bank	**287.0**	**432.8**	**4.0**	**1.0**	**724.8**
Other assets	**8,225.5**	**-**	**-**	**-**	**8,225.5**
Total assets	**9,387.8**	**450.0**	**9.1**	**7.5**	**9,854.4**
Liabilities	**1,777.7**	**473.8**	**46.7**	**30.8**	**2,150.9**
As at December 31, 2008					
Trade and other receivables	875.5	8.7	0.4	2.2	886.8
Cash in hand and at bank	880.7	0.7	11.0	0.1	892.5
Other assets	8,185.9	-	-	-	8,185.9
Total assets	9,942.1	9.4	11.4	2.3	9,965.2
Liabilities	1,687.1	770.5	80.5	24.2	2,562.3

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(i) Currency risk (cont'd)

THE COMPANY

All assets and liabilities are denominated in Mauritian rupees except for investment held in foreign subsidiary company denominated in EURO and amounting to MUR'M 35.5 (2008: MUR'M 12.9).

At December 31, 2009, if the rupee had weakened/strengthened by 5% against the US dollar/Euro with all other variables held constant, post-tax profit for the year would have impacted as shown in the table below, mainly as a result of foreign exchange gains/losses on translation of US dollar/Euro denominated borrowings, bank deposits, trade receivables and payables.

THE GROUP	**2009**	2008
	MUR'M	MUR'M
Rupee strenghthened/weakened by 5%		
Post-tax profit	**4.2**	2.4

(ii) Price risk

The Group is exposed to equity securities price risk because of investments in financial assets held by the Group and classified as available-for-sale.

The Group is also exposed to price risk with the incidence of the price of sugar in the European Union market.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

Sensitivity analysis
The table below summarises the impact of increases/decreases in the fair value of the investments in financial assets on the Group's equity.

The analysis is based on the assumption that the fair value had increased/decreased by 5%.

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
	+/-5%	+/-5%	**+/-5%**	+/-5%
Investment in financial assets	**14.1**	10.1	**0.9**	1.7

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(b) Credit risk

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

As regards the sugar and energy sectors, the Group has significant concentration of credit risk with exposure spread over a few customers. However sale of products are made through reputable institutions where risk of default is very remote.

As for the commercial and manufacturing segment, the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and to limit the amount of credit exposure to any one financial position.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group and the Company aim at maintaining flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

Forecasted liquidity reserve as of December 31, 2009 is as follows:

	THE GROUP	THE COMPANY
	2010	2010
	MUR'M	MUR'M
Opening balance for the period	404.2	194.9
Cash flows from operating activities	667.8	22.4
Cash flows from investing activities	(32.8)	196.3
Cash flows from financing activities	(531.7)	(156.5)
	507.5	257.1
Amalgamation adjustment	39.9	0.9
Closing balance for the period	547.4	258.0

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(c) Liquidity risk (cont'd)

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	MUR'M	MUR'M	MUR'M	MUR'M
THE GROUP				
At December 31, 2009				
Borrowings including bank overdrafts	**586.6**	**243.1**	**165.5**	**-**
Trade and other payables	**667.7**	**-**	**-**	**-**
At December 31, 2008				
Borrowings including bank overdrafts	574.6	275.4	389.2	30.6
Trade and other payables	727.3	-	-	-
THE COMPANY				
At December 31, 2009				
Borrowings including bank overdrafts	**36.6**	**21.6**	**51.0**	**-**
Trade and other payables	**291.4**	**-**	**-**	**-**
At December 31, 2008				
Borrowings including bank overdrafts	64.0	13.3	43.0	38.4
Trade and other payables	250.4	-	-	-

(d) Cash flow and fair value interest rate risk

The Group's interest-rate risk arises from long-term borrowings and cash at bank. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates also expose the Group to fair value interest-rate risk.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(d) Cash flow and fair value interest rate risk (cont'd)

(i) At December 31, 2009, if interest rates on rupee-denominated borrowings and Euro-denominated borrowings had been 10 basis points and 50 basis points respectively higher/lower with all other variables held constant, post-tax profit for the year and shareholders' equity would have been changed as shown in the table below.

	Rupee denominated borrowings (10 basis points)		Euro denominated borrowings (50 basis points)	
	2009	2008	**2009**	2008
THE GROUP	**MUR'M**	MUR'M	**MUR'M**	MUR'M
Impact on post-tax profit and				
shareholders' equity	**1.0**	11.0	**3.4**	17.9
THE COMPANY				
Impact on post-tax profit and				
shareholders' equity	**-**	0.1	**-**	-

(ii) At December 31, 2009, if variable interest rates on deposit at bank had been 10 basis points higher/lower with all other variables held constant, post-tax profit for the year would have changed as shown in the table below.

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
Impact on post tax profit	**-**	1.5	**-**	-

3.2 Fair value estimation

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

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation (cont'd)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of the reporting period, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

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

3.3 Biological assets

The Group is exposed to fluctuations in the price of sugar and the incidence of exchange rate. This risk affects both the crop proceeds and the fair value of biological assets. The risk is not hedged.

3.4 Capital Risk Management

The Group's objectives when managing capital are:
- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

Adjusted capital comprises all components of equity (stated capital, treasury shares, revaluation and other reserves and retained earnings) other than the amounts recognised in equity relating to cash flow hedge.

During the year, the Group's strategy was to reduce the debt-to-capital ratio to a reasonable level in order to secure access to finance at a reasonable cost.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.4 Capital Risk Management (cont'd)

The debt-to-capital ratios at December 31, 2009 and December 31, 2008 were as follows:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
Total debt (note 22)	**995.2**	1,269.8	**109.2**	158.7
Less: cash in hand and at bank (note 31)	**(724.8)**	(892.5)	**(215.5)**	(121.7)
Net debt	**270.4**	377.3	**(106.3)**	37.0
Equityholders' interest	**6,762.1**	6,510.7	**7,425.1**	7,253.4
Add: amount recognised in equity relating to cash flow hedge	**17.7**	61.3	**-**	-
Adjusted capital	**6,779.8**	6,572.0	**7,425.1**	7,253.4
Debt-to-adjusted capital ratio	**0.04:1**	0.06:1	**N/A**	0.01:1

Net debt is calculated as total debt (as shown in the statement of financial position) less cash in hand and at bank.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of intangible assets

The Group tests annually whether intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1(d). These calculations require the use of estimates.

(b) Impairment of available-for-sale financial assets

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(c) Biological assets

(i) Bearer biological assets

Bearer biological assets have been estimated based on the cost of land preparation and planting of bearer canes.

(ii) Consumable biological assets - Standing Canes

The fair value of consumable biological assets has been arrived at by discounting the present value (PV) of expected net cash flows from standing canes discounted at the relevant market determined pre-tax rate.

The expected cash flows have been computed by estimating the expected crop and the sugar extraction rate and the forecasts of sugar prices which will prevail in the coming year. The harvesting costs and other direct expenses are based on the yearly budgets.

5. PROPERTY, PLANT AND EQUIPMENT

(a) THE GROUP	Land	Buildings on Leasehold Land	Buildings	Power Plant	Building and Civil Works	Factory Equipment	Agricultural Equipment	Motor Vehicles	Furniture and Office Equipment	Total
COST AND VALUATION	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
At January 1, 2009										
- Cost	0.6	97.8	2.0	78.7	6.7	173.3	170.3	307.3	148.7	985.4
- Valuation	3,620.1	-	782.9	2,119.5	370.4	1,343.7	-	-	-	8,236.6
	3,620.7	97.8	784.9	2,198.2	377.1	1,517.0	170.3	307.3	148.7	9,222.0
Additions	-	-	3.8	28.0	4.3	102.9	20.0	27.4	57.7	244.1
Disposals/Scrapped assets	(1.6)	-	-	(19.0)	(3.0)	-	(7.0)	(8.5)	(0.4)	(39.5)
At December 31, 2009										
- Cost	**0.6**	**97.8**	**5.8**	**87.7**	**8.0**	**276.2**	**183.3**	**326.2**	**206.0**	**1,191.6**
- Valuation	**3,618.5**	**-**	**782.9**	**2,119.5**	**370.4**	**1,343.7**	**-**	**-**	**-**	**8,235.0**
	3,619.1	**97.8**	**788.7**	**2,207.2**	**378.4**	**1,619.9**	**183.3**	**326.2**	**206.0**	**9,426.6**
DEPRECIATION										
At January 1, 2009	-	32.8	572.6	747.7	128.7	1,068.2	103.6	204.6	116.4	2,974.6
Charge for the year	-	2.6	15.3	96.7	15.6	33.6	36.0	16.8	19.0	235.6
Disposals/Scrapped assets	-	-	-	(6.5)	(1.0)	-	(7.0)	(7.8)	(0.4)	(22.7)
At December 31, 2009	**-**	**35.4**	**587.9**	**837.9**	**143.3**	**1,101.8**	**132.6**	**213.6**	**135.0**	**3,187.5**
NET BOOK VALUES										
At December 31, 2009	**3,619.1**	**62.4**	**200.8**	**1,369.3**	**235.1**	**518.1**	**50.7**	**112.6**	**71.0**	**6,239.1**

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) THE GROUP (cont'd)	Land	Buildings on Leasehold Land	Buildings	Power Plant	Building and Civil Works	Factory Equipment	Agricultural Equipment	Motor Vehicles	Furniture and Office Equipment	Total
COST AND VALUATION	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
At January 1, 2008										
- Cost	-	88.8	-	64.1	6.7	149.2	125.6	304.0	138.3	876.7
- Valuation	3,597.9	-	782.9	2,119.5	370.4	1,343.7	-	-	-	8,214.4
	3,597.9	88.8	782.9	2,183.6	377.1	1,492.9	125.6	304.0	138.3	9,091.1
Additions	0.6	9.2	2.0	14.6	-	24.1	49.8	11.8	11.7	123.8
Disposals/Scrapped assets	-	(0.2)	-	-	-	-	(5.1)	(8.5)	(1.3)	(15.1)
Revaluation adjustment	22.2	-	-	-	-	-	-	-	-	22.2
At December 31, 2008										
- Cost	**0.6**	**97.8**	**2.0**	**78.7**	**6.7**	**173.3**	**170.3**	**307.3**	**148.7**	**985.4**
- Valuation	**3,620.1**	**-**	**782.9**	**2,119.5**	**370.4**	**1,343.7**	**-**	**-**	**-**	**8,236.6**
	3,620.7	**97.8**	**784.9**	**2,198.2**	**377.1**	**1,517.0**	**170.3**	**307.3**	**148.7**	**9,222.0**
DEPRECIATION										
At January 1, 2008	-	30.6	556.3	654.5	113.4	1,026.8	70.1	198.6	105.7	2,756.0
Charge for the year	-	2.5	16.3	93.2	15.3	41.4	36.7	13.1	11.0	229.5
Disposals/Scrapped assets	-	(0.3)	-	-	-	-	(3.2)	(7.1)	(0.3)	(10.9)
At December 31, 2008	**-**	**32.8**	**572.6**	**747.7**	**128.7**	**1,068.2**	**103.6**	**204.6**	**116.4**	**2,974.6**
NET BOOK VALUES										
At December 31, 2008	**3,620.7**	**65.0**	**212.3**	**1,450.5**	**248.4**	**448.8**	**66.7**	**102.7**	**32.3**	**6,247.4**

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) THE COMPANY	Land	Buildings	Agricultural Equipment	Motor Vehicles	Furniture and Office Equipment	Total
COST AND VALUATION	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
At January 1, 2009						
- Cost	0.7	0.5	140.0	56.5	32.1	229.8
- Valuation	3,618.6	679.4	-	-	-	4,298.0
	3,619.3	679.9	140.0	56.5	32.1	4,527.8
Additions	-	2.4	4.0	15.6	0.9	22.9
Disposal	(1.6)	-	-	(1.8)	-	(3.4)
At December 31, 2009						
- Cost	**0.7**	**2.9**	**144.0**	**70.3**	**33.0**	**250.9**
- Valuation	**3,616.9**	**679.4**	**-**	**-**	**-**	**4,296.3**
	3,617.6	**682.3**	**144.0**	**70.3**	**33.0**	**4,547.2**
DEPRECIATION						
At January 1, 2009	-	511.7	78.4	51.4	23.4	664.9
Charge for the year	-	13.1	7.9	5.3	0.8	27.1
Disposal adjustment	-	-	-	(1.2)	-	(1.2)
At December 31, 2009	**-**	**524.8**	**86.3**	**55.5**	**24.2**	**690.8**
NET BOOK VALUES						
At December 31, 2009	**3,617.6**	**157.5**	**57.7**	**14.8**	**8.8**	**3,856.4**

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) THE COMPANY (cont'd)	Land	Buildings	Agricultural Equipment	Motor Vehicles	Furniture and Office Equipment	Total
COST AND VALUATION	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
At January 1, 2008						
- Cost	-	-	22.3	32.1	22.3	76.7
- Valuation	469.1	151.5	-	-	-	620.6
	469.1	151.5	22.3	32.1	22.3	697.3
Amalgamation adjustments	3,127.3	527.9	103.5	26.7	7.9	3,793.3
Additions	0.7	0.5	14.2	0.9	1.9	18.2
Revaluation adjustment	22.2	-	-	-	-	22.2
Disposal	-	-	-	(3.2)	-	(3.2)
At December 31, 2008						
- Cost	**0.7**	**0.5**	**140.0**	**56.5**	**32.1**	**229.8**
- Valuation	**3,618.6**	**679.4**	**-**	**-**	**-**	**4,298.0**
	3,619.3	**679.9**	**140.0**	**56.5**	**32.1**	**4,527.8**
DEPRECIATION						
At January 1, 2008	-	109.0	14.7	29.5	14.1	167.3
Amalgamation adjustments	-	389.3	55.6	22.6	6.9	474.4
Charge for the year	-	13.4	8.1	1.6	2.4	25.5
Disposal adjustment	-	-	-	(2.3)	-	(2.3)
At December 31, 2008	**-**	**511.7**	**78.4**	**51.4**	**23.4**	**664.9**
NET BOOK VALUES						
At December 31, 2008	**3,619.3**	**168.2**	**61.6**	**5.1**	**8.7**	**3,862.9**

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Land and buildings

(i) Land and buildings were revalued in 2007, by Noor Dilmohamed & Associates, Certified Practising Valuer. Valuations were made on the basis of open market value. Building and Civil works and Power Plant have been revalued in 2004, by Atkins, the Lender's Independent Engineer. The revaluation was carried out on the basis of the Depreciated Replacement Cost. The book values of the properties were adjusted to the revalued amounts and the resulting surplus net of deferred income taxes was credited to "Revaluation Surplus" in shareholders' equity.

The factory buildings and equipment were revalued annually until 2002 on the basis of the indices provided by the Mauritius Sugar Authority.

(ii) The leases are on a long term basis.

(d) Financing of VRS 1 costs and land compensation to workers

The Company has earmarked 119 hectares of land to finance the VRS 1 costs and as land compensation to workers who took advantage of the scheme, out of which 28.6 hectares have been disposed.

(e) Land conversion under "1200A" scheme Section 11(3) of SIE Act 2001.

The Company has earmarked 100 hectares for land conversion under "1200A" scheme as per Section 11(3) of SIE Act 2001, out of which 57.9 hectares have been disposed.

(f) Land conversion under "800A" scheme Section 11(3) of SIE Act 2001.

The Company has earmarked 29.81 hectares for land conversion under "800A" scheme as per Section 11(3) of SIE Act 2001.

(g) Financing of compensation payments following closure of Beau Plan Sugar Factory

The Group will recoup the closure costs through the disposal of 137 hectares of freehold land for which application has been submitted to the Ministry of Agriculture, Food, Technology and Natural Resources.

(h) Depreciation charge has been charged to the income statement as follows:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
Cost of sales	**167.4**	150.5	**-**	-
Other expenses	**68.2**	79.0	**27.1**	25.5
	235.6	229.5	**27.1**	25.5

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(i) If property, plant and equipment were stated on the historical cost basis, the amounts would be as follows:

	Land	Buildings	Factory Equipment	Power Plant	Building and Civil Works
THE GROUP	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
2009					
Cost	**130.6**	**92.8**	**541.6**	**1,838.1**	**318.9**
Accumulated depreciation	**-**	**(39.6)**	**(238.6)**	**(981.6)**	**(137.2)**
Net book value	**130.6**	**53.2**	**303.0**	**856.5**	**181.7**
2008					
Cost	132.2	92.8	517.5	1,823.5	318.9
Accumulated depreciation	-	(35.9)	(206.1)	(761.0)	(118.1)
Net book value	132.2	56.9	311.4	1,062.5	200.8

THE COMPANY	Land	Buildings
2009		
Cost	**91.2**	**23.3**
Accumulated depreciation	**-**	**(5.5)**
Net book value	**91.2**	**17.8**
2008		
Cost	92.8	20.9
Accumulated depreciation	-	(4.9)
Net book value	92.8	16.0

(j) Bank borrowings are secured by fixed and floating charges on the assets of the borrowing entities including property, plant and equipment (note 22(e)).

6. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
COST				
At January 1,	**51.0**	51.0	**48.3**	41.6
Transfer from Work-in-progress	**243.9**	-	**243.9**	-
Amalgamation adjustment	**-**	-	**-**	6.7
At December 31,	**294.9**	51.0	**292.2**	48.3
DEPRECIATION				
At January 1,	**44.8**	43.2	**8.8**	2.6
Amalgamation adjustment	**-**	-	**-**	4.6
Charge for the year	**1.5**	1.6	**1.5**	1.6
At December 31,	**46.3**	44.8	**10.3**	8.8
Work-in-progress	**-**	174.6	**-**	174.6
NET BOOK VALUES				
At December 31,	**248.6**	180.8	**281.9**	214.1
Fair Value	**259.1**	259.1	**259.1**	259.1

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
(a) The following amounts have been recognised in the income statement:				
Rental income	**26.8**	21.3	**13.8**	9.9
Direct operating expenses from investment properties that generate rental income	**2.4**	3.2	**2.4**	3.2

6. INVESTMENT PROPERTIES (CONT'D)

(b) Bank borrowings are secured by fixed and floating charges on the assets of the borrowing entities including investment properties (note 22(e)).

(c) Fair value is based on market value and directors' valuation.

7. INTANGIBLE ASSETS

THE GROUP	Land Conversion Rights Closure Costs	Brands	Goodwill	Computer Software	Legal Fees	Distribution Rights	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
(a) COST							
At January 1, 2009	131.7	46.1	9.1	13.8	47.8	-	248.5
Acquisition of subsidiary	-	-	1.1	-	-	-	1.1
Additions	-	-	-	2.7	-	2.1	4.8
At December 31, 2009	**131.7**	**46.1**	**10.2**	**16.5**	**47.8**	**2.1**	**254.4**
AMORTISATION							
At January 1, 2009	-	-	3.6	12.8	36.5	-	52.9
Charge for the year	-	-	-	2.8	6.5	-	9.3
At December 31, 2009	**-**	**-**	**3.6**	**15.6**	**43.0**	**-**	**62.2**
NET BOOK VALUES							
At December 31, 2009	**131.7**	**46.1**	**6.6**	**0.9**	**4.8**	**2.1**	**192.2**
(b) COST							
At January 1, 2008	131.7	46.1	3.6	11.6	42.8	-	235.8
Additions	-	-	5.5	2.2	5.0	-	12.7
At December 31, 2008	**131.7**	**46.1**	**9.1**	**13.8**	**47.8**	**-**	**248.5**
AMORTISATION							
At January 1, 2008	-	-	3.6	9.1	32.2	-	44.9
Charge for the year	-	-	-	3.7	4.3	-	8.0
At December 31, 2008	**-**	**-**	**3.6**	**12.8**	**36.5**	**-**	**52.9**
NET BOOK VALUES							
At December 31, 2008	**131.7**	**46.1**	**5.5**	**1.0**	**11.3**	**-**	**195.6**

7. INTANGIBLE ASSETS (CONT'D)

THE COMPANY	**2009**	2008
	MUR'M	MUR'M
(c) COST		
At January 1,	**5.1**	0.1
Additions	**2.7**	5.0
At December 31,	**7.8**	5.1
AMORTISATION		
At January 1,	**1.3**	0.1
Charge for the year	**2.0**	1.2
At December 31,	**3.3**	1.3
NET BOOK VALUE		
At December 31, 2009	**4.5**	3.8

(d) Amortisation charge

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
Cost of sales	**6.5**	4.3	**-**	-
Other expenses	**2.8**	3.7	**2.0**	1.2
	9.3	8.0	**2.0**	1.2

(e) Closure costs

Closure costs relate to provisions made in accordance with the Blue Print on Centralisation of Sugar Milling Operations in Mauritius issued in May 1997 and conditions laid down by the Minister of Agriculture in respect of the closure of the Beau Plan Sugar Factory. Belle Vue Milling Co Ltd, one of the company's subsidiaries, in accordance with the provisions of the "Blue Print", acquired the right to purchase land at agricultural value and to convert the same land for development purposes and be exempted from land conversion tax, land transfer tax, morcellement tax and capital gains tax.

8. INVESTMENT IN SUBSIDIARIES

	2009	2008
	MUR'M	MUR'M
THE COMPANY		
At January 1,	**2,123.7**	3,273.3
Additions	**-**	10.0
Amalgamation adjustment	**-**	(1,249.0)
Increase in fair value	**97.6**	89.4
At December 31,	**2,221.3**	2,123.7

Details of subsidiaries are set out in note 32.

9. INVESTMENT IN ASSOCIATES

(a) THE GROUP	**2009**	2008
	MUR'M	MUR'M
(i) Group's share of net assets	**410.3**	399.8

Details of associates are set out in note 33.

	2009	2008
	MUR'M	MUR'M
(ii) At January 1,	**399.8**	380.6
Share of profit after tax and minority interest	**90.4**	125.8
Dividend paid	**(65.3)**	(79.6)
Movement on reserves	**(14.6)**	(27.0)
At December 31,	**410.3**	399.8

(b) THE COMPANY	**2009**	2008
	MUR'M	MUR'M
At January 1,	**1.3**	1.4
Amalgamation adjustment	**-**	0.1
Decrease in fair value	**-**	(0.2)
At December 31,	**1.3**	1.3

10. INVESTMENT IN FINANCIAL ASSETS

	Available-for-sale			
THE GROUP	**Listed on the Stock Exchange**	**Quoted on the DEM**	**Unquoted**	**Total**
	MUR'M	**MUR'M**	**MUR'M**	**MUR'M**
(a) At January 1, 2009	**112.6**	**33.3**	**56.7**	**202.6**
Transfer from receivables	**-**	**-**	**2.5**	**2.5**
Disposal	**-**	**-**	**(17.4)**	**(17.4)**
Increase/(decrease) in fair value	**55.8**	**24.0**	**27.7**	**107.5**
At December 31, 2009	**168.4**	**57.3**	**69.5**	**295.2**

	Available-for-sale			
	Listed on the Stock Exchange	Quoted on the DEM	Unquoted	Total
	MUR'M	MUR'M	MUR'M	MUR'M
(b) At January 1, 2008	109.7	34.2	62.0	205.9
(Decrease)/increase in fair value	2.9	(0.9)	(5.3)	(3.3)
At December 31, 2008	112.6	33.3	56.7	202.6

(c) **At December 31, 2009**	Level 1	Level 2	Total
	MUR'M	MUR'M	MUR'M
Available-for-sale financial assets	**225.7**	**69.5**	**295.2**

10. INVESTMENT IN FINANCIAL ASSETS (CONT'D)

THE COMPANY

Available-for-sale financial assets (unquoted)	2009	2008
	MUR'M	MUR'M
(d) At January 1, 2009	33.3	32.6
Disposal	(17.5)	(8.1)
Transfer from receivables	2.5	-
Amalgamation adjustment	-	16.3
Decrease in fair value	-	(7.5)
At December 31, 2009	18.3	33.3

(e) **At December 31, 2009**	Level 2	Total
	MUR'M	MUR'M
Available-for-sale financial assets	18.3	18.3

(f) Available-for-sale financial assets are denominated in the following currencies:

THE GROUP

	2009	2008
	MUR'M	MUR'M
Currency		
Rupee	259.7	189.7
Euro	35.5	12.9
	295.2	202.6

(i) None of the financial assets are impaired.

(ii) Details of financial assets are set out in note 41.

11. NON-CURRENT RECEIVABLES

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
Loans granted to subsidiaries	**-**	-	**5.1**	6.6
Loans granted to related parties	**-**	0.6	**-**	-
Others loans	**9.8**	5.9	**0.2**	0.2
	9.8	6.5	**5.3**	6.8

12. BEARER BIOLOGICAL ASSETS

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
COST				
At January 1,	**324.1**	291.5	**324.0**	42.5
Amalgamation adjustment	**-**	-	**-**	248.9
Additions	**52.6**	61.2	**52.6**	61.2
Assets fully amortised	**(35.4)**	(28.6)	**(35.4)**	(28.6)
At December 31,	**341.3**	324.1	**341.2**	324.0
AMORTISATION				
At January 1,	**145.7**	133.0	**145.6**	19.4
Amalgamation adjustment	**-**	-	**-**	113.5
Charge for the year	**46.6**	41.3	**46.6**	41.3
Assets fully amortised	**(35.4)**	(28.6)	**(35.4)**	(28.6)
At December 31,	**156.9**	145.7	**156.8**	145.6
NET BOOK VALUES	**184.4**	178.4	**184.4**	178.4

Bearer biological assets relate to the cost of land preparation and planting of virgin canes that have an expected life cycle of 8 years as they would normally generate 8 years of crop harvest.

13. LAND DEVELOPMENT EXPENDITURE

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
At January 1,	**56.3**	54.0	**56.3**	38.8
Amalgamation adjustment	**-**	-	**-**	15.2
Additions	**0.9**	2.3	**0.9**	2.3
At December 31,	**57.2**	56.3	**57.2**	56.3

14. DEFERRED VRS COSTS

	THE GROUP	THE COMPANY
	MUR'M	MUR'M
Voluntary Retirement Scheme (VRS)		
COST		
At January 1, 2009 and at December 31, 2009	**257.6**	**206.7**
AMORTISATION		
At January 1, 2009	202.9	168.8
Charge for the year	7.8	5.4
At December 31, 2009	**210.7**	**174.2**
NET BOOK VALUES		
At December 31, 2009	**46.9**	**32.5**
At December 31, 2008	54.7	37.9

VRS 2

Under the terms of the Multi Annual Adaptation Scheme, the Group and the Company have received a refund from the Sugar Reform Trust of their VRS 2 in respect of cash disbursements and infrastructural costs to be incurred and for land to be distributed to the relevant employees and other eligible VRS costs.

Estimates regarding land infrastructure and other eligible VRS costs yet to be disbursed, are carried as payables. Under the scheme, the Group acquired the right to sell land on which no land conversion tax is payable.

15. DEFERRED INCOME TAXES

Deferred income taxes are calculated on all temporary differences under the liability method at 15% (2008: 15%).

Deferred income tax assets and liabilities are offset when the income taxes relate to the same entity and the same fiscal authority. The following amounts are shown in the balance sheet:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
Deferred tax assets	**(1.3)**	(1.2)	**-**	-
Deferred tax liabilities	**254.2**	270.0	**9.9**	11.5
	252.9	268.8	**9.9**	11.5

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
Unused tax losses available for offset against future taxable profits	**52.8**	31.3	**-**	-

The movement on the deferred income tax account is as follows:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
At January 1,	**268.8**	277.0	**11.5**	2.5
Amalgamation adjustment	**-**	-	**-**	10.8
(Credit)/Charge to statement of comprehensice income (note 25(b))	**(9.5)**	(2.3)	**-**	0.5
Tax charge to equity	**(6.4)**	(5.9)	**(1.6)**	(2.3)
At December 31,	**252.9**	268.8	**9.9**	11.5

15. DEFERRED INCOME TAXES (CONT'D)

Deferred tax assets and liabilities, deferred tax movement in the statement of comprehensive income and equity are attributable to the following items:

THE GROUP	At January 1, 2009	Statement of Comprehensive Income	Revaluation Reserve	At December 31, 2009
	MUR'M	MUR'M	MUR'M	MUR'M
Deferred income tax liabilities				
Accelerated tax depreciation	223.3	(6.0)	-	217.3
Asset revaluations	90.5	-	(6.4)	84.1
VRS costs	8.2	(1.1)	-	7.1
	322.0	(7.1)	(6.4)	308.5
Deferred income tax assets				
Tax losses carried forward	4.7	2.0	-	6.7
Provisions for VRS costs	21.0	0.3	-	21.3
Retirement benefit obligations	27.5	0.1	-	27.6
	53.2	2.4	-	55.6
Net deferred income tax liabilities	**268.8**	**(9.5)**	**(6.4)**	**252.9**

THE COMPANY	At January 1, 2009	Statement of Comprehensive Income	Revaluation Reserve	At December 31, 2009
	MUR'M	MUR'M	MUR'M	MUR'M
Deferred income tax liabilities				
Accelerated tax depreciation	7.5	0.5	-	8.0
Asset revaluations	23.7	-	(1.6)	22.1
VRS costs	5.7	(0.7)	-	5.0
	36.9	(0.2)	(1.6)	35.1
Deferred income tax assets				
Provisions	13.2	0.3	-	13.5
Retirement benefit obligations	12.2	(0.5)	-	11.7
	25.4	(0.2)	-	25.2
Net deferred income tax liability	**11.5**	**-**	**(1.6)**	**9.9**

16. INVENTORIES

	2009	2008
	MUR'M	MUR'M
THE GROUP		
(a) Raw materials	**76.0**	174.2
Finished goods	**163.0**	182.8
Spare parts and consumables	**190.1**	165.7
	429.1	522.7

(b) Bank borrowings are secured by fixed and floating charges on the assets of the borrowing entities including inventories (see note 22(e)).

(c) The cost of inventories recognised as expense and included in cost of sales are as follows:

	THE GROUP	
	2009	2008
	MUR'M	MUR'M
Cost of inventories consumed	**1,463.0**	993.0

17. CONSUMABLE BIOLOGICAL ASSETS

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
At January 1,	**111.9**	129.6	**111.9**	14.5
Amalgamation adjustment	**-**	-	**-**	115.1
Losses from changes in fair value	**(8.1)**	(17.7)	**(8.1)**	(17.7)
At December 31,	**103.8**	111.9	**103.8**	111.9

18. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
Trade receivables	**672.9**	622.6	**3.6**	6.9
Less: provision for impairment	**(23.8)**	(12.8)	**-**	-
Trade receivables - net	**649.1**	609.8	**3.6**	6.9
Sugar proceeds receivable	**102.4**	120.9	**102.4**	120.9
Molasses proceeds receivable	**23.1**	8.1	**23.1**	8.1
Amounts receivable from the Sugar Insurance Fund Board (SIFB)	**1.9**	4.5	**-**	4.5
Receivable from subsidiaries	**-**	-	**747.0**	805.1
Other receivables	**127.6**	143.5	**39.4**	36.7
	904.1	886.8	**915.5**	982.2

The carrying amount of trade and other receivables approximate their fair value.

As at December 31, 2009, trade receivables of MUR'M 23.8 for the Group were impaired and provided for (2008: MUR'M 12.8). The ageing of these receivables is as follows:

	2009	2008
	MUR'M	MUR'M
3 to 6 months	**-**	-
Over 6 months	**23.8**	12.8

As at December 31, 2009, trade receivables of MUR'M 6.3 for the Group (2008: MUR'M 15.8) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	THE GROUP	
	2009	2008
	MUR'M	MUR'M
3 to 6 months	**1.5**	2.5
Over 6 months	**4.8**	13.3

18. TRADE AND OTHER RECEIVABLES (CONT'D)

The carrying amounts of the Group's and the Company's trade and other receivables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
Rupee	**891.5**	605.7	**915.5**	982.2
US Dollar	**5.2**	-	**-**	-
Euro	**0.9**	281.0	**-**	-
Other currencies	**6.5**	-	**-**	-
	904.1	886.7	**915.5**	982.2

Movements on the provision for impairment of trade receivables are as follows:

	THE GROUP	
	2009	2008
	MUR'M	MUR'M
At January 1,	**15.8**	12.4
Provision for impairment	**8.0**	3.4
At December 31,	**23.8**	15.8

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group and the Company do not hold any collateral as security.

19. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
At January 1,	**27.9**	49.8	**27.9**	14.7
Amalgamation adjustment	**-**	-	**-**	35.1
Expenditure during the year	**1.2**	13.6	**1.2**	13.6
Release to income statement on disposal	**(10.2)**	(35.5)	**(10.2)**	(35.5)
At December 31,	**18.9**	27.9	**18.9**	27.9

Non-current assets held for sale consist of plots of land and their related development costs, available for sale under the "1200 A" scheme and VRS financing scheme for residential purpose.

19. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
(a) Disposal proceeds	**22.4**	51.8	**22.4**	51.8
(b) Liabilities directly associated with non-current assets held-for-sale				
Accruals and provisions	**0.2**	0.7	**0.2**	0.7

20. STATED CAPITAL

	2009	2008
	MUR'M	MUR'M
Issued and fully paid	**173.8**	173.8

The total number of ordinary shares is 173,834,000 shares of no par value. All issued shares are fully paid.

21. REVALUATION AND OTHER RESERVES

(a) THE GROUP	Associates Reserves	Revaluation and Other Capital Reserves	Translation Reserve	Fair Value Reserve	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
(i) At January 1, 2009	24.0	4,135.0	(61.3)	122.6	4,220.3
Decrease in fair value of available-for-sale financial assets	-	-	-	107.5	107.5
Release on disposal of available-for-sale financial assets	-	-	-	(12.9)	(12.9)
Release of deferred tax on excess depreciation other historical cost depreciation	-	2.3	-	-	2.3
Release to income statement on repayment of foreign currency loans	-	-	23.1	-	23.1
Exchange differences on translation of foreign currency loans	-	-	20.5	-	20.5
Movements on reserves	(14.6)	6.9	-	-	(7.7)
At December 31, 2009	**9.4**	**4,144.2**	**(17.7)**	**217.2**	**4,353.1**

21. REVALUATION AND OTHER RESERVES (CONT'D)

(a) THE GROUP	Associates Reserves	Revaluation and Other Capital Reserves	Translation Reserve	Fair Value Reserve	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
(ii) At January 1, 2008	51.0	4,110.1	(75.0)	125.9	4,212.0
Surplus on revaluation of land and buildings	-	22.2	-	-	22.2
Decrease in fair value of available-for-sale financial assets	-	-	-	(3.3)	(3.3)
Release of deferred tax on excess depreciaion other historical cost depreciation	-	3.4	-	-	3.4
Transfer to retained earnings on disposal of land	-	(1.7)	-	-	(1.7)
Release to income statement on repayment of foreign currency loans	-	-	30.0	-	30.0
Exchange differences on translation of foreign currency loans	-	-	(16.3)	-	(16.3)
Movements on reserves	(27.0)	1.0	-	-	(26.0)
At December 31, 2008	**24.0**	**4,135.0**	**(61.3)**	**122.6**	**4,220.3**

(b) THE COMPANY	Fair Value Reserve	Capital Reserve	General Reserve	Amalgamation Reserve	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
(i) At January 1, 2009	49.5	667.9	1,216.0	3,418.7	5,352.1
Increase in fair value of available-for-sale financial assets	84.7	-	-	-	84.7
Release of deferred tax on excess depreciation over historical cost depreciation	1.6	-	-	-	1.6
At December 31, 2009	**135.8**	**667.9**	**1,216.0**	**3,418.7**	**5,438.4**
(ii) At January 1, 2008	800.9	645.1	1,216.0	29.9	2,691.9
Surplus on revaluation of land and buildings	-	22.2	-	-	22.2
Adjustment arising on amalgamation	(827.2)	-	-	3,388.8	2,561.6
Increase in fair value of available-for-sale financial assets	82.0	-	-	-	82.0
Release of deferred tax on excess depreciation over historical cost depreciation	-	2.3	-	-	2.3
Release on disposal of available-for-sale financial assets	(6.2)	-	-	-	(6.2)
Transfer to retained earnings on disposal of land	-	(1.7)	-	-	(1.7)
At December 31, 2008	**49.5**	**667.9**	**1,216.0**	**3,418.7**	**5,352.1**

22. BORROWINGS

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
Non-current				
Debentures	**205.9**	205.9	**-**	-
Loans	**202.7**	489.3	**72.6**	94.7
	408.6	695.2	**72.6**	94.7
Current				
Bank overdrafts	**320.6**	253.6	**20.6**	34.2
Debentures	**76.7**	69.3	**-**	-
Loans	**189.3**	251.7	**16.0**	29.8
	266.0	321.0	**16.0**	29.8
	586.6	574.6	**36.6**	64.0
Total borrowings	**995.2**	**1,269.8**	**109.2**	**158.7**

		THE GROUP		THE COMPANY	
	Last repayment date	**2009**	2008	**2009**	2008
		MUR'M	MUR'M	**MUR'M**	MUR'M
(a) Breakdown of loans and debentures					
Loan capital can be analysed as follows:					
VRS loan at 7.50% repayable quarterly	2009	**-**	15.2	**-**	12.3
Loans in EUR repayable yearly in February and August	2010	**43.4**	54.0	**-**	-
Debentures repayable yearly in February and August	2012	**206.0**	278.0	**-**	-
VRS loan at 6% repayable quarterly	2012	**22.0**	34.2	**22.0**	34.2
Loan in EUR repayable yearly in February and August	2012	**336.6**	556.8	**-**	-
VRS loan at 10.75% repayable half yearly	2016	**66.5**	78.0	**66.6**	78.0
		674.5	1,016.2	**88.6**	124.5
Less: Repayable within one year		**(265.9)**	(321.0)	**(16.0)**	(29.8)
Repayable after one year		**408.6**	695.2	**72.6**	94.7

22. BORROWINGS (CONT'D)

(b) The maturity of non-current borrowings is as follows:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
- after one year and before two years	**243.1**	275.4	**21.6**	13.3
- after two years and before three years	**127.3**	246.2	**12.8**	16.5
- after three years and before five years	**38.2**	143.0	**38.2**	26.5
- after five years	**-**	30.6	**-**	38.4
	408.6	695.2	**72.6**	94.7

(c) The carrying amounts of non-current borrowings are not materially different from the fair value.

Non-current borrowings can be analysed as follows:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
- After one year and before two years				
Bank borrowings	**158.4**	198.8	**21.6**	13.3
Debentures	**84.7**	76.6	**-**	-
	243.1	275.4	**21.6**	13.3
- After two years and before three years				
Bank borrowings	**82.5**	161.6	**12.8**	16.5
Debentures	**44.8**	84.6	**-**	-
	127.3	246.2	**12.8**	16.5
- After three years and before five years				
Bank borrowings	**38.2**	98.4	**38.2**	26.5
Debentures	**-**	44.6	**-**	-
	38.2	143.0	**38.2**	26.5
- After five years				
Bank borrowings	**-**	30.6	**-**	38.4
Group loan-subsidiary	**-**	-	**-**	-
	-	30.6	**-**	38.4
Total	**408.6**	695.2	**72.6**	94.7

22. BORROWINGS (CONT'D)

(d) The rates of interest on MUR loans and debentures vary between 6% to 13% annually and on foreign currency loans - EUR between 3% to 10.5% annually.

(e) Borrowings amounting to MUR 12.7 M are secured by fixed and floating charges and by cross guarantees from group companies. The remaining borrowings are secured by fixed and floating charges on the assets of the borrowing entities.

(f) The exposure of the Group and the Company's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	Less than 1 year	After 1 year and before 2 years	After 2 years and before 3 years	After 3 years and before 5 years	Over 5 years	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
THE GROUP						
At December 31, 2009						
Total borrowings	**586.6**	**243.1**	**127.3**	**38.2**	**-**	**995.2**
At December 31, 2008						
Total borrowings	574.6	275.4	246.2	143.0	30.6	1,269.8
THE COMPANY						
At December 31, 2009						
Total borrowings	**36.6**	**21.6**	**12.8**	**38.2**	**-**	**109.2**
At December 31, 2008						
Total borrowings	64.0	13.3	16.5	26.5	38.4	158.7

23. RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations comprise of the Group's and Company's pension schemes and of other post-retirement benefits. The pension schemes are defined benefit plans and defined contribution plans and the assets of the plans are invested with the Sugar Insurance Pension Fund (SIPF) and Anglo Mauritius Assurance Society Limited.

Other post-retirement benefits relate mainly to gratuities on death and on retirement that are based on length of service and salary at date of death or retirement.

23. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) The amounts recognised in the statement of financial position are as follows:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
Present value of funded obligations	**349.1**	320.8	**168.8**	158.1
Fair value of plan assets	**(164.2)**	(144.4)	**(70.2)**	(60.0)
	184.9	176.4	**98.6**	98.1
Present value of unfunded obligations	**31.6**	26.7	**7.3**	7.0
Unrecognised actuarial (losses)	**(27.8)**	(20.1)	**(23.4)**	(23.9)
Liability in the statements of financial position	**188.7**	183.0	**82.5**	81.2

(b) The amounts recognised in the Statements of comprehensive income are as follows:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
Current service cost	**9.6**	17.0	**2.7**	4.0
Scheme expenses	**0.5**	0.1	**0.3**	0.2
Interest cost	**35.0**	5.5	**16.4**	15.5
Cost of insuring risk	**0.5**	0.2	**-**	-
Contributions by employees	**-**	-	**-**	-
Actuarial loss	**3.1**	0.6	**2.3**	(2.0)
Expected return on plan assets	**(15.2)**	1.1	**(6.3)**	(7.0)
Effect of curtailments	**-**	2.0	**-**	(1.5)
	33.5	26.5	**15.4**	9.2

23. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(c) Movement in the liability recognised in the statement of financial position:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
At January 1,	**183.0**	182.4	**81.2**	7.7
Amalgamation adjustment	**-**	-	**-**	79.3
Total expenses as above	**33.5**	22.0	**15.4**	9.2
Other contributions and direct benefits paid	**(27.8)**	(21.4)	**(14.1)**	(15.0)
At December 31,	**188.7**	183.0	**82.5**	81.2

(d) Reconciliation of the present value of defined benefit obligation:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
Present value of obligation at January 1,	**347.5**	327.0	**165.1**	149.9
Current service cost	**9.6**	12.0	**2.7**	4.0
Interest cost	**35.0**	34.0	**16.4**	15.5
Employee's contribution	**2.0**	2.0	**1.2**	1.0
Effect of curtailments/settlements	**-**	(14.0)	**-**	(13.4)
Actuarial gain on plan assets	**3.5**	7.0	**1.4**	24.0
Benefits paid	**(16.9)**	(20.5)	**(10.7)**	(15.9)
Present value of obligation at December 31,	**380.7**	347.5	**176.1**	165.1

23. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(e) Reconciliation of fair value of plan assets:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
Fair value of plan assets at January 1,	**144.4**	137.0	**60.0**	70.4
Expected return on plan assets	**15.2**	18.0	**6.3**	7.0
Employer's contribution	**26.3**	25.0	**14.4**	15.0
Scheme Expenses	**(0.5)**	-	**(0.3)**	(0.2)
Cost of insuring risk benefit	**(0.5)**	-	**-**	-
Contribution to plan assets	**-**	-	**-**	-
Employee's Contribution	**2.0**	2.0	**1.2**	1.0
Actuarial gains/(losses) on plan assets	**(5.8)**	(2.0)	**(0.7)**	(8.8)
Benefits paid	**(16.9)**	(35.6)	**(10.7)**	(24.4)
Fair value of plan assets at December 31,	**164.2**	144.4	**70.2**	60.0

(f) Distribution of plan assets at end of year

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
Percentage of assets at end of year	**%**	%	**%**	%
Local bonds and equities	**46.0**	54.0	**45.0**	55.0
Fixed interest	**15.0**	-	**13.0**	-
Property	**1.0**	3.0	**-**	4.0
Overseas bonds and equities	**38.0**	43.0	**42.0**	41.0
Total	**100.0**	100.0	**100.0**	100.0

(g) Where the plan is funded, the overall expected rate of return on plan assets is determined by reference to market yields on bonds and expected yield differences on other types of assets held.

(h) The Group and the Company are expected to contribute MUR'M 15.3 and MUR'M 6.0 respectively to the pension scheme for the year ending December 31, 2010.

23. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(i) Additional disclosures:

	THE GROUP			THE COMPANY		
	2009	2008	2007	**2009**	2008	2007
	MUR'M	MUR'M	MUR'M	**MUR'M**	MUR'M	MUR'M
Amounts for the current and previous periods						
Defined benefit obligation	**380.7**	237.2	327.1	**176.1**	165.2	14.2
Plan Assets	**164.2**	(18.2)	159.8	**70.2**	60.0	5.5
Surplus	**216.5**	116.3	167.3	**106.0**	105.0	8.7
Experience gains on plan liabilities	**3.5**	46.7	13.5	**1.3**	24.0	0.9
Experience gains on plan assets	**5.8**	10.3	26.0	**0.7**	17.0	1.1

(j) Principal actuarial assumptions at end of year :

	THE GROUP AND THE COMPANY	
	2009	2008
Discount rate	**10.00%**	10.00%
Expected rate of return on plan assets	**10.00%**	10.00%
Future salary increases	**10.00%**	7.00%
Future pension increases	**3.00%**	3.00%

Note: Retirement benefit obligations have been provided for based on reports from The Anglo Mauritius Assurance Society Limited.

(k) The plan assets disclosed for the Company is part of the total assets of the Harel Frères Group. The actual return of the total assets for the year 2009 is MUR'M 9.5 (2008 : MUR'M (19.1)).

24. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
Trade creditors	**349.6**	350.2	**8.2**	6.0
Provision for compensation payments for centralisation in accordance with the Blue Print provisions	**9.0**	9.0	**-**	-
Provision for VRS costs	**98.6**	101.1	**78.0**	81.0
Amounts due to subsidiaries	**-**	-	**179.4**	134.5
Other payables and accruals	**161.5**	213.1	**25.8**	29.0
Dividend payable to minority shareholders	**49.0**	53.9	**-**	-
	667.7	727.3	**291.4**	250.5

25. TAXATION

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
(a) Liability/(asset) in the statements of financial position				
At January 1,	**111.5**	49.4	**6.3**	1.6
Underprovision in previous year	**0.4**	8.8	**0.2**	1.3
Tax paid on account	**(97.8)**	(49.5)	**(6.5)**	(1.6)
	14.1	8.7	**-**	1.3
Current tax on the adjusted profits for the year at 15% (2008 : 15%)	**79.3**	97.8	**2.1**	-
Adjustment for Alternative Minimum Tax (AMT)	**-**	5.0	**-**	5.0
Payment made under Advance Payment System	**(50.0)**	-	**(3.6)**	-
	43.4	111.5	**(1.5)**	6.3
(b) Charge in the Statements of comprehensive income				
Current tax on the adjusted profits for the year at 15% (2008 : 15%)	**79.3**	97.8	**2.1**	-
Adjustment for Alternative Minimum Tax (AMT)	**-**	5.0	**-**	5.0
Under provision in previous years	**0.4**	-	**0.2**	-
National Property Residential Tax	**0.6**	-	**0.6**	-
Deferred taxation (note 15)	**(9.5)**	(2.3)	**-**	0.5
Charge for the year	**70.8**	100.5	**2.9**	5.5

25. TAXATION (CONT'D)

The tax on the profit before taxation differs from the theoretical amount that would arise using the basic tax rate as follows:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
Profit before taxation and after associates' results	**434.3**	741.1	**210.6**	105.2
Tax calculated at a rate of 15% (2008: 15%)	**65.1**	111.2	**31.6**	15.8
Income not subject to tax	**(43.7)**	(34.0)	**(37.8)**	(20.1)
Expenses not deductible for tax purposes	**48.1**	18.1	**8.3**	4.3
Adjustment for AMT	**-**	5.0	**-**	5.0
National Property Residential Tax	**0.6**	-	**0.6**	-
Net deferred tax effect	**0.3**	0.2	**-**	0.5
Under provision in previous years	**0.4**	-	**0.2**	-
	70.8	100.5	**2.9**	5.5

26. OTHER INCOME

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
Interest income	**20.6**	50.0	**68.4**	86.3
Dividend income	**15.8**	7.7	**180.7**	188.4
Investment income	**36.4**	57.7	**249.1**	274.7
Profit on disposal of property, plant and equipment/ non-current assets held for sale	**27.3**	12.0	**23.6**	15.5
Profit on disposal of investments	**17.6**	-	**17.6**	9.8
Others	**80.0**	107.5	**0.9**	6.0
	161.3	177.2	**291.2**	306.0

27. PROFIT BEFORE FINANCE COSTS

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
The profit before finance costs is arrived at after:				
Crediting :				
Rental of land and buildings	**-**	-	**19.1**	15.2
Profit on sale of property, plant and equipment/				
non-current assets held for sale	**27.3**	12.0	**23.6**	15.5
Profit on sale of available-for-sale financial assets	**17.6**	-	**17.6**	9.8
and charging:				
Depreciation on property, plant and equipment				
-owned assets	**235.6**	229.5	**27.1**	25.5
Depreciation on investment properties	**1.5**	1.6	**1.5**	1.6
Operating lease rentals-motor vehicle	**-**	0.2	**-**	-
Amortisation of bearer biological assets	**46.6**	41.3	**46.7**	41.3
Amortisation of intangible assets	**9.3**	8.0	**1.9**	1.2
Amortisation of VRS costs	**7.8**	7.8	**5.4**	5.4
Employee benefit expense (note 27(a))	**396.9**	402.7	**148.0**	144.4

(a) Employee benefit expense				
Wages, salaries and other social costs	**377.2**	382.8	**140.1**	139.9
Pension costs	**19.7**	19.9	**7.9**	4.5
	396.9	402.7	**148.0**	144.4

28. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
Net foreign exchange losses/(gains)	**116.3**	47.6	**8.8**	(6.1)
Interest expense:				
- Bank overdrafts	**17.1**	39.6	**1.0**	4.9
- Loans repayable by instalments	**41.2**	23.4	**15.6**	6.2
- Debentures	**25.4**	35.1	**-**	2.2
- Other loans not repayable by instalments	**18.1**	4.1	**6.8**	0.4
	101.8	102.2	**23.4**	13.7
Less: interest capitalised	**-**	(5.0)	**-**	(5.0)
	101.8	97.2	**23.4**	8.7
	218.1	144.8	**32.2**	2.6

29. EARNINGS PER SHARE

The earnings per share is calculated as follows:

In the case of the Group, by dividing the profit after taxation attributable to the shareholders of Harel Frères Limited amounting to **MUR 240.9 M** (2008 - MUR 415.6 M) by 173,834,000 ordinary shares, issued and fully paid and ranking for dividends.

In the case of the Company, by dividing the profit after taxation amounting to **MUR 207.7 M** (2008 - MUR 273.8 M) by 173,834,000 ordinary shares, issued and fully paid and ranking for dividends.

30. DIVIDENDS

	2009	2008
	MUR'M	MUR'M
Final ordinary paid - 70 cents per share (2008 - 70 cents per share)	**121.7**	121.7

31. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
Cash in hand and at bank	**724.8**	892.5	**215.5**	121.7
Bank overdrafts	**(320.6)**	(253.6)	**(20.6)**	(34.2)
	404.2	638.9	**194.9**	87.5

32. SUBSIDIARIES

The financial statements of the following subsidiaries have been included in the consolidated financial statements.

			2009		2008		
	Type of shares held	Stated capital	**% holding**	**% held by other group companies**	% holding	% held by other group companies	Activity
		MUR					
Beau Plan Milling Co Ltd	Ordinary	72,929,000	**63.29**	-	63.29	-	Dormant
Belle Vue Milling Co Ltd	Ordinary	232,053,000	**63.29**	-	63.29	-	Sugar
Compagnie Thermique de Belle Vue Limitée	Ordinary	520,523,500	-	**51.00**	-	51.00	Energy
Grays & Co. Ltd	Ordinary	24,342,000	-	**100.00**	-	100.00	Investment
Grays Inc Ltd	Ordinary	82,280,000	-	**74.00**	-	74.00	Commercial
Grays Refinery Ltd	Ordinary	20,738,000	-	**66.67**	-	66.67	Manufacturing
HF Administrative Services Ltd	Ordinary	25,000	**100.00**	-	100.00	-	Services
HF Investments Limited	Ordinary	1,916,313,379	**100.00**	-	100.00	-	Investment
Ivoirel Limitée	Ordinary	35,130,000	**100.00**	-	100.00	-	Investment
Mauricia Limitée	Ordinary	25,000	**100.00**	-	100.00	-	Treasury
Produits Basaltiques du Nord Limitée	Ordinary	15,000,000	-	**54.00**	-	54.00	Manufacturing
Sagiterre Ltée	Ordinary	25,000	**99.96**	**0.04**	99.96	0.04	Property management
Société HBM	Parts	265,494,990	-	**79.11**	-	79.11	Investment
Société Proban	Parts	8,100,000	-	**55.56**	-	55.56	Investment
Ile de Soleil	Ordinary	75,000	-	-	-	74.00	Wound up
Eco-Energy	Ordinary	3,000,000	-	**80.00**	-	-	Commercial
East Indies Company SARL	Ordinary	3,646,154	-	**74.00**	-	-	Commercial

32. SUBSIDIARIES (CONT'D)

These subsidiaries are incoporated in Mauritius. They also operate in Mauritius except for the following subsidiaries:
(i) Ivoirel Limitée, whose country of operation is Ivory Coast;
(ii) Eco Energy and East Indies Company SARL, whose country of operation is Madagascar.

33. ASSOCIATES

The results of the following associates have been included in the consolidated financial statements.

2009	Assets	Liabilities	Revenues	Profit/(loss)	2009 % holding	Financial period ended
	MUR'M	MUR'M	MUR'M	MUR'M		
Alcohol & Molasses Export Ltd	135.0	63.1	321.5	32.7	**30.81**	June 30,
Anytime Investment Ltd	20.5	-	8.3	(0.3)	**24.50**	June 30,
Coal Terminal (Management) Co Ltd	48.9	48.5	44.3	0.9	**12.21**	December 31,
Cosmebelle (Maurice) Limitée	4.4	0.3	3.5	1.7	**50.00**	December 31,
CTBV (Management) Co Ltd	24.3	23.4	41.1	0.8	**22.15**	December 31,
Distillerie de Bois Rouge Ltd	5.4	5.0	-	(0.5)	**33.33**	July 31,
East Indies Company Ltd	4.2	4.4	7.7	0.2	**18.50**	December 31,
Fondation Nemours Harel	-	-	-	-	**50.00**	December 31,
Horus Ltée	181.4	1.1	-	(17.5)	**50.00**	December 31,
Intendance Holding Ltd	1,779.0	804.0	433.1	193.7	**26.80**	December 31,
Les Chais de L'Isle de France Ltée	14.0	10.8	2.7	0.6	**50.00**	December 31,
Les Domaines de Mauricia Limitée	1.5	0.2	0.6	0.5	**50.00**	December 31,
New Fabulous Investment Ltd	205.0	-	8.3	(0.3)	**24.50**	June 30,
New Goodwill Co. Ltd	134.5	53.9	780.6	50.8	**33.33**	June 30,
Rehm Grinaker Construction Co. Ltd	7.7	600.2	2,345.0	100.3	**35.49**	June 30,
Sugarworld Limited	73.1	5.6	49.3	9.1	**30.70**	December 31,
Rum Distributors Co. Ltd	33.6	27.7	577.0	9.1	**33.33**	June 30,

For associates with year ended June 30, and July 31, the management accounts at December 31, 2009 have been used to calculate the share of profit and net assets.

33. ASSOCIATES (CONT'D)

The results of the following associates have been included in the consolidated financial statements.

2008	Assets	Liabilities	Revenues	Profit/(loss)	2008 % holding	Financial period ended
	MUR'M	MUR'M	MUR'M	MUR'M		
Alcohol & Molasses Export Ltd	66.8	10.1	135.1	28.5	**30.81**	June 30,
Anytime Investment Ltd	15.4	-	13.0	4.7	**24.50**	June 30,
Coal Terminal (Management) Co Ltd	22.6	23.3	4.3	0.4	**12.21**	December 31,
Compagnie d'Investissements et de Gestion de Portefeuilles Limitée	-	-	0.5	0.3	**40.00**	December 31,
Cosmebelle (Maurice) Limitée	2.9	0.4	4.3	2.4	**50.00**	December 31,
CTBV (Management) Co Ltd	26.3	25.5	41.7	-	**22.15**	December 31,
Distillerie de Bois Rouge Ltd	5.3	4.4	0.1	(0.4)	**33.33**	July 31,
East Indies Company Ltd	4.4	3.0	-	-	**18.50**	December 31,
Fondation Nemours Harel	-	-	-	-	**50.00**	December 31,
Horus Ltée	154.4	1.0	2.3	2.2	**50.00**	December 31,
Intendance Holding Ltd	1,682.5	861.0	401.0	141.8	**26.80**	December 31,
Les Chais de L'Isle de France Ltée	13.7	8.1	0.7	(2.0)	**50.00**	December 31,
Les Domaines de Mauricia Limitée	0.8	-	0.5	0.3	**50.00**	December 31,
New Fabulous Investment Ltd	15.4	-	13.0	4.7	**24.50**	June 30,
New Goodwill Co. Ltd	113.5	50.9	762.0	41.4	**33.33**	June 30,
Rehm Grinaker Construction Co. Ltd	584.6	455.0	3,157.8	189.0	**35.49**	June 30,
Sugarworld Limited	63.1	4.7	52.2	13.1	**30.70**	December 31,
Rum Distributors Co. Ltd	18.7	27.1	298.1	0.3	**33.33**	June 30,

For associates with year ending June 30 and July 31, the management accounts at December 31, 2008 have been used to calculate the share of profit and net assets.

34. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
Capital expenditure contracted for at the end of the reporting period but not recognised in the financial statements is as follows :				
Property, plant and equipment	**27.9**	22.9	**-**	-

35. ULTIMATE HOLDING ENTITY

The Board of Directors considers Société de Nemours, constituted in Mauritius, as the ultimate holding entity of Harel Frères Limited.

36. RELATED PARTY TRANSACTIONS

(i) THE GROUP	**Remuneration**	**Purchases of services**	**Sales of services and others**	**Management fees payable**	**Throughput and storage fees payable**	**Amount receivable**	**Amount payable**	**Interest payable/ (receivable) (net)**
2009	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**
Associates	**-**	**86.5**	**33.8**	**15.1**	**11.2**	**7.6**	**-**	**-**
Key management personnel	**41.2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Enterprises with common directors	**-**	**151.8**	**21.9**	**-**	**-**	**13.1**	**70.0**	**-**

	Remuneration	Purchases of services	Sales of services and others	Management fees payable	Throughput and storage fees payable	Amount receivable	Amount payable	Interest payable (net)
2008	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Associates	-	141.8	5.7	18.0	10.3	9.7	38.3	(0.5)
Key management personnel	35.5	-	-	-	-	-	-	-
Enterprises with common directors	-	-	0.9	-	-	12.4	66.2	-

36. RELATED PARTY TRANSACTIONS (CONT'D)

(ii) THE COMPANY	Remuneration	Purchases of services	Sales of services and others	Amount receivable	Amount payable	Interest receivable (net)
2009	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**	**MUR'M**
Key management personnel	**21.6**	**-**	**-**	**-**	**-**	**-**
Enterprises with common directors	**-**	**75.3**	**5.4**	**-**	**11.0**	**-**
Fellow subsidiaries	**-**	**5.5**	**15.8**	**741.6**	**168.4**	**68.0**

	Remuneration	Purchases of services	Sales of services and others	Amount receivable	Amount payable	Interest payable (net)
2008	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Key management personnel	16.9	-	-	-	-	-
Enterprises with common directors	-	-	0.9	-	-	-
Fellow subsidiaries	-	16.1	-	805.1	126.8	77.2

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M
(iii) Key management personnel				
Salaries and short term employee benefits	**38.6**	33.7	**21.6**	16.9
Other post-employment benefits	**2.6**	1.8	**-**	-
	41.2	35.5	**21.6**	16.9

(iv) Management contracts

Harel Frères Limited received MUR 1.3 (2008: MUR 1.5 M) of management fees from The Saint André Sugar Estates Company Limited. Harel Frères Limited received management fees of MUR 3.1M (2008: MUR 3.6M) from CTBV Management Co. Ltd. CTBV Management Co. Ltd claimed management fees to Compagnie Thermique de Belle Vue Limitée for MUR 15.1 M (2008: MUR 18M).

37. CONTINGENT LIABILITIES

(a) Court cases

(i) Previous distillers
An action has been entered in Court by previous distillers claiming damages from a subsidiary for purported breach of contract. The directors believe that the claim entered into against the subsidiary is contrary to the Fair Trading Act and therefore no provision is warranted for the time being.

(ii) Ex-employees of Beau Plan Sugar Factory
There is currently a claim for damages from ex-employees of Beau Plan Sugar Factory for MUR 130.0M in respect of breach of contract. The court case is still ongoing and the outcome is uncertain.

(iii) Hotel Le Victoria
There is currently a claim from Albatross Insurance company for an amount of MUR 172.0M relating to the fire which took place at "Hotel Le Victoria" in September 2002. The outcome is uncertain.

(iv) Domaine de Bon Espoir
Pending the outcome of the Assessment Review Committee, Harel Frères Limited (an amalgamated company in the rights of The Beau Plan Sugar Estates Company Ltd, itself an amalgamated company in the rights of Compagnie Agricole de Belle Vue Limitée) is liable for additional land transfer tax amounting to MUR 18.0M in respect of land parcelling at Domaine de Bon Espoir. Further to the unfavourable ruling against the company, an appeal has been made.

(v) Les Vieux Banians
The company might be liable for additional Land Transfer Tax claimed by the Registrar General amounting to Mur 628,950 in respect of land parcelling at Les Vieux Banians Balaclava. The matter has been referred to the Assessment Review Tribunal.

(vi) Irrigation Authority
There is a dispute in respect of irrigation dues for the period 2005 to 2008 amounting to Mur 15.6M. The matter has been referred to an Arbitration Board as provided by the water supply agreement existing between The Irrigation Authority and the Company.

(b) Empowerment Programme

It has been agreed that the Sugar Industry will allocate through the Mauritius Sugar Producers Association, "2,000 Arpents" of land to the Empowerment Programme for social and infrastructural projects. The quantum of land to be granted by the Group and the Company is not yet known.

(c) Bank guarantees

In the ordinary course of business, the Group had contingent liabilities in respect of bank guarantees amounting to MUR 43.9 M (2008: MUR 13.4M).

38. SEGMENT INFORMATION

(a) Primary reporting format - business segments

	Sugar	Energy	Commercial & Alcohol Production	Others	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Year ended December 31, 2009					
Total segment revenues	816.6	1,218.2	1,128.4	169.2	3,332.4
Intersegment sales	-	(13.4)	(67.2)	(4.9)	(85.5)
Revenues from external customers	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
Share of results of associates	-	-	18.7	71.7	90.4
Finance costs	(40.3)	(170.2)	(7.6)	-	(218.1)
Profit before taxation	(28.8)	223.2	98.3	141.6	434.3
Taxation	(3.9)	(49.7)	(14.3)	(2.9)	(70.8)
Profit after taxation	(32.7)	173.5	84.0	138.7	363.5
Minority interest					(122.6)
Profit attributable to equityholders of the company					240.9

	Sugar	Energy	Commercial & Alcohol Production	Others	Eliminations	Group
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Cost of sales	712.3	805.2	762.6	104.3		2,384.4
Segment assets	6,129.9	2,408.4	707.2	156.0	(325.1)	9,076.4
Associates	-	-	63.3	359.6	-	422.9
Other assets	76.1	-	8.2	283.7	-	368.0
	6,206.0	2,408.4	778.7	799.3	(325.1)	9,867.3
Segment liabilities	717.4	215.4	216.3	32.2	(325.1)	856.2
Borrowings	334.0	585.0	60.8	15.5		995.3
Other liabilities	41.0	242.0	12.0	4.5		299.5
	1,092.4	1,042.4	289.1	52.2	(325.1)	2,151.0
Capital expenditure	265.9	35.4	64.7	2.7		368.7
Depreciation and amortisation	155.1	121.9	13.0	1.1		291.1

38. SEGMENT INFORMATION (CONT'D)

(a) Primary reporting format - business segments (cont'd)

	Sugar	Energy	Commercial & Alcohol Production	Others	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Year ended December 31, 2008					
Total segment revenues	844.5	1,334.7	1,019.0	139.4	3,337.6
Intersegment sales	(20.2)	(15.1)	(6.0)	(7.1)	(48.4)
Revenues from external customers	824.3	1,319.6	1,013.0	132.3	3,289.2
Segment profit	97.7	528.2	80.0	60.2	766.1
Share of results of associates	-	-	16.2	109.6	125.8
Finance costs	(9.7)	(142.1)	7.2	(0.2)	(144.8)
Profit before taxation	88.0	386.1	103.4	169.6	747.1
Taxation	(9.1)	(73.7)	(12.8)	(4.9)	(100.5)
Profit after taxation	78.9	312.4	90.6	164.7	646.6
Minority interest					(231.0)
Profit attributable to equityholders of the company					415.6

	Sugar	Energy	Commercial & Alcohol Production	Others	Eliminations	Group
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Cost of sales	699.4	835.3	712.0	74.4		2,321.1
Segment assets	5,804.8	2,788.3	682.1	254.4	(257.5)	9,272.1
Associates	-	-	19.3	380.5		399.8
Other assets	-	-	-	293.2		293.2
	5,804.8	2,788.3	701.4	928.1	(257.5)	9,965.1
Segment liabilities	667.0	338.7	143.2	17.0	(254.9)	911.0
Borrowings	242.9	886.1	139.1	4.3	(2.6)	1,269.8
Other liabilities	48.0	308.5	19.3	5.7	-	381.5
	957.9	1,533.3	301.6	27.0	(257.5)	2,562.3
Capital expenditure	319.0	16.3	29.8	7.2		372.3
Depreciation and amortisation	140.9	117.7	22.6	7.0		288.2

38. SEGMENT INFORMATION (CONT'D)

The Group is organised into the following main business segments :

Sugar	- Cane growing and milling activities
Commercial and alcohol production	- Manufacturing, bottling and retailing of alcohol products and sale of consumable goods
Energy	- Production and sale of electricity from coal and bagasse

Other operations of the Group mainly comprise of rental of properties, property development services, neither of which constitute a separately reportable segment.

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, cash and cash equivalents and receivables and exclude investments in associates and others.

Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to property, plant and equipment and intangible assets.

(b) Secondary reporting format - geographical segments

The Group's three business segments are managed locally and operate in the following main geographical areas:

	Sales		Total assets		Capital expenditure	
	2009	2008	**2009**	2008	**2009**	2008
	MUR'M	MUR'M	**MUR'M**	MUR'M	**MUR'M**	MUR'M
Mauritius	**3,246.9**	3,289.2	**9,831.8**	9,952.2	**368.7**	372.3
Ivory Coast	**-**	-	**35.5**	12.9	**-**	-
	3,246.9	3,289.2	**9,867.3**	9,965.1	**368.7**	372.3

Sales revenue is based on the country in which the customer is located. Total assets and capital expenditure are shown by the geographical area in which the assets are located.

(c) Analysis of sales

	2009	2008
	MUR'M	MUR'M
Sale of sugar, molasses and bagasse	**812.1**	792.1
Sale of electricity	**1,191.4**	1,346.8
Sale of goods	**1,220.1**	1,140.4
Revenue from services	**(3.3)**	9.9
	3,220.3	3,289.2

For revenue recognition see note 1(q).

39. CURRENCY

The financial statements are presented in millions of Mauritian Rupees.

40. BUSINESS COMBINATIONS

Acquisition
On December 31, 2009, the group acquired 100 % of the activities of East Indies Madagascar for MUR 4.0 M.

Details of net assets and goodwill are as follows:	MUR'M
Fixed assets	0.8
Stock	2.4
Trade and other receivables	7.3
Trade and other payables	(7.6)
	2.9
Purchase consideration:	
Total purchase consideration	4.0
Fair value of net assets acquired	(2.9)
	1.1

Goodwill represents the excess of the consideration amount over the carrying values of the net assets (its fair value).

The carrying amount of net assets acquired approximate their fair value.

41. AMALGAMATION WITH THE MOUNT SUGAR ESTATES COMPANY LIMITED

On January 1, 2010, Harel Frères Limited ('HFL') has amalgamated with the Mount Sugar Estates Company Limited ('TMSE') in accordance with and pursuant to the provisions of the Companies Act 2001.

The terms of the amalgamation were as follows:
(i) The amalgamated company is HFL;
(ii) The share exchange ratio is 4.137 shares of HFL to every one share of TMSE;
(iii) HFL has issued 46,256,624 ordinary shares to the shareholders of TMSE;
(iv) These new shares carry the same rights as the existing shares of HFL and are listed on the Stock Exhange of Mauritius Ltd.

The assets and liabilities of TMSE will be accounted in the books of HFL at fair value in accordance with IFRS 3 business combination in the next financial year.

THREE YEAR SUMMARY OF PUBLISHED RESULTS AND ASSETS AND LIABILITIES - THE GROUP

	2009 MUR'M	2008 MUR'M	2007 MUR'M	
INCOME STATEMENTS				
Turnover	**3,246.9**	3,289.2	2,948.0	
Profit before taxation, exceptional items and associates' results	**343.9**	621.3	636.2	
Share of results of associates	**90.4**	125.8	104.6	
Taxation	**(70.8)**	(100.5)	(113.0)	
Profit after taxation	**363.5**	646.6	663.3	
Profit attributable to:				
Owners of the parent	**240.9**	415.6	470.5	
Minority interest	**122.6**	231.0	192.8	
STATEMENTS OF COMPREHENSIVE INCOME				
Profit after taxation	**363.5**	646.6	663.3	
Other comprehensive income for the year net of tax	**188.0**	26.0	1,647.1	
Total comprehensive income	**551.5**	672.6	2,310.4	
Total comprehensive income attributable to:				
Owners of the parent	**364.5**	421.2	2,061.0	
Minority interest	**187.0**	251.4	249.4	
	551.5	672.6	2,310.4	
Percentage of profit on shareholders' interest (%)	**3.6**	6.4	7.6	
Earnings per share (MUR)	**1.39**	2.39	2.71	*
Dividends proposed and paid	**121.7**	121.7	104.3	
Dividend per share (MUR)	**0.7**	0.7	0.6	*
Dividend cover (times)	**3.0**	3.4	4.5	
Net assets per share (MUR)	**38.9**	37.5	35.7	*
Number of ordinary shares used in calculation ('000)	**173,834**	173,834	173,834	
STATEMENTS OF FINANCIAL POSITION				
Non-current assets	**7,685.0**	7,523.4	7,411.9	
Current assets	**2,163.3**	2,413.8	2,229.0	
Non-current assets classified as held for sale	**18.9**	27.9	49.8	
Total assets	**9,867.2**	9,965.1	9,690.7	
Owners' interest	**6,762.1**	6,510.7	6,206.8	
Minority interest	**954.2**	892.1	808.4	
Non-current liabilities	**851.5**	1,148.2	1,415.3	
Current liabilities	**1,299.2**	1,413.4	1,239.1	
Liabilities directly associated with non-current assets held for sale	**0.2**	0.7	21.1	
Total equity and liabilities	**9,867.2**	9,965.1	9,690.7	

* Adjusted for share split of 1 into 10 and bonus issue of 1 for every 3 split shares.

DIRECTORS OF SUBSIDIARY COMPANIES

Subsidiary Companies	Belle Vue Milling Co Ltd / Beau Plan Milling Co. Ltd	Business Logic Ltd	Compagnie Thermique de Belle Vue Limitée	Cosmebelle (Maurice) Ltée	Fondation Harel Frères	Grays & Co Ltd	Grays Inc. Ltd	Grays Refinery Ltd	HF Administrative Services Ltd	HF Investments Limited	Ivoirel Ltée	Ile de Soleil Ltée	Les Domaines de Mauricia Ltée	Mauricia Limitée	Produits Basaltiques du Nord Ltée	Sagiterre Ltée
Directors																
Vincent Ah Chuen								√								
Rajendraparsad Aumeer	√															
Premsagar Bholah			√													
François Boullé															√	
Jean Claude Desvaux de Marigny	√															
Louis Dupont			√													
Jean Christophe Dupuis				√												
Jean Louis Joseph Dupuis				√												
Maurice de Marassé Enouf	√		√			√	√	√								
Jean Michel Giraud															√	
Marc Goupille																√
Jean Pierre Hardy																√
Alexis Harel	√	√		√	√	√	√	√		√		√	√			
JM Antoine Harel															√	
Charles Paul Luc Harel						√	√									
Antoine L Harel	•		•					√								
Henri Harel	√		√		√			√	√		√			√		√
Winston Hein	•															
Louis Denis Koenig									√		√			√		√
Dayanand Kurrumchand	√															
Jean Arthur Pilot Lagesse	√		√													
Raymond Lagesse															√	
Philippe Lam Shin Saw								•								
Pascal Langeron			√													
Edouard Lee								√								
Jacques Li Wan Po								√								
Iqbal Mallam-Hasham			√													
Jean Hugues Maigrot					√											
Cyril Mayer	√		√		√	√	√	√	√	√	√			√	√	√
François Montocchio															√	
Denis Pilot	√															
Christophe Quevauvilliers															√	
Bernard Robert			√													
Vincent Rogers						•	•	•								
George Schooling							√						√			
Daniel Van den Berg							√						√			
Alain Vallet		√		√	√	√	√	√		√		√	√		√	√
Garth Whaits							•						•			
Alternate Directors																
Louis Decrop			√													
Dominique Fond			•													
Didier Vallet															√	
Daniel Van Deventer							√						√			

√ In office at December 31, 2009 • Ceased to hold office during the year ended December 31, 2009

PROXY/CASTING POSTAL VOTE FORM

HAREL FRÈRES LIMITED

APPOINTMENT OF PROXY * (see notes a and b overleaf)

I/We...of...

being shareholder/s of the above named company hereby appoint ....

of... or failing him/her, ...

of .... or the chairperson as my/our proxy to vote for me/us at the Annual Meeting of the company to be held on Wednesday June 30, 2010 and at any adjournment thereof. The proxy will vote on the under-mentioned resolutions, as indicated:

CASTING POSTAL VOTES * (see note c overleaf)

I/We...of.. being shareholder/s of the above named company desire my/our vote/s to be cast as indicated on the under-mentioned resolutions at the Annual Meeting of the company to be held on Wednesday June 30, 2010 and at any adjournment thereof:

RESOLUTIONS		FOR	AGAINST	ABSTAIN
3.	Resolved that the audited financial statements of the company for the year ended December 31, 2009 be hereby approved.	....	....	....
4.	Resolved that Mr Jean Hugues Maigrot be hereby re-elected as director of the company to hold office until the next Annual Meeting.	....	....	....
5 to 14.	Resolved that the following persons be hereby elected or re-elected as director of the company. (as separate resolutions):			
5.	Mr George Dumbell	....	....	....
6.	Mr Maurice de Marassé Enouf	....	....	....
7.	Mr Jean de Fondaumière	....	....	....
8.	Mr Dominique de Froberville	....	....	....
9.	Mr Louis Guimbeau	....	....	....
10.	Mr Alexis Harel	....	....	....
11.	Mr Henri Harel	....	....	....
12.	Mr Cyril Mayer	....	....	....
13.	Mr François Montocchio	....	....	....
14.	Mr Alain Vallet	....	....	....

*: Please delete as appropriate

P.T.O.

PROXY/CASTING POSTAL VOTE FORM

HAREL FRÈRES LIMITED

RESOLUTIONS		FOR	AGAINST	ABSTAIN
15.	Resolved that the automatic reappointment of the auditors under Section 200 of the Companies Act 2001 be noted and that the Board be authorised to fix their remuneration.	....	....	....
16.	Resolved that the fees for the period from July 01, 2010 to June 30, 2011 be hereby fixed for the directors at MUR 15,000 per month and MUR 15,000 per Board sitting and those of the chairperson at MUR 40,000 per month and MUR 30,000 per Board sitting.	....	....	....

Signed this .... day of June 2010.

....
Signature

NOTES

a. If this form is signed and returned without any indication as to how the proxy shall vote, he will exercise his discretion both as to how he votes and whether or not he abstains from voting.

b. To be effective, this form of proxy should reach the registered office of the company, 18 Edith Cavell Street, Port-Louis, not less than twenty-four (24) hours before the time of holding the meeting. Any power of attorney or instrument under which the proxy is signed or notarially certified must be produced before the start of the meeting.

c. To be effective, this notice of postal vote should be sent to the attention of Mr. Louis Denis Koenig, the person authorised by the Board to receive and count the postal votes at the Annual Meeting and should reach the registered office of the company, 18 Edith Cavell Street, Port-Louis, not less than forty-eight (48) hours before the time of holding the meeting.

Harel Frères Limited - 18 Edith Cavell Street - Port-Louis
Republic of Mauritius