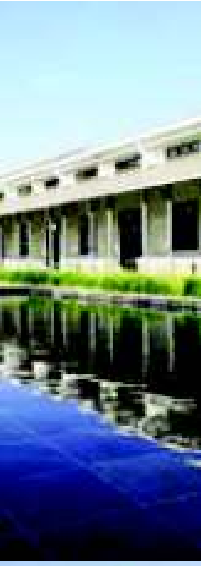


HF

HAREL FRERES

Annual Report 2010

Harel Frères Limited
Annual Report 2010

Dear Shareholder,

The Board of directors is pleased to present the Annual Report of Harel Frères Limited for the year ended December 31, 2010, the contents of which are listed on next page.

This report was approved by the Board of directors on May 18, 2011.

Jean Hugues Maigrot	**Cyril Mayer**
Chairperson	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 **Thursday June 30, 2011 at 3.00 p.m.** to transact the following business:

1. To consider the Annual Report for the year ended December 31, 2010.

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, 2010.

   Ordinary Resolution

   "Resolved that the audited financial statements of the company for the year ended December 31, 2010 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 7. To re-elect the following persons who, retiring by rotation, offer themselves for re-election as directors of the company (as separate resolutions):

   Ordinary Resolution

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

   5. Mr Jean de Fondaumière
   6. Mr Alexis Harel
   7. Mr Cyril Mayer

8. 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."

9. To fix, for the period from July 01, 2011 to June 30, 2012, 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, 2011 to June 30, 2012 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 18, 2011
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 07, 2011.

Group Structure

The structure of Harel Frères Limited and its subsidiaries is set out below

HAREL FRÈRES LIMITED

Sugar*		Property management		Other Interests	
GROWING		Sagiterre Ltée	100.00%	**ADMINISTRATION**	
Compagnie Agricole du Mount Ltée	100.00% **			Mauricia Limitée	100.00% **
MILLING				HF Administrative Services Ltd	100.00%
Belle Vue Milling Co. Ltd	80.00%			**CORPORATE SOCIAL RESPONSIBILITY**	
Beau Plan Milling Co. Ltd	80.00%***			Fondation Harel Frères	100.00%
COTE D'IVOIRE				**CULTURAL**	
Ivoirel Limitée	100.00% **			Fondation Nemours Harel	75.00%
Sucrivoire S.A.	25.50%			**TELECOMMUNICATIONS**	
				Commada Ltd	50.00%
				PROPERTY	
				Les Bureaux Réunis Ltd	50.00%

N.B.: Percentages indicated above are in respect of effective holding.
* : The growing activities of the sugar segment are owned directly by Harel Frères Limited.
** : Amalgamated with Harel Frères Limited.
*** : Amalgamated with Belle Vue Milling Co. Ltd.
**** : Holding entity.
***** : Dormant company.

ASSOCIATES

HF INVESTMENTS LTD
100.00%

Energy

POWER GENERATION

Société HBM	100.00% ****
Compagnie Thermique de Belle Vue Limitée	51.00%

MANAGEMENT AND SERVICES

CTBV Management Co Ltd	28.00%
Coal Terminal (Management) Co Ltd	15.43%

Commercial & alcohol production

BOTTLING AND DISTRIBUTION

Grays & Co. Ltd	100.00% ****
Grays Inc. Ltd	74.00% ****
Business Logic Ltd	100.00%
Eco Energy Ltd	80.00%
East Indies Company SARL	73.26%
East Indies Company Ltd	18.50%
Les Chais de l'Isle de France Limitée	50.00%
Les Domaines de Mauricia 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%****
Evapo Ltd	50.00%
Distillerie de Bois Rouge Ltd	33.33% ****
Société de Distillation de St Antoine et Bois Rouge	33.33% *****

Construction

Société Proban	83.34% ****
Produits Basaltiques du Nord Ltée	45.00%
Rehm Grinaker Construction Co Ltd	35.49%

Other interests

FINANCIAL SERVICES

Intendance Holding Ltd	43.85%

LEISURE

Sugarworld Ltd	30.70%

COMMODITY TRADING

Alcohol and Molasses Export Ltd	41.87%

PROPERTY

Horus Ltée	50.00%

Board of Directors and Board Committees

The following directors held office at December 31, 2010:

The Board

Jean Hugues Maigrot, GOSK (Chairperson)	*Nonexecutive*
George Dumbell	*Independent nonexecutive*
Maurice de Marassé Enouf	*Nonexecutive*
Jean de Fondaumière	*Independent nonexecutive*
Dominique de Froberville	*Nonexecutive*
Louis Guimbeau	*Nonexecutive*
Alexis Harel	*Executive*
Henri Harel	*Executive*
Cyril Mayer (Managing Director)	*Executive*
François Montocchio	*Independent nonexecutive*
Alain Vallet	*Executive*

The Audit Committee

François Montocchio	*Chairperson*
Maurice de Marassé Enouf	*Member*
Louis Guimbeau	*Member*

The Corporate Governance Committee

Jean Hugues Maigrot, GOSK	*Chairperson*
George Dumbell	*Member*
Jean de Fondaumière	*Member*
(Cyril Mayer)	*(In attendance)*

The Investment Committee

Jean Hugues Maigrot, GOSK	*Chairperson*
Jean de Fondaumière	*Member*
Dominique de Froberville	*Member*
Cyril Mayer	*Member*
Henri Harel	*Member*
Alexis Harel	*Member*
(Sébastien Mamet)	*(In attendance)*

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

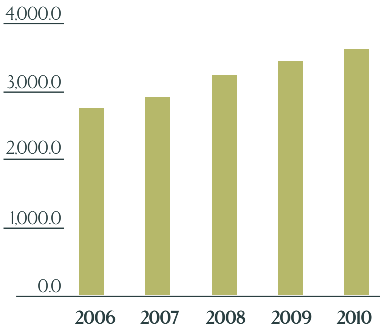
Sagiterre Ltée
4th Floor, Ken Lee Building
Edith Cavell Street,
Port-Louis – Republic of Mauritius
Telephone: (230) 211 0971
Telefax: (230) 211 0484
e-mail: sagiterre@sagiterre.com

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

Financial Highlights (Group)

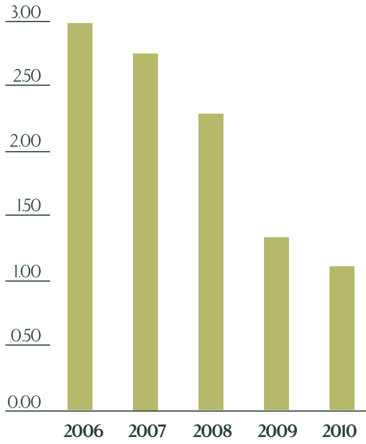
TURNOVER (MUR'M)



2006	2007	2008	2009	2010
2,768.5	2,948.0	3,289.2	3,246.9	3,643.3

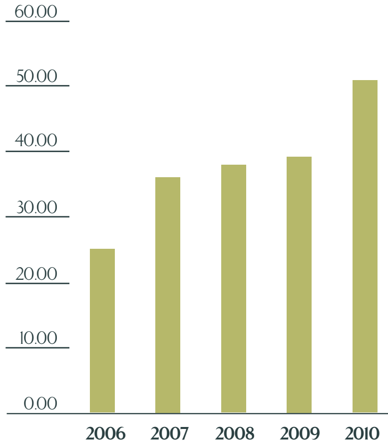
PROFIT AFTER TAXATION (MUR'M)

2006	2007	2008	2009	2010
704.5	663.3	646.6	363.5	400.2



EARNINGS PER SHARE (MUR)

2006	2007	2008	2009	2010
2.99	2.71	2.39	1.39	1.14



NET ASSETS PER SHARE (MUR)

2006	2007	2008	2009	2010
24.45	35.70	37.50	38.90	50.30

DIVIDEND PER SHARE (MUR)

2006	2007	2008	2009	2010
0.40	0.60	0.70	0.70	0.70

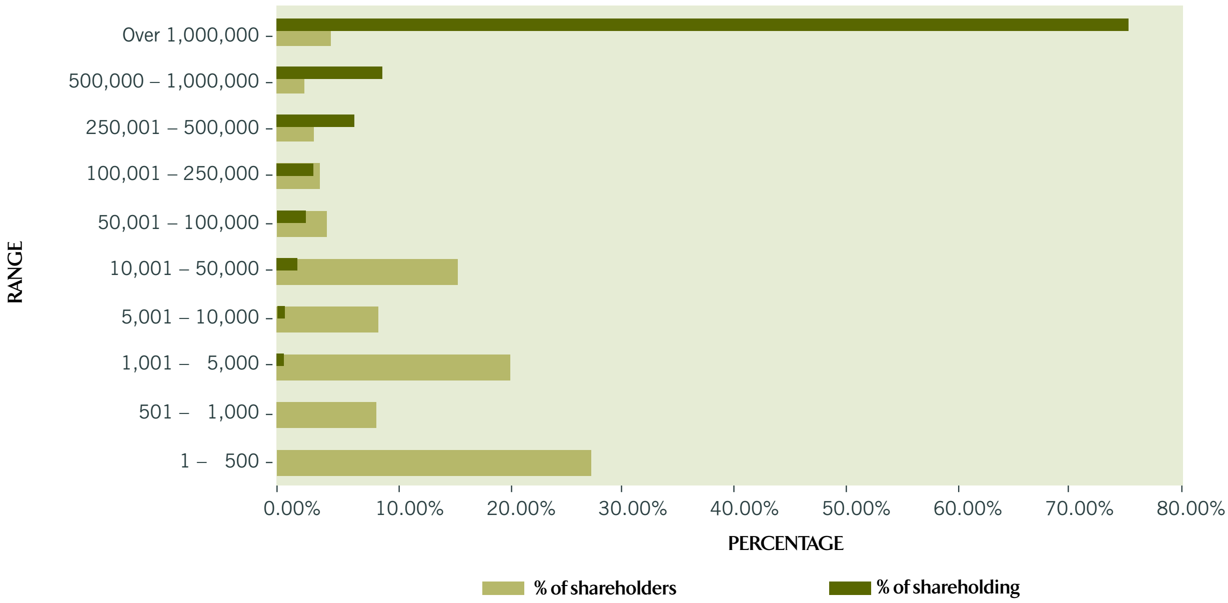
Share Analysis

• **Distribution of shareholders at December 31, 2010**

Range of shareholding

	SHAREHOLDERS		SHARES HELD	
	Number	%	Number	%
1 – 500	362	27.26	67,113	0.03
501 – 1,000	118	8.88	101,628	0.05
1,001 – 5,000	271	20.41	713,561	0.31
5,001 – 10,000	116	8.73	847,800	0.37
10,001 – 50,000	207	15.59	4,515,252	1.98
50,001 – 100,000	66	4.97	4,741,568	2.09
100,001 – 250,000	60	4.52	9,157,622	4.03
250,001 – 500,000	47	3.54	16,207,256	7.12
500,000 – 1,000,000	28	2.11	19,848,636	8.72
Over 1,000,000	53	3.99	171,345,188	75.30
	1,328	100.00	227,545,624	100.00

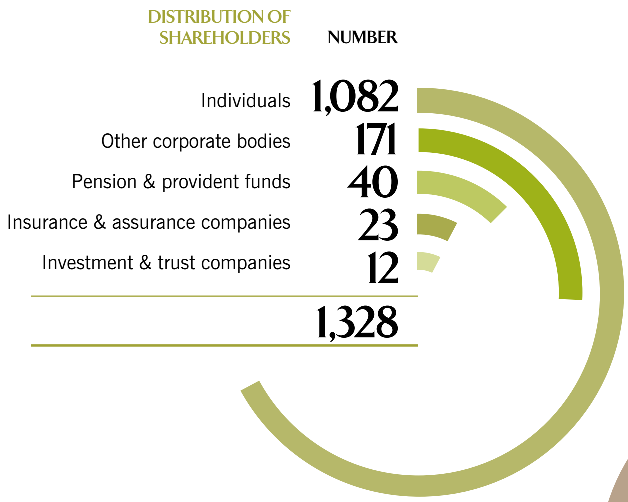
Relative comparison between range of shareholders and shareholding

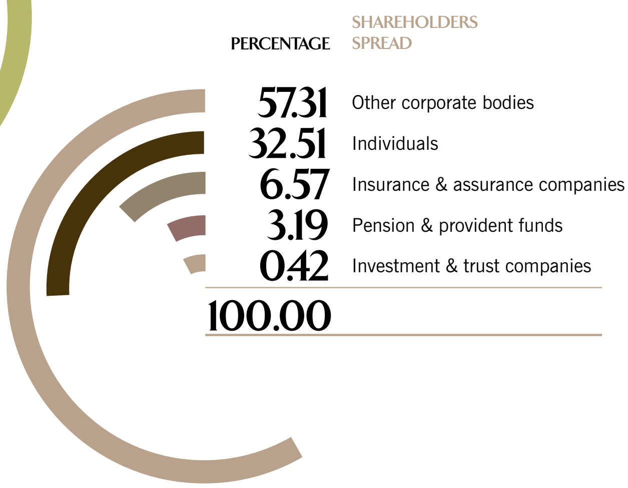


Shareholders' spread

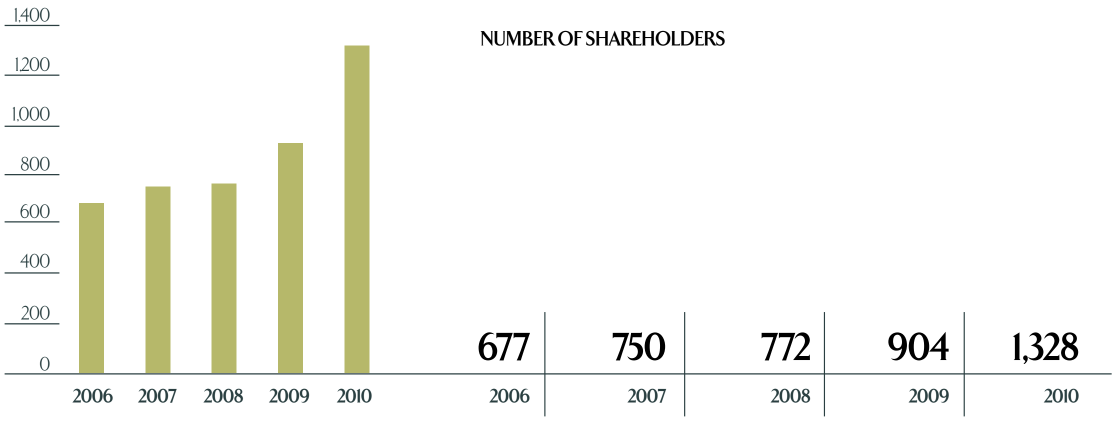
To the best knowledge of the directors, the spread of shareholders at December 31, 2010 was as follows:

	SHAREHOLDERS		SHARES HELD	
	Number	%	Number	%
Individuals	1,082	81.46	73,977,278	32.51
Insurance & assurance companies	23	1.73	14,955,495	6.57
Pension & provident funds	40	3.02	7,259,177	3.19
Investment & trust companies	12	0.91	957,807	0.42
Other corporate bodies	171	12.88	130,395,867	57.31
	1,328	100.00	227,545,624	100.00





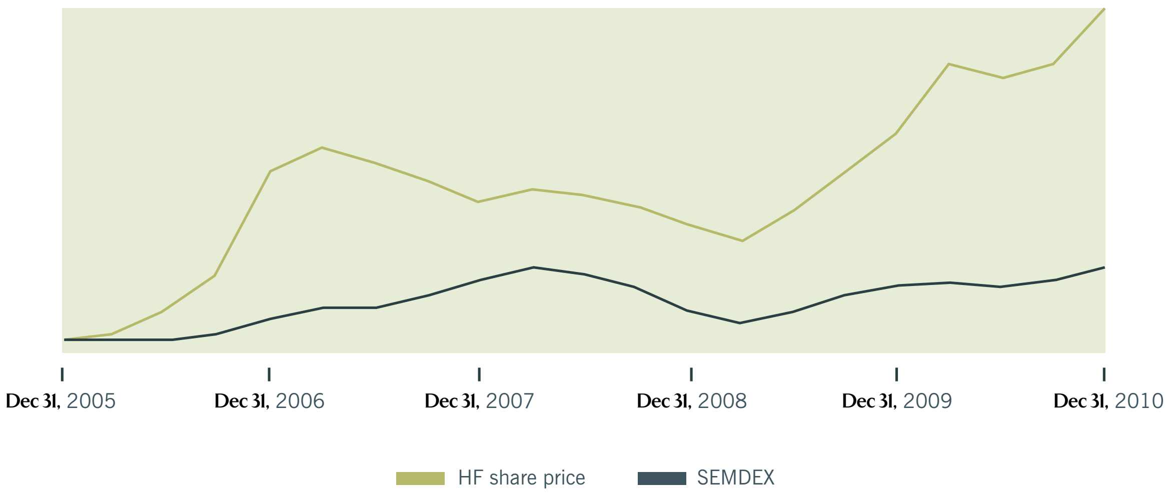
Share Analysis (Cont'd)



The number of shareholders was 1,422 as at April 30, 2011.

- **Stock Exchange performance**

Relative quarterly movement of SEMDEX and Harel Frères share price

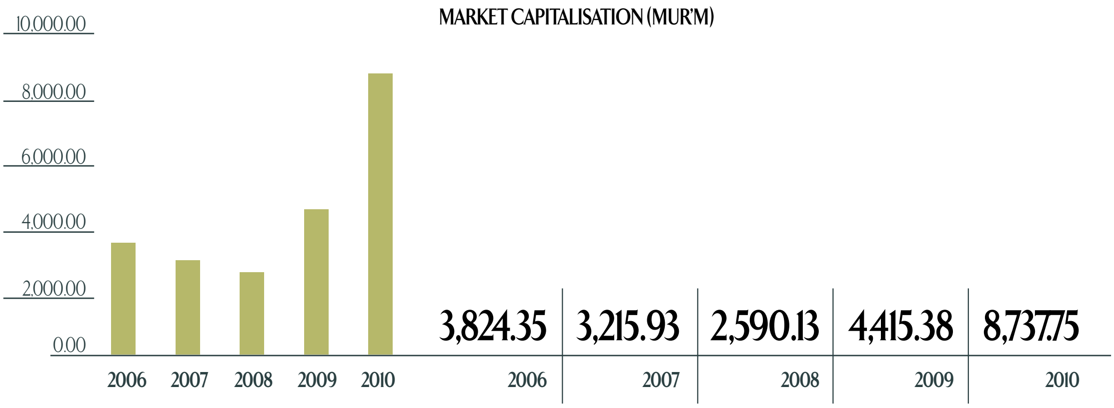


	2006	2007	2008	2009	2010
SEMDEX (Points)					
- Year End Closing	1,204.46	1,852.21	1,182.74	1,660.87	1,967.45
SHARE PRICE (MUR)					
- Year End Closing Price	22.00	18.50	14.90	25.40	38.40
- High	30.50 *	26.00	25.00	26.50	39.00
- Low	4.73 *	17.60	14.50	12.10	26.00

Note: The Harel Frères share price was MUR 38.40 on May 18, 2011.

	2006	2007	2008	2009	2010
YIELDS					
- Earnings Yield %	13.52%	14.65%	16.04%	5.47%	2.97%
- Dividend Yield %	1.82%	3.24%	4.70%	2.76%	1.82%
Price Earnings Ratio	7.36	6.83	6.23	18.27	33.68

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



Note: The market capitalisation of Harel Frères on May 18, 2011 was MUR 8,737.75 M.

Share Analysis (Cont'd)

• 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, 2009	December 31, 2010
Euro	44.2565	41.4611
US Dollar	30.8192	31.1714
GB Pound	49.5212	48.1264
SA Rand	4.2114	4.7503

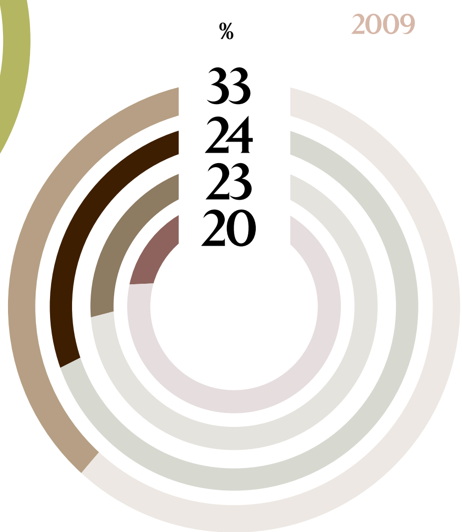
• Shareholders' Calendar

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

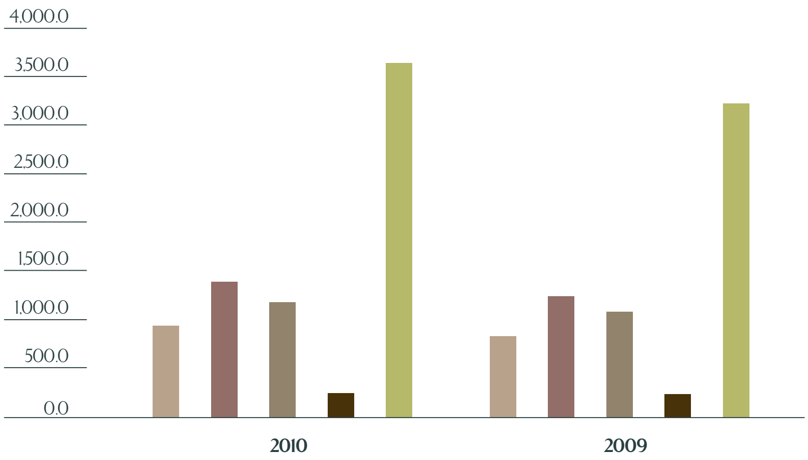
Group value added statement year ended December 31, 2010		2010 MUR'M	2009 MUR'M	
Turnover		**3,643.3**	3,246.9	
Losses in fair value		**(7.0)**	(8.1)	
Other income		**152.4**	161.3	
		3,788.7	3,400.1	
Less: Paid to suppliers		**(1,834.6)**	(1,704.6)	
TOTAL VALUE ADDED		**1,954.1**	1,695.5	
WEALTH DISTRIBUTED				
To employees for salaries, wages and other benefits	27%	**528.5**	396.9	23%
To Government				
Taxes		**75.7**	70.8	
Custom and Excise Duties		**407.9**	344.2	
	25%	**483.6**	415.0	24%
To providers of capital				
Dividends to:				
Shareholders of Harel Frères Limited		**154.1**	121.7	
Outside shareholders of subsidiaries		**117.0**	118.4	
Banks and other lenders		**64.1**	101.8	
	17%	**335.2**	341.9	20%
Retained for the group's business				
Depreciation		**267.7**	237.1	
Amortisation charge		**88.7**	63.7	
Retained profits		**250.4**	240.9	
	31%	**606.8**	541.7	32%
TOTAL DISTRIBUTED AND RETAINED		**1,954.1**	1,695.5	

	2010	2009
To employees for salaries, wages and other benefits	27%	23%
To Government	25%	24%
To providers of capital	17%	20%
Retained for the group's business	31%	33%
	100%	100%



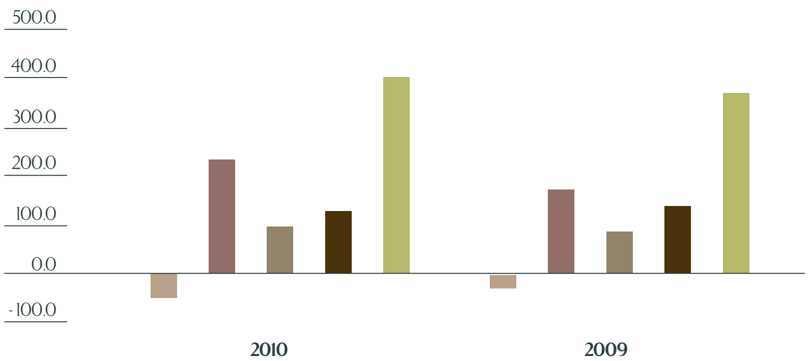
Segmental Analysis

REVENUE (MUR'M)



	2010	2009
sugar	971.6	816.6
energy	1,317.9	1,204.8
commercial	1,179.9	1,061.2
other activities	173.9	164.3
total	3,643.3	3,246.9

PROFIT AFTER TAX (MUR'M)



	2010	2009
sugar	(49.5)	(32.7)
energy	227.1	173.5
commercial	97.6	84.0
other activities	125.0	138.7
total	400.2	363.5

Chairperson's Statement

Dear Shareholder,

In 2010, our small island economy, having embraced globalisation, found itself at the receiving end of the global slowdown, especially in our traditional markets. Our growth of 4% in 2010, though commendable, remained modest in the light of Government's declared ambitions for our economy. Like the rest of the world, we are suffering from a situation of low growth and rising inflation due to changes in the conditions of supply. Imported inflation and high commodity prices are pushing our core inflation, which renders monetary policy less effective in controlling inflation. The continued strength of the rupee against major European currencies is putting pressure on export oriented sectors, some of which remain in a precarious condition, with escalating costs and strained margins.

Despite those challenging conditions and as explained in more detail by the Managing Director in his review of operations, the group performed rather well in 2010, increasing turnover by 12% and profit after tax by 10% to MUR 400 M. All segments, with the exception of sugar, performed satisfactorily while finance costs decreased from MUR 218.1 M in 2009 to MUR 158.9 M for the year. In spite of improved results, earnings per share decreased from MUR 1.39 in 2009 to MUR 1.14 in 2010 as a consequence of the larger capital base originating from amalgamations carried out during the year with The Mount Sugar Estates Company Limited and The Saint André Sugar Estate Company Limited. Concerning dividends, the Board, in line with its policy of maintaining a sustainable dividend, declared a dividend equivalent to that of last year, i.e. MUR 0.70 per share.

The balance sheet remains strong, with the group having substantially increased its land holdings and embarked on a Strategic Land Development Plan, which should bear fruit in the medium to long term. Otherwise, the group is liquid and is well poised to take advantage of investment opportunities which will surely present themselves in future.

The two above-mentioned mergers and subsequent changes within the structure of the controlling shareholder have caused the latter's stake in the company to come down to 27.9% of the share capital and have contributed to widening the company's shareholder base to over 1,400 shareholders. This in turn has had a positive impact on the share price and its liquidity and has resulted in the inclusion of Harel Frères in the SEM 7 index of the Stock Exchange.

As regards the forecast for the current year, an average crop may be realized, with canes having recovered well from the prolonged drought to mid January 2011. The electricity off-take is about the same as that of last year and most other segments are performing rather satisfactorily. We should therefore show an improvement on last year's overall performance, barring unfavourable climatic conditions during the crop and no adverse movements in the Euro: Rupee exchange rate.

In July 2010, our group, which had started since 2008 to implement appropriate structures for its Corporate Social Responsibilities (CSR), launched the *Fondation Harel Frères* during a warm and moving ceremony. This ceremony was the occasion to recall the social actions of the group since its origins and more specifically during the past forty years. The *Fondation* aims at being the special purpose vehicle for all CSR contributions throughout the group and has already delivered some very good work, as described in this report.

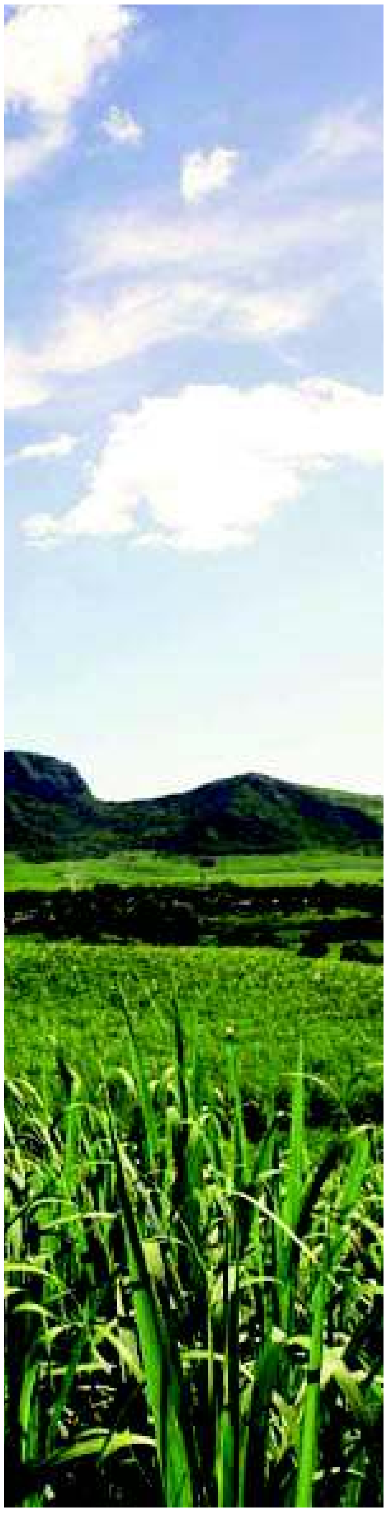
There was further progress during 2010 concerning the various Court cases in which the company and its directors are involved. Firstly, the case lodged in 2003 by some then directors against their then colleagues, as well as the closely linked case lodged by a small shareholder against the Managing Director and the Secretary, with the company as co-respondent, have both been withdrawn. Secondly, the case of the company against three of its then directors, which had been scheduled for November 2010, was taken in February 2011 and has been fixed for Arguments in January 2012.

Finally, I would like to thank my fellow directors for their guidance and continued support and express my appreciation to management for their resilience and sense of innovation in driving and implementing the Board's strategy. On behalf of my colleagues and in my personal name, I would also like to thank all staff members for their hard work during the year and for their ongoing commitment to ensuring that the group continues to make steady progress in the years to come.

Jean Hugues Maigrot

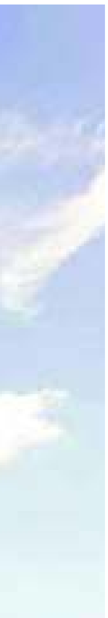
Chairperson
May 18, 2011

sugar



Managing Director's Review of Operations

Sugar



The international scene

The ACP-EU Sugar Protocol was terminated on September 30, 2009 and replaced by regional Economic Partnership Agreements (EPA) in terms of which ACP producers, including Mauritius, have become more exposed to market forces and related risks. In anticipation thereof, the Mauritian sugar industry made the strategic choice of shifting the bulk of its production from raw to white refined sugar and signed a Long Term Partnership Agreement with the German group Südzucker.

2010 was the first year of exports of white refined sugar under the Südzucker agreement which, when fully effective, should make of Mauritius the largest supplier of added value direct consumption sugars to the EU and should enable us to capture the additional value offered by direct consumers of sugar in that market. In this context, it is noteworthy that the market buoyancy regained during year 2010 with the spectacular hike in world market prices, now spilling over to the EU, should bring more value to supplies from Mauritius in the future.

Another noteworthy development during the year has been the announcement by the EU Commission of its intention to proceed with a further reform of the Common Agricultural Policy (CAP) post 2013 and the launching of public consultations in this respect. The ACP group has adopted a position highlighting the following key primary objectives for ACP/LDC sugar suppliers, namely:

(i) the maintenance of EU market prices which are fair, stable and reasonably remunerative to producers;
(ii) a guaranteed priority of access to the market;
(iii) long term predictability with continued preference assured by tariff barrier and robust mechanisms for market management, and
(iv) a stable and balanced market.

Finally, at WTO level, 2010 did not witness any notable progress in the negotiations, with certain critical issues, namely in the fields of agriculture and industrial products, having remained unresolved during the year. The agreed target of finalizing the Doha Development Agenda negotiations by the end of 2010 has therefore not been attained.

The group's sugar interests

Amalgamations with The Mount Sugar Estates Company Limited (TMSE) and The Saint André Sugar Estate Company Limited became effective on January 01, 2010 and December 31, 2010 respectively. Harel Frères Limited cultivated some 5,515 hectares of cane land during the year and, at December 31, 2010, owned 5,762 hectares of cane land (inclusive of 247 hectares owned by The Saint André Sugar Estate Company Limited up to that date). These land holdings are all situated in the North of the island, some 70% of which being fully mechanised and 42% under various types of irrigation. The area harvested by the company in 2010 amounted to 4,728 hectares, while other planters, of whom 3,225 were small planters, harvested some 4,241 hectares. The estimated insurable sugar for the group was 50,631 tonnes of sugar, compared to 41,544 tonnes in 2009.

At the same date, and also as a result of the merger with TMSE, the group in 2010 has increased its stake in Belle Vue Milling Co Ltd to 80%. This company owns a sugar mill situated at Belle Vue, which ranks among the most modern mills in the country, is strategically geared towards the production of specialty sugars and is one of the four mills earmarked to remain in production according to the Multi Annual Adaptation Strategy plan. The mill imports all its energy requirements from the adjacent power plant of Compagnie Thermique de Belle Vue (CTBV), its sister company.

Managing Director's Review of Operations (Cont'd)

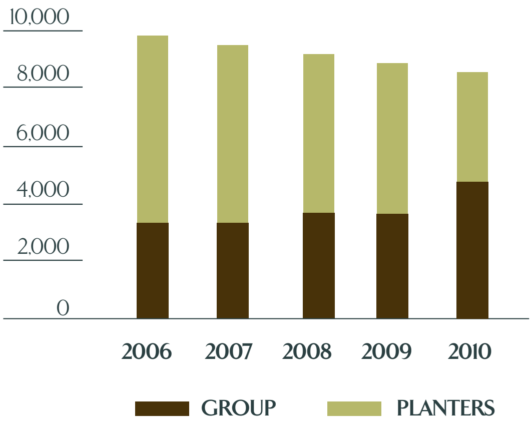
Sugar (Cont'd)

The 2010 Crop

The 2010 crop can be considered as a good one with a sugar production of 74,767 tonnes (at 98.5 Pol). Prevailing climatic conditions were favourable and close to normal in terms of temperature and sunshine hours. Rainfall recorded was adequate until April, when a deficit was registered. The dry weather that prevailed since September was conducive to a fairly good ripening of the canes and an improved sucrose accumulation in comparison to the two previous years. As in 2009, numerous cane fires occured, which somewhat disorganised the crop sequence of operations. The trend regarding the decrease in the harvested area continues, although at a slower pace, with some 170 hectares of planters land lost in 2010.

Harel Frères cane lands produced some 389,000 tonnes of cane in 2010. Mean yield recorded was 82.3 tonnes of cane per hectare and 8.73 tonnes of sugar per hectare.

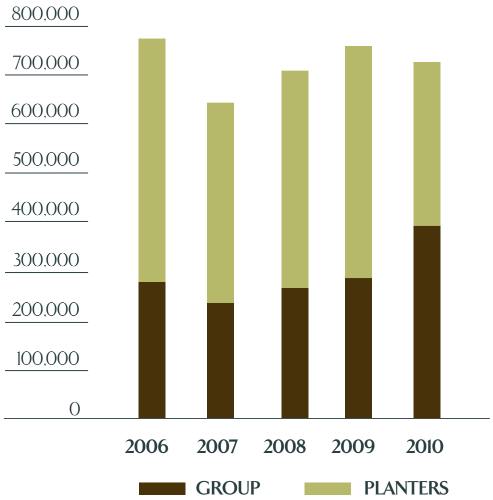
HARVEST AREA (HECTARES)



	GROUP	PLANTERS	TOTAL
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
2010	4,728	4,241	8,969

Sugar (Cont'd)

CANES HARVESTED IN THE FACTORY AREA (TONNES)

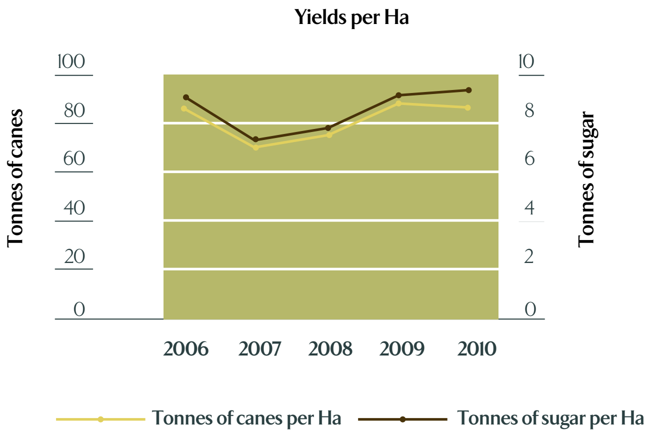


	GROUP	PLANTERS	TOTAL
2006	273,690	497,591	771,281
2007	227,718	420,309	648,027
2008	261,547	439,165	700,712
2009	289,217	470,842	760,059
2010	389,009	332,869	721,878

In 2010, some 452,000 tonnes of canes were transported by the company's vehicles, including 191,218 tonnes from the three platforms of the factory area. Full use was made during the year of TMSE's chopper harvesters and over 75% of the group's overall cane production, i.e. some 314,080 tonnes, were harvested mechanically. There were no fire occurrences on harvesters this year, thanks to the regular monitoring of these machines and the installation of appropriate fire extinguishers.

In our quest to assist and encourage planters to prepare their fields for mechanisation, we mechanically harvested and transported to the mill 24,844 tonnes of canes from such planters' fields.

Some 71,050 tonnes of sugar representing 95% of the mill production, and 92,547 tonnes of coal for CTBV, were transported by our fleet.



YIELDS Per year	TONNES OF CANES Per Ha	TONNES OF SUGAR Per Ha
2006	83.3	9.28
2007	69.2	7.26
2008	77.2	7.79
2009	86.7	8.54
2010	82.3	8.84

Managing Director's Review of Operations (Cont'd)

Sugar (Cont'd)

The mill processed 713,051 tonnes of canes in 126 days at an average hourly rate of 280.1 tonnes. The corresponding figures for 2009 were 760,059 tonnes, 137 days and 278.6 tonnes of canes per hour.

Cane quality showed a marked improvement on that of the previous year. This was mainly as a result of a Clean Cane Campaign undertaken by the mill in conjunction with the Cane Planters and Millers Arbitration Board, after the latter had raised the limit of juice purity for cane from 65 to 72 while allowing extraneous matter level to increase from 12% to 14%.

In order to respect these new standards, cooperation was sought - and obtained in the main - from planters and middlemen so as to reduce cane fires and, especially, to organize the speedy harvesting and transport of burnt canes to the mill. This led to a noteworthy improvement of cane quality, with juice purity climbing up to 88.4, compared to 87.3 in 2009, and contributed to sugar recovery reaching 10.49% from 9.63% in the previous year.

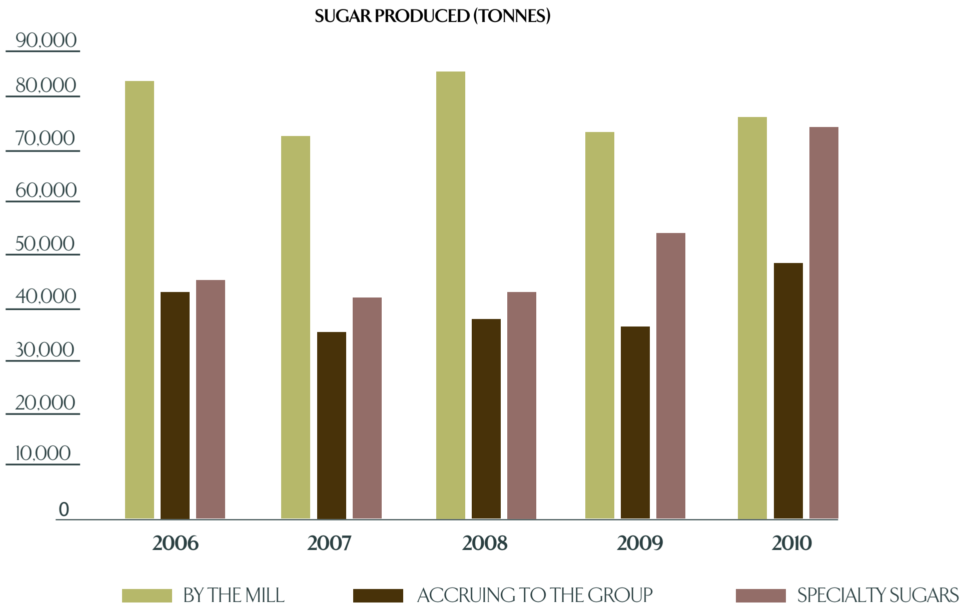
Sugar production by the mill amounted to 76,144 tonnes 'tel quel' (76,830 at 98.5 Pol) against 73,158 tonnes 'tel quel' in 2009. Reduced Mill Extraction, at 97.82 and Reduced Overall Recovery at 86.16, were both better than those recorded last year. The Fibre % Cane of 17.13% was higher than that of 2009 which was 16.75%.

Production of specialty sugars increased from 54,282 tonnes last year to reach 74,088 tonnes, i.e. nearly 98% of total sugar production. The quality of the 12 different types of sugars produced was excellent and to the satisfaction of buyers. The factory also supplied cane juice equivalent to 34.44 tonnes of sugar to *Rhumerie des Mascareignes* for the production of *rhum agricole.*

Year	Cane Crushed (Tonnes)	Sugar Produced (Tonnes)		
		Total tel quel	Accruing to Group	Specialty Sugars
2006	771,281	83,505	42,131	45,094
2007 [1]	706,027	72,901	34,585	41,922
2008 [2]	872,907	85,125	38,817	43,216
2009	760,059	73,158	37,440	54,282
2010	713,051	76,144	48,602	74,088

1: Includes 58,176 tonnes from Mon Loisir factory area
2: Includes 172,218 tonnes from Mon Loisir factory area

Sugar (Cont'd)



Personnel

At December 31, 2010, after completion of the Harel Frères/TMSE merger, there were 80 staff members and 509 workers employed on a permanent basis in the group's sugar activities. Of the workers, 262 were employed in agricultural activities - of whom 48 in non-sugar activities -, 131 in the mill and 116 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 1.6 M was spent on employee training. 50 employees attended 22 different courses which ranged from Team Building and Finance to Engineering, Agriculture and Management. Some 25 ex-employees who retired under the VRS 2/ ERS in December 2007 also received training in various fields such as gardening, domestic pipe work installation, restaurant and bar services and masonry, thus facilitating their employability in other sectors. The cost of these courses was partly funded by the EU.

Occurrence of accidents in the workplace increased slightly in 2010 to 100 compared to 90 last year. Consequently, overall man days lost showed an increase of 66 in 2010, mainly in the factory.

Labour dispute

In March 2010, four trade unions representing agricultural and non-agricultural workers reported a labour dispute to the Commission for Conciliation & Mediation (CCM) given that, following collective bargaining, the MSPA and the trade unions could not agree on the quantum of wage compensation to be granted to workers. The CCM was unable to bring the parties to agree and recommended that both parties refer the case for joint voluntary arbitration. The trade unions refused to do so and threatened to hold a general strike in the industry.

Managing Director's Review of Operations (Cont'd)

Sugar (Cont'd)

The Ministry of Labour, Industrial Relations and Employment intervened and invited both parties to pursue negotiations under its aegis. An agreement was finally reached in June 2010, providing for an increase in salary of 20% based on December 2009 salary and split over four years i.e.: 11% as from January 2010 and 9% applicable in three equal installments of 3% in January 2011, 2012 and 2013 respectively. Furthermore, a one-off payment of MUR 5,000 was made to every worker and some fringe benefits were improved.

However, in August 2010, the Ministry of Labour, Industrial Relations and Employment referred to the NRB some twenty points, which were set aside in reaching the agreement, as part of a partial review of the sugar industry Remuneration Orders. Both the MSPA and the MEF are of the view that this constitutes a serious departure from the principle of promoting sound and harmonious industrial relations and undermines the spirit of collective bargaining.

Capital Expenditure

Capital expenditure for 2010 amounted to MUR 87.0 M and represented a reduction of 43.5% over 2009. Some MUR 47.0 M was spent on motor vehicles, transport and agricultural machinery, the main item being the purchase of a chopper harvester. Production facilities in the mill were upgraded at a cost of MUR 33.9 M and consisted mainly in the improvement of specialty sugar stations and silos. MUR 5.0 M was spent on the irrigation network and MUR 1.1 M on improvements to IT systems.

Closure of the Mon Loisir sugar mill

There have been no developments relative to the closure of the Mon Loisir mill, other than FUEL having obtained leave from the Supreme Court for their Judicial Review to be heard. The substantive application for Judicial Review has been fixed for hearing at the end of June this year.

Results

The Harel Frères/TMSE merger contributed to increase the sugar accruing to the group for 2010 by 11,162 tonnes to reach 48,602 tonnes and revenue - further boosted by the conversion of the quasi totality of our production into specialty sugars - by MUR 155.0 M to MUR 971.6 M.

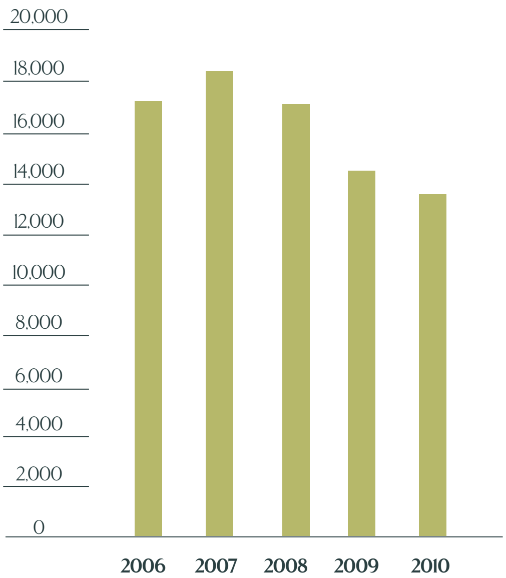
Revenue was, however, negatively impacted by the drop in sugar price of MUR 1,200 per tonne, itself a result of the weak Euro.

Production costs, inherently of a fixed nature in the main, were significantly impacted by the wage increase referred to above, which could not be fully mitigated by a 70% cut in the 2010 SIFB premium.

The above severely eroded profitability and sugar operations thus recorded an overall loss of MUR 49.5 M for the year under review, with growing operations suffering a loss of MUR 51.2 M and milling operations realizing a small profit of MUR 1.7 M after tax.

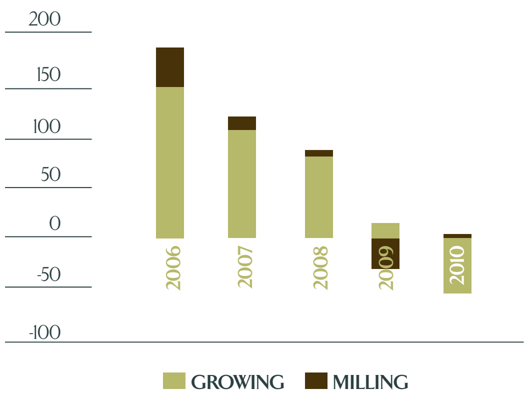
Sugar (Cont'd)

SUGAR PRICE (MUR PER TONNE)



	GROUP
2006	17,350
2007	18,200
2008	17,000
2009	14,700
2010	13,500

PROFIT / (LOSS) AFTER TAX (MUR'M)



	GROWING	MILLING	TOTAL
2006	150.0	28.1	178.1
2007	102.0	10.1	112.1
2008	69.9	8.9	78.5
2009	14.5	(47.2)	(32.7)
2010	(51.2)	1.7	(49.5)

Managing Director's Review of Operations (Cont'd)

Sugar (Cont'd)

Prospects for 2011

The severe drought experienced during December 2010 and part of January of this year negatively impacted cane growth over that period. This was compounded by the fact that irrigation had to be discontinued owing to the diversion of water for domestic purposes and the closure of the M1 pipeline. Fortunately, by mid January, climatic conditions improved with heavy and regular showers, high humidity and above average temperatures. The cane reacted extremely well to these almost ideal conditions. At the time of writing, should climatic conditions remain normal until and during harvest, a 700,000 tonnes crop can be expected for 2011, yielding some 73,000 tonnes of sugar at an average extraction rate.

Moreover, it is of interest to note that the EU has very recently confirmed that up to 15% of non originating raw sugar, based on a value tolerance rule, can be re-melted and added to originating sugar for processing in order to produce refined or specialty sugar for export to the EU. The technical and economic feasibility of this project is presently being worked out by the Mauritius Sugar Syndicate, and should the outcome prove conclusive, the mill intends to re-melt some 10-12,000 tonnes of imported sugar during the crop and thus enhance its production of specialty sugars for 2011.

Côte d'Ivoire

1. POLITICAL SITUATION

Presidential elections took place over two rounds in October and November 2010 with both candidates claiming victory, but with Mr Alassandre Ouattara being recognized as the winner by all international bodies and observers.

Despite calls from many of his peers for him to step down, and a number of conciliation attempts on the part of the African Union, the outgoing president, Mr Laurent Gbagbo declared himself the constitutionally elected president, formed a government and attempted to continue ruling the Côte d'Ivoire.

Sanctions were imposed by a number of countries, notably the US and the EU. Armed clashes between the two sides took place in a number of towns, which generally were to the advantage of the pro-Ouattara side. Abidjan, the main city and a strong hold of Mr Gbagbo, fell under the control of the Republican forces (as the pro-Ouattara forces were then known) in early April of this year. Mr Gbagbo, his wife and their collaborators were made prisoners and are awaiting trial.

France has since announced a Euro 400 million assistance package to the country, while the World Bank has also come forward with an aid package.

2. OPERATIONS

Although war was raging in many parts of Côte d'Ivoire, no damage was suffered by both our sugar estates and crop operations proceeded quasi normally and uninterruptedly at both field and mill levels.

The two previous crops had to be limited to about 74,000 tonnes of sugar each, owing to severe technical constraints at mill level. Some mill rehabilitation has taken place during the 2010 intercrop, which should permit the processing of the expected 85,500 tonne sugar production for the 2010/2011 season which, at the date of writing, was still in progress on one of the sites. At field level, potential for this volume of production – and more – exists.

As mentioned last year, a 3-5 year investment programme is in place for the rehabilitation and modernization of both factories. However, the present socio-political crisis has considerably delayed the implementation of this programme.

Sugar (Cont'd)

3. COMMERCIAL

74,116 tonnes of sugar were sold on the local market during the year, generating a turnover of FCFA 32 Billion (Euro 49 million) in 2010, compared to FCFA 35 billion (Euro 53 million) for the previous year.

The high sugar prices ruling on the international market during the year deterred fraudulent sugar imports and enabled the company to sell its whole production locally. The official ban on sugar imports was officially renewed in June 2010 but was momentarily lifted to enable the importation of some 15,000 tonnes of sugar by local producers in order to avoid a deficit of sugar on the national market.

4. FINANCIAL RESULTS

Sucrivoire posted an operating profit of FCFA 1.8 Billion (Euro 2.7 million) for the year 2010, compared to FCFA 1.4 Billion (Euro 2.1 million) in 2009.

energy

Managing Director's Review of Operations (Cont'd)

Energy

As a result of the amalgamation of Harel Frères Limited with The Mount Sugar Estates Company Limited, the group's effective interest in Compagnie Thermique de Belle Vue Limitée (CTBV) now stands at 51% as compared to 40.3% in 2009. CTBV 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

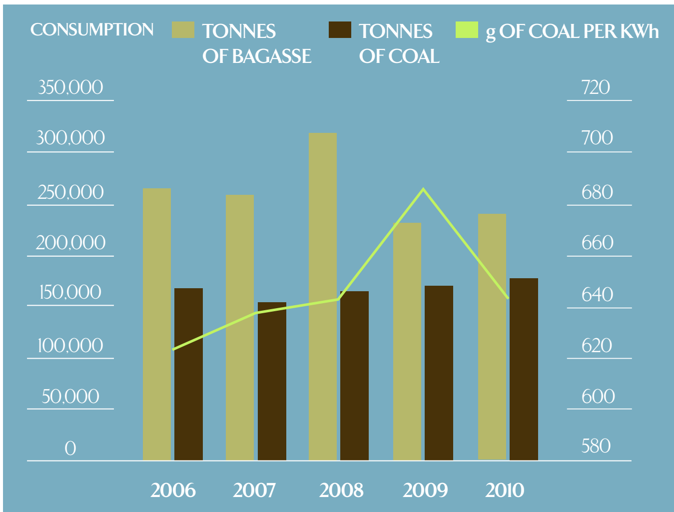
The power plant performed satisfactorily during the year, with an availability level of 99.9% which is well above minimum contractual obligations. Energy exported to the grid improved by 10.4% to reach 353.3 GWh as compared to only 320.1 GWh in 2009. However, energy produced from *bagasse* decreased slightly from 90.3 GWh in 2009 to 88.1 GWh in 2010, while *bagasse* consumption for the year was to the tune of 239,038 tonnes as compared to 237,475 tonnes last year.

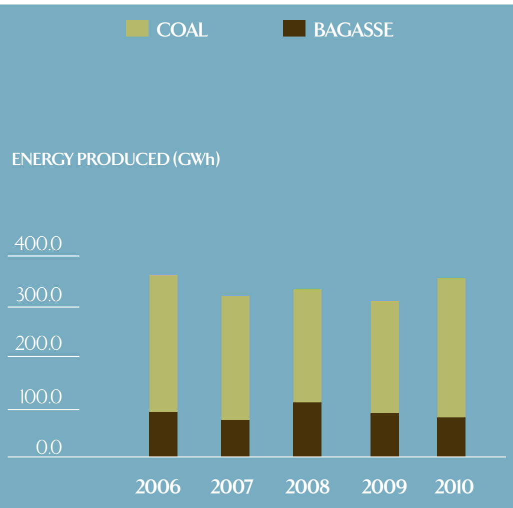
Managing Director's Review of Operations (Cont'd)

Energy (Cont'd)

The company met its supply commitments to the CEB for the contractual year ended June 2010 and, in addition, generated some 22.8 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 2011. 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 171,295 tonnes of coal, representing a consumption of 646g per KWh. At December 31, 2010, CTBV had 17,418 tonnes of coal in storage, which represents about 30 production days during intercrop.





	TONNES OF BAGASSE	TONNES OF COAL	G OF COAL PER KWH
2006	262,145	161,145	623
2007	257,704	151,863	639
2008	321,365	154,674	642
2009	237,475	157,742	686
2010	239,038	171,295	646

	BAGASSE	COAL	TOTAL
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
2010	88.1	265.2	353.3

As far as plant maintenance is concerned, 2010 was a landmark year for CTBV. After ten years of continuous operation, several major items of equipment were due for an overhaul and Unit 1 was targeted for a decennial maintenance program. Indeed, works carried out during the annual shutdown consisted in the inspection of the generator, including removal of the rotor, exhaustive testing and requalification of the boiler and the calibration of our 66 KV protection relays. To increase plant efficiency, three soot blowers were replaced on each boiler. Finally, the upgrade of the automated Decentralised Control System was the highest single investment ever incurred since the start up of the power plant. In fact, the cost of the upgrade amounted to

Energy (Cont'd)

MUR 17.0 M out of a total capital expenditure of MUR 32.8 M for 2010. The upgrade required a seven day round-the-clock schedule with complex and precise tasks that involved major resources.

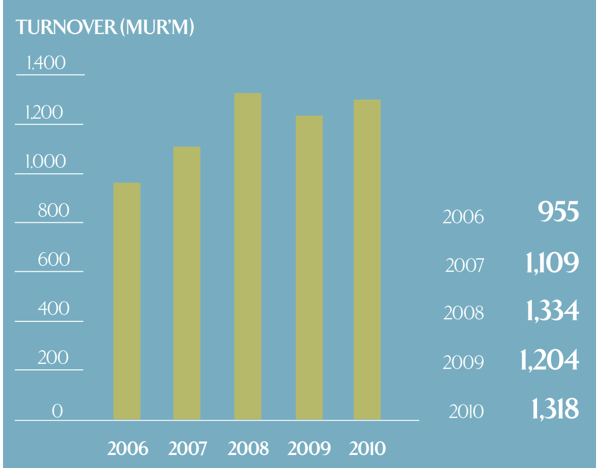
All maintenance programs were successfully completed and the plant enjoyed trouble-free operations with no major breakdowns during both the coal and the *bagasse* campaigns, as depicted above by the high availability level of the plant.

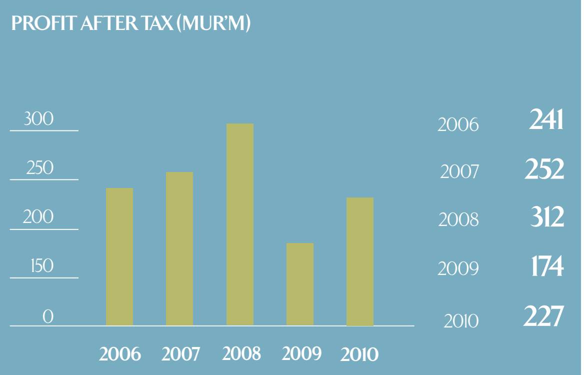
Health and safety issues have always been at the heart of our concerns and we are glad to report that work-related accidents have decreased in 2010 to 0.09% of overall work days as compared to 0.15% in 2009.

Financial

The energy segment posted a profit after tax of MUR 227.1 M, compared to MUR 173.5 M in 2009. The improvement in financial results is mainly attributable to a better off-take on the part of CEB coupled with a favourable coal/*bagasse* mix. In addition, as a result of CTBV fully repaying certain foreign loans during the year and of the depreciation of the Euro against the Mauritian rupee, exchange losses, incurred mainly on repayment of foreign loans, dropped significantly from MUR 107.6 M in 2009 to MUR 78.1 M in 2010.

Overall borrowings of CTBV, of which 59.9% is denominated in Euro, amounted to MUR 322.6 M at December 31, 2010, compared to MUR 585.3 M last year. It is worth noting that, during the year, loans from two foreign institutions were fully repaid as per the established schedule. Consequently, the gearing ratio, which stood at 30.5% at the end of 2009, fell significantly to 18.4% at December 31, 2010 and is well within the contractual limit of 80%. On the other hand, the Debt Service Reserve Account, amounting to MUR 114.2 M, has been funded in accordance with loan covenants.





commercial & alcohol production

Managing Director's Review of Operations (Cont'd)

Commercial and Alcohol Production

Structure

Grays & Co Ltd controls 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 Evapo Ltd, a new joint venture between Grays Refinery Ltd and Island Liquid Fertilizer Ltd which has been operational since February 2011.

Commercial

Performance

Despite a slow recovery in the leisure sector, overall sales were better than expected, boosted by the introduction of new lines. The Grays cluster performed very satisfactorily during the year and recorded a turnover of MUR 1,2 Billion, a 11.2% growth over 2009.

Recent investments in production equipment and logistics have proved beneficial and cost effective, resulting in an improved net return.

Wine and spirits

Generally speaking, the market remained buoyant and very price elastic in 2010.

Grays' backbone remains spirits and wine whose results are satisfactory, given trading conditions. Other business units such as perfumes & cosmetics, over-the-counter drugs are showing solid growth and comfort us in our continued quest for portfolio diversification.

The extensive wine offering has been enlarged to include niche wines from small and reputable French growers; *L'Expression des Terroirs* caters for the wine connoisseurs at reasonable prices.

The substantial increase in excise duties (50%) on all cane based spirits which was passed in the Finance Act in November 2010 hardly affected performance for the year. However, it may significantly alter consumption patterns. This will need to be anticipated early enough for future sales not to be jeopardised.

Managing Director's Review of Operations (Cont'd)

Commercial and Alcohol Production (Cont'd)

Export markets

The company has retail outlets in Madagascar through a wholly owned subsidiary, East Indies Company SARL, and in Seychelles through a 25% held associate, East Indies Company Ltd.

The former nearly achieved break-even results despite a difficult trading environment and has encouraging prospects with the addition of new brands to its portfolio, while the latter performed well, with a 45% growth in turnover and a reasonable profitability rate.

Grays is also attempting to penetrate other markets through direct exports from Mauritius. Volumes, although still marginal, have improved significantly over the year. However, prospects are materialising, with the introduction recently of tailor-made products adapted to specific markets. Tangible results are expected in 2011.

As for exports of bulk spirits, volumes are on the increase, but prices are suffering from unfavourable foreign exchange rates.

Human Resources

The year under review has been largely devoted to the restructuring and reorganisation of the Human Resources department, in order to better service staff and management. Our main activity was centered on the training of our employees and focused on building an improved customer service oriented approach for all our employees in order to better serve our clients.

Production of alcohol

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

The distilling campaign in 2010 ran for 158 days compared to 97 in the previous year. Some 3.9 million litres of absolute alcohol was produced during the campaign, a notable increase on the 2.2 million litres produced last year.

Evapo Ltd, a 50% held associate incorporated in order to convert *vinasse*, a distillation residue, into a liquid fertilizer known as Concentrated Molasses Solids (CMS), was commissioned in late November 2010 and has now started operations. CMS should henceforth be produced all year round – which should allow the distillery to run an extra 100 days during the inter-crop season and produce additional alcohol for export.

Results

The commercial activities of the Grays cluster performed satisfactorily with profit after tax reaching MUR 70.8 M (2009: MUR 50.6 M). However, the clusters' performance was negatively impacted by the drop of MUR 3.7 M in the distillery's profitability to MUR 11 M, mainly attributable to increased overhead costs.

The associated company of the cluster, New Goodwill & Co Ltd, recorded a growth in turnover of 3.3% for the year under review, but increased operational costs resulted in contribution towards the group profit after tax to decrease from MUR 18.7 M to MUR 15.8 M in 2010.

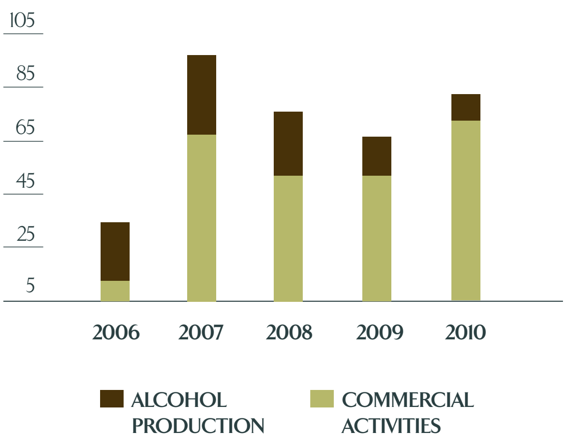
Overall, the Commercial and Alcohol Production cluster recorded a 4.6% growth in turnover to reach MUR 1,179.9 M. This improvement in turnover also translated into better profit after tax for the cluster of MUR 97.6 M as compared to MUR 84.0 M in the previous year.

Commercial and Alcohol Production (Cont'd)

TURNOVER (MUR'M)

	COMMERCIAL ACTIVITIES	ALCOHOL PRODUCTION	TOTAL
2006	800.5	90.7	891.2
2007	902.9	90.1	993.0
2008	918.8	94.2	1,013.0
2009	959.0	102.2	1,061.2
2010	1,066.9	113.0	1,179.9

PROFIT AFTER TAX (MUR'M)



	COMMERCIAL ACTIVITIES	ALCOHOL PRODUCTION	TOTAL
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
2010	70.8	11.0	79.8

other interests

Managing Director's Review of Operations (Cont'd)

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.

No significant new land development projects were undertaken by the group in 2010. Existing *morcellements* continued to be marketed and, overall, 35 plots of a total net extent of 1.19 hectares were sold during the year. Proceeds on land disposals of MUR 21.9 M (2009: MUR 26.5 M) were received during the course of the year and a profit of MUR 11.9 M was recognised thereon (2009: MUR 11.6 M).

Office space is being rented out at the Beau Plan Business Park but demand is sluggish owing to the economic slow down, competition from the *Ebène* hub and traffic considerations affecting the North.

Following the recent increase in its land holdings, the group decided to undertake a Strategic Land Development Plan for the 7,000 hectares it now owns. The project was entrusted to Halcrow, a global consultancy providing planning, design and management services for development and the built environment. Sagiterre is assisting Halcrow in this venture, as are a master planner/urban designer and a concept architect who have recently been recruited.

Sagiterre has also broadened its scope of services by adding two new departments to its organisation, namely Project Management and Land Surveying. These additional services have been welcomed by its pool of clients and have opened up new areas of activities.

2010 has been a difficult year for Sagiterre mainly on account of the economic downturn and of undue delays being suffered administratively in obtaining development permits. A number of projects were held back or postponed as a result.

Sagiterre's profitability for 2010 declined accordingly, with the company earning a fee and commission income of MUR 18.7 M (2009: MUR 22.5 M) and recording a loss of MUR 3.2 M (2009: profit after tax of MUR 5.9 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

Managing Director's Review of Operations (Cont'd)

Other Interests (Cont'd)

of hollow concrete blocks, aggregates and rock sand. Management of operations is entrusted to The United Basalt Products Ltd. Turnover increased by 10.1%, whilst production costs were well contained, resulting in an improved profitability of MUR 26.9 M after tax as compared to MUR 21.3 M for 2009.

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 more challenging and competitive economic conditions which prevailed during the year caused RGC's profit after tax to fall by 39% to MUR 64 M. Contribution to group profit thus amounted to MUR 23.0 M (2009: MUR 35.6 M). Profitability for 2011 should be at par with that of 2010.

Financial Services

In 2010, the group increased its stake in Intendance Holding Limited (IHL) by 17% to 43.8% in two steps: firstly, in January to 30.1% through the merger with TMSE and, secondly to 43.8% in December, by acquiring share from some shareholders who sold their investment in the company. IHL is 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 2010. Group profit after tax increased by MUR 10.0 M to MUR 203.7 M mainly as a result of the prudent underwriting approach, absence of major natural perils claims and good growth of net premiums derived from the long term operations. Our share of profit after tax for the year amounted to MUR 44.8 M (2009: MUR 34.8 M).

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 the number of visitors in 2010, 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 15.4% to MUR 7.7 M for the year. Contribution towards group profit amounted to MUR 2.1 M, (2009: MUR 2.5 M). We anticipate this year's performance to be at par with last year.

Commodity Trading

The group owns a 41.9% interest in Alcohol and Molasses Export Ltd, a company whose main activity is to trade in molasses.

In comparison to sugar, which once again justified its reputation as a volatile commodity, the molasses market was relatively quiet and flat during 2010, with prices remaining at historically high levels.

Consequently, turnover jumped from MUR 221 M to MUR 301 M in spite of a slight increase in tonnage. However, it proved difficult to squeeze a trading margin out of such a stable market and profitability was disappointing. Thus, the group share of profit after tax for the year dropped to MUR 5.4 M (2009: MUR 10.1 M)

Other Interests (Cont'd)

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 Maritim (Mauritius) Ltd agreed to purchase the above mentioned shares for the sum of MUR 22.2 M, on which a profit of MUR 17.6 M was realized and booked in 2009. However, as we considered that the price was not fair and reasonable, we gave notice of objection to Maritim (Mauritius) Ltd and the dispute has been submitted to arbitration, as provided by law. The procedure is proving to be lengthy, as the parties have been unable to agree with respect to the preliminary question regarding communication of documents which are required in order to carry out a valuation of the investment. An interlocutory decision of the Arbitrator has been recently obtained in that respect and should speed up matters.

In the meantime, the company has become a shareholder of Maritim (Mauritius) Ltd anew through a 2.8% stake held by TMSE at the time of its merger with Harel Frères Limited.

Orange Madagascar

Our investment in Orange Madagascar has performed below expectations during the year under review. 2010 has been a challenging year in Madagascar, mainly due to the political crisis which is still unresolved to date. Most sectors of the economy are suffering to some extent, and the telecom sector is no exception. With the purchasing power of the population decreasing, customers are spending less money on calls and SMS. However, we expect 2011 to be better than 2010, partly due to the encouraging results from Orange Money and Orange Internet Access services.

Cyril Mayer
Managing Director

May 18, 2011

Board Profile

Jean Hugues Maigrot, GOSK (74 years old)
Notary Public
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. In March 2011, he was elevated to the rank of Grand Officer of the Star and Key (GOSK) for distinguished services in the field of law.

Directorship of listed companies:
- Omnicane Ltd

George Dumbell (62)
A.C.I.B. (UK)
Independent Nonexecutive director – First appointed to the Board 2010

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 Mauritius Ltd and Swan Insurance Company Limited and is a Fellow of the Mauritius Institute of Directors.

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

Maurice de Marassé Enouf (65)
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 (57)
Chartered Accountant (Scotland)
Independent 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.

Directorship of listed companies:
- Naïade Resorts Limited

Dominique de Froberville (51)
Maîtrise en Chimie Industrielle (France); MBA (England)
Nonexecutive director - First appointed to the Board 2003 and reappointed in 2010

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 (60)
Fellow of the Institute of Financial Accountants (UK)
Nonexecutive director - First appointed to the Board 2010

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. He joined the Saint Aubin Group that same year as Finance and Administrative Manager and retired in March 2010. He is a director of various companies within the CIEL group where he sits on a couple of Board committees. He is at the moment self-employed.

Directorship of listed companies:
- Sun Resorts Ltd

Alexis Harel (48)
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

Henri Harel (50)
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

Board Profile (Cont'd)

Cyril Mayer (59)
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:
- Swan Insurance Co Ltd (Non-executive chairperson)
- United Docks Ltd

François Montocchio (65)
Fellow of the Association of International Accountants (UK)
Independent nonexecutive director – First appointed to the Board 2010

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 at present the Chairperson of Union Sugar Estates Ltd.

Directorship of listed companies:
- The Mauritius Investment Trust Company Ltd

Alain Vallet (56)
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.

Directorship of listed companies:
- Compagnie des Magasins Populaires Ltée

Louis Denis Koenig (44)
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 Depository & Settlement Co Ltd and a member of the Index Management Committee (SEM 7) of the Stock Exchange until October 2006.

Management Profile

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 45 to 47 and 50.

Accounts	
Steeve Lareine	Group Accountant

Sugar estates:

Mauritius	
Jean Arthur Pilot Lagesse	General Manager
Reynolds Laguette	Factory Manager
Côte d'Ivoire	
Jean-Claude Conquet	General Manager

Power plant:

CTBV Management Co Ltd	Managers
Nicolas de Fontenay	Plant Manager

Commercial and alcohol production:

Bottling and distribution	
Alain Vallet	Managing Director
Alexis Harel	Commercial Director
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 49 and 50.

Management Profile

Jean-Claude Conquet (62)
Engineer (France)

Jean-Claude Conquet started his career as a Reseach and Development 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 (54)
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.

Nicolas de Fontenay (46)
Diplôme d'Etudes Supérieures de la Marine Marchande (France)

Nicolas de Fontenay started his career as a captain in the merchant navy in 1991. After sailing around the world for several years, he joined Trouvay-Cauvin in 1998, a company specialized in oil and gas projects in the Middle East as the Logistics and Transport Department Manager. In 2000 he joined Sechilienne-SIDEC as Plant Manager of the Compagnie Thermique du Moule in Guadeloupe. After 10 years in the West Indies, he now serves as Plant Manager of the Belle Vue power plant.

Patrice Gourel de St Pern (52)
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 (58)
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.

Management Profile (Cont'd)

Steeve Lareine (46)
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 (35)
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.

Jean Arthur Pilot Lagesse (50)
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 General Manager (Sugar Operations) upon the retirement of Denis Pilot in June 2010.

corporate governance report

Corporate Governance 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, 2010.

Holding structure

As at December 31, 2010 the holding structure of the company was as follows:

Société Hyacinthe 50.00%

Société J.T. Mallac & Cie 50.00%

Société de Nemours 27.95%

Others 72.05%

Harel Frères Limited

Since the previous report dated May 19, 2010, the following changes have occurred which have resulted in the above holding structure, namely:

- the distribution, by Compagnie Sucrière de Mon Songe, as dividend *in specie,* of its shares of the company to its members. Following such distribution, none of its members holds a direct interest representing 5% or more in the company; and

- the amalgamation of The Saint André Sugar Estate Company Limited (StA) into the company on December 31, 2010, which resulted in the percentage holding of Société de Nemours dropping from 28.90% to 27.95% as 7,455,000 new ordinary shares were issued to the shareholders of StA.

Corporate Governance Report (Cont'd)

Substantial shareholders

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

	DIRECT	INDIRECT
Mallac Sim Armelle	0.69%	5.57%
Moulin Cassé Ltée	1.09%	9.51%
Pershing LLC (foreign investor)	5.81%	-
Société de Nemours	27.95%	-
Société Hyacinthe	-	13.98%
Société J.T. Mallac & Cie	1.09%	13.98%

It should be noted that Moulin Cassé Ltée holds its indirect interest through Société Hyacinthe, which is a member 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, 2010, 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
Maurice de M. Enouf	x		x
Dominique de Froberville	x		x
Alexis Harel	x	x	
Henri Harel	x	x	
Hugues Maigrot	x *		
Alain Vallet	x	x *	

* : Chairperson

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.

Constitution

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

- 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;
- reduce the number of Board members from thirteen to a minimum of seven and a maximum of eleven members;
- 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.

Corporate Governance Report (Cont'd)

The other salient features of the constitution remain:

- 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 06 and 44 to 46.

At the Annual Meeting held on June 30, 2010, five directors, namely Messrs Jocelyn de Chasteauneuf, Antoine Louis Harel, Jean Pierre Hardy, Joseph Marc Harel and Jacques de Navacelle did not seek their re-election and were replaced by Messrs George Dumbell, Dominique de Froberville, Louis Guimbeau and François Montocchio.

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 nine times during the year and the individual attendance by directors is set out on page 62. At two of those meetings, the business of the Board focused on the changes in the constitution of the company and one of them was dedicated for a full day to the Strategic Development Plan (SDP) which is being prepared for the company's land holdings.

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 49 and 50. Consultants are also invited to attend Board meetings when necessary, as it was the case for the full day Board meeting on the SDP.

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.

Board composition

In terms of the amended constitution, as from the Annual Meeting of the company held in 2010, the Board consists of not more than eleven directors and its composition is 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 of shareholders.

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.

Corporate Governance Report (Cont'd)

Directors' interest in the share capital of Harel Frères Limited

The directors' interests in the company's securities as at December 31, 2010 pursuant to the Listing Rules are as follows:

	ORDINARY SHARES							
	DIRECT				INDIRECT			
	SHARES	%	USUFRUCT	%	SHARES	%	USUFRUCT	%
DIRECTORS								
George Dumbell	-	-	-	-	-	-	-	-
Maurice de M. Enouf	-	-	-	-	-	-	-	-
Jean de Fondaumière	-	-	-	-	-	-	-	-
Dominique de Froberville	-	-	-	-	266	0.00%	-	-
Louis Guimbeau	-	-	-	-	-	-	-	-
Alexis Harel	133	0.00%	-	-	12,283	0.01%	-	-
Henri Harel	720	0.00%	-	-	1,751,786	0.77%	-	-
J. Hugues Maigrot	-	-	-	-	-	-	-	-
Cyril Mayer	311,731	0.14%	-	-	964,473	0.42%	136,290	0.06%
François Montocchio	200	0.00%	-	-	2,445,364	1.07%	-	-
Alain Vallet	133	0.00%	-	-	-	-	-	-
Total	312,917	0.14%	-	-	5,174,172	2.27%	136,290	0.06%
Total issued shares	227,545,624							

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, 200,000 shares were sold by an associate of Mr François Montocchio and 46,381 shares were acquired by an associate of Mr Cyril Mayer.
During the financial year under review, none of the other directors bought or sold shares.

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. This year, in view of the significant changes in the Board composition, the induction programme involved the whole Board and took place, either in the course of Board meetings or at sessions specifically organized for that purpose. One of the sessions recently held included an on-site visit of the activities of the cluster.

Board Committees

- Audit Committee

Previous members (up to June 30, 2010):

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

Current members:

François Montocchio	Chairperson
Maurice de Marassé Enouf	Member
Louis Guimbeau	Member

The three members of the Audit Committee are nonexecutive directors while the Chairperson is also an independent director.

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.

An amount of MUR 100,000 was paid by the company (group - MUR 800,000) to BDO & Co for non-audit services which relates to advisory and tax services.

The Audit Committee met five 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 62.

Taking into consideration that 26% of Grays Inc. Ltd is owned by a strategic partner and the complexity of its activities, a separate Audit Committee has been set up for that company. This committee is at present under the chairmanship of Mr Nardus Oosthuizen, 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 Report (Cont'd)

• Corporate Governance Committee

Current members:

Jean Hugues Maigrot, GOSK	Chairperson
George Dumbell	Member
Jean de Fondaumière	Member
(Cyril Mayer)	(In attendance)

The three members of this Committee are nonexecutive directors, and two of them are also independent directors.

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 four times during the year and the attendance of individual directors at these meetings is detailed in the table set out on page 62.

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

A Board evaluation exercise 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 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. No such exercise was carried out in 2010, due to the important changes that took place at Board level following the Annual Meeting held at the end of June.

• 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, GOSK	Chairperson
Jean de Fondaumière	Member
Dominique de Froberville	Member
Cyril Mayer	Member
Henri Harel	Member
Alexis Harel	Member
(Sébastien Mamet)	(In attendance)

The Investment Committee met once in 2010 and made recommendations to the Board in respect of investment policy and of some specific projects.

Corporate Governance Report (Cont'd)

Board and Committee attendance

Directors are expected to attend, in person or by teleconference, all Board meetings 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, as well as at the Annual Meeting of shareholders, is set out below.

	Board	Corporate Governance	Audit	Investment	Annual Meeting of shareholders held on June 30, 2010
No. of meetings	**9**	**4**	**5**	**1**	
Directors					
Jocelyn de Chasteauneuf	5/5	-	1/2	-	Yes
George Dumbell	3/4	1/1	-	-	N/A
Maurice de M. Enouf	9/9	-	3/3	-	Yes
Jean de Fondaumière	7/9	4/4	-	1/1	No
Dominique de Froberville	3/4	-	-	1/1	N/A
Louis Guimbeau	4/4	-	3/3	-	N/A
Jean Pierre Hardy	5/5	-	2/2	-	Yes
Alexis Harel	9/9	-	-	1/1	No
Antoine L Harel	5/5	-	-	-	No
Henri Harel	9/9	-	-	1/1	Yes
Joseph Marc Harel	1/5	-	-	-	No
Jean Hugues Maigrot	9/9	4/4	-	1/1	Yes
Cyril Mayer	9/9	4/4	-	1/1	Yes
François Montocchio	3/4	-	3/3	-	N/A
Jacques de Navacelle	5/5	3/3	2/2	-	No
Alain Vallet	9/9	-	-	-	Yes

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 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 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 (E&Y), 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.

Corporate Governance Report (Cont'd)

• 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 2010. The visits were performed according to the audit plan agreed with the Audit Committee. Proposed recommendations in respect of issues identified were discussed with management and the final internal audit reports were submitted to the Audit Committee. The internal auditor also monitored the progress in respect of implementation of previous recommendations. The internal auditor had unrestricted access to the records, management or employees of the company.

A first business risk assessment was performed for the group in October 2005 and the outcome was used as a basis to plan previous internal audits from 2006-2010 performed by E&Y. Due to the ongoing changes in the group, a second business risk assessment will be performed by E&Y in 2011 to assess:

- The impact of these changes on the risk profile of the group;
- The current state of the group's risk environment and
- The change in the risk environment since the previous risk assessment in October 2005.

This assessment will also allow E&Y to plan future internal audit visits based on the risks areas identified under the following categories:

- 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:

o 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.

o 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.

o 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:
o maximise cash availability;
o reduce uncertainty of currency, interest rate, credit and other financial assets; and
o 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 the 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.

Corporate Governance Report (Cont'd)

Remuneration of directors

Directors' remuneration for the year ended December 31, 2010 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	152	-	-
George Dumbell	160	-	-
Maurice de Marassé Enouf	347	265	-
Jean de Fondaumière	372	-	-
Dominique de Froberville	160	45	-
Louis Guimbeau	225	-	-
Jean Pierre Hardy	162	30	-
Alexis Harel	272	4,232	113
Antoine Louis Harel	122	15	-
Henri Harel	4,840	-	408
Joseph Marc Harel	82	-	-
Jean Hugues Maigrot, GOSK	795	-	-
Cyril Mayer	13,775	-	536
François Montochhio	255	-	-
Jacques de Navacelle	222	-	-
Alain Vallet	272	5,161	150

Annual shareholders and investors meetings

All directors are invited and encouraged to attend the Annual Meeting and be available to answer shareholders' questions. In 2010, 7 directors out of 13 attended the meeting, compared to 9 in 2009. 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 12 to 16. Dates of important events are also noted.

Donations

The aggregate amounts of political and other donations made during the year are shown on page 78.

Related party transactions

Related party transactions are disclosed in aggregate in Note 38 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 38 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 73.

HF Administrative Services Ltd
Secretary
May 18, 2011

corporate social responsibility

Corporate Social Responsibility

Fondation Harel Frères

In July 2010, the Harel Frères group officially launched *Fondation Harel Frères*, its vehicle for corporate social responsibility (CSR) projects.

The *Fondation's* areas of intervention for 2010 were still:

- Education and training
- Poverty alleviation and Health Care
- Environment
- Heritage and
- Sports

The *Fondation* continued to assist, accompany and act with some Non-Governmental Organisations (NGOs) with whom a long term relationship and partnership has been established. Such partnerships enable us to ensure the success of the projects which are sponsored, afford a financial stability to these NGOs and also facilitate the involvement of the group's staff in certain projects.

Harel Frères has been involved in CSR activites for the past 38 years. Indeed, the group has taken the *Collège Technique St Gabriel* under its wing, since its very start in 1972. Similarly, The NGO *Lizié dan la main* has benefited from a partnership with the group for 21 years and SOS Children's Villages Mauritius for 16 years.

The group also committed itself to the ZEP schools national project and has been actively involved for the past 6 years in the Hurryparsad Ramnarain school in Terre Rouge, through the recruitment of a Liaison Officer and the sponsorship of several *ad-hoc* and recurring projects. In 2010, significant progress was noted in the CPE results, whose pass rate increased from 48% in 2008 to 54.5 %, thanks to the joint efforts of all concerned.

Since the launching of the *Fondation*, group staff members are regularly kept informed of its activities. CSR presentations are made to them and they also benefit from the expertise of the NGOs with whom we work. A community day with the involvement of the staff and of the management was also organised.

Corporate Social Responsibility Report (Cont'd)

The main projects identified, reviewed and approved by the CSR committee for 2010 were:

• Education and Training

In the field of education and training, the *Fondation* contributed to the extension of premises, the acquisition of equipment and/or renewal of material for the following:

- Association of Disability Service Providers (ADSP), a NGO founded in 2003 to cater for the welfare of physically and mentally disabled children in the vicinity of Long Mountain and the northern region,
- *Collège Technique St Gabriel,*
- *Lizie dan la main*
- the *La Caze de l'Espoir* project of *Caritas* at Solitude,
- the project *Ecole de la Vie* of *Mouvement Civique de la Baie du Tombeau,*
- the Lois Lagesse Trust Fund and
- the educational project of *Quartier de Lumière*, an NGO created to support the squatters of Vuillemin at Quartier Militaire, who were then relocated in decent houses at La Valette in Bambous.

The *Fondation* also sponsored the fees, daily meals and/or school material for 3 students of *Collège Technique St Gabriel,* 2 students of St Patrick's College (also known as *Fondation Cours Jeanne d'Arc*), 60 physically and mentally handicapped children of *Amour Sans Frontières* in Piton and Goodlands, some 65 children attending *La Maison Verte* pre-primary school at Pamplemousses or the children looked after by the *Comité Quartier Cité Pamplemousses*. All the children helped under these schemes are from low income group families.

As regards special programmes or school activities, the group sponsored an international project called *Les Amis de Zippy* aimed at reducing violence at school and in the neighbourhood and promoted by the *Institut Cardinal Jean Margeot (ICJM)*. The group also renewed its contribution to the counselling programme of ICJM for 21 school counselling units around the island and sponsored the psychological programme of ANFEN (Adolescent Non-Formal Education Network) for 2010. Similarly, *Association La Courte Echelle du Nord* as well as *Association de Parents de Déficients Auditifs (APDA)* received contributions of this nature.

• Poverty Alleviation and Health Care

In that respect, the *Bois Marchand Women's Association* was sponsored for the extension of its bakery and the *Fondation* renewed its contribution to *T1 Diams* for diabetes test strips and lancets for the four daily blood glucose monitorings of some 108 children diagnosed with type 1 diabetes.

The *Fondation* also sponsored *La Fraternité des Malades et Handicapés* for the purchase of a special van equipped with a handicap lift and renewed the sponsorship of the rental of the offices of Link To Life at Maison Blanche to enable this NGO to continue its support to cancer suffering patients in the northern part of the country.

Finally, the cost of the manager of Friends in Hope, an association providing support for persons with psychiatric disorders and their families was sponsored for 2010.

• Environment

The *Fondation* renewed its support to the Mauritius Wildlife Foundation by financing the field expenses for the conservation of the Mauritian Echo Parakeet and contributed to the sponsorship of the sterilization of dogs by PAWS.

• Heritage

The *Fondation* partially sponsored the creation by *SOS Patrimoine en Péril* of an online database which provides a growing list of heritage elements in Mauritius.

• Sports

The *Fondation* sponsored the kimonos and tracksuits for some 100 children aged 6 and over from *Ecole de Judo de Beau Bassin,* an association offering judo training and other sporting activities to the vulnerable children of the regions of Barkly, Chebel, Mont Roches and Camp Le Vieux and preparing them for national, regional and international competitions.

The concept *Sports-Etudes* of the Trust Fund for Excellence in Sports aims at helping gifted young athletes to become successful at the levels of education and sports. It also helps gifted athletes of low-income group families or those who have failed the CPE. In 2010, the group sponsored 14 judokas, including 4 from Rodrigues.

• Other projects sponsored

The *Fondation* also sponsored, to a lesser extent, the following projects:

Education & Training	Poverty Alleviation & Health Care	Sports
SOS Children's Villages Mauritius	*Association pour l'Accompagnement, la Réhabilitation et l'Insertion Sociale des Enfants – ARISE*	Beau Bassin Athletic Club
A new *Centre d'Eveil* project by *Caritas* in Cassis	*Le Centre des Pauvres*	
Groupe Zenfants La Butte	*Association Les Enfants d'un Rêve*	
Chagos Refugees Group		
Association pour la Protection des Emprunteurs Abusés–APEA		-
Service d'écoute et de développement (SEED) de Caritas Solitude		
Ecole Technique St Montfort		

Corporate Social Responsibility Report (Cont'd)

• Projects sponsored in Rodrigues

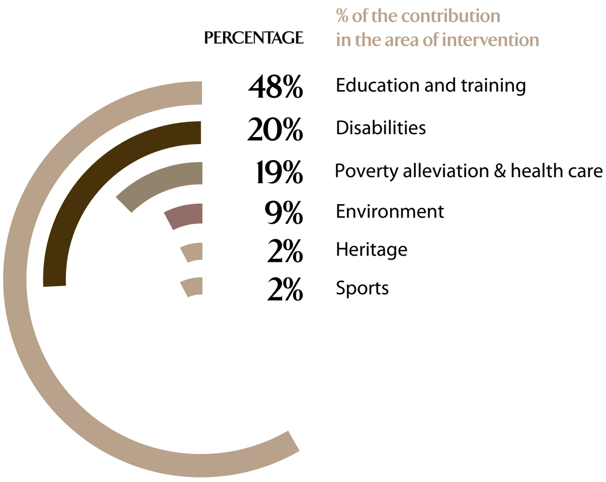
The group has at heart the development of Rodrigues and thus commits a percentage of its budget to Rodrigues every year.

In 2009, the *Fondation* assisted *Caritas* Rodrigues in setting up an *Ecole Ménagère*. In 2010, representatives of this NGO came to Mauritius for the official launching of the *Fondation* and they seized this occasion to launch their recipe book entitled *Manze ceki nou planté*, result of their experimental and training sessions which aims at encouraging Rodriguans to cook their traditional and local products in innovative ways. It is also a way to promote food self-sufficiency.

The group also sponsored the daily meals of some 50 needy primary students through the *Caritas* food support project.

• Percentage of contributions in the areas of intervention

The *Fondation* received a total of MUR 7.8 M. After catering for administrative expenses, the funds were allotted as follows:



• Amended CSR budgetary measures and new CSR guidelines

In its budget speech of November 2010, the Minister of Finance announced that half of the CSR contributions of companies should now be channelled to three governmental priority areas, being: Eradication of Poverty, Social Housing and the Welfare of Vulnerable Children. This decision has led to new CSR guidelines, which are being elaborated.

Ethics

The group renewed its commitment to its Code of Conduct covering ethical standards based on our core values: Honesty and Integrity, Responsibility, Quality and Performance, Commitment, Teamwork, Creativity and Innovation. The Ethics Committee is chaired by Mr Jean Hugues Maigrot, GOSK and comprises Mr Daniel Capiron, Mr Alexis Harel, Mr Henri Harel and Mr Louis Denis Koenig. It continued the monitoring of compliance with the legal and regulatory framework in which the group operates and met once in 2010.

Group Human Resources Department

The Human Resources departments of various group companies were centralized into one in July 2010.

The new Group HR department will certainly create a synergy among all the group's subsidiaries and give improved internal mobility and career growth opportunities to all the employees of the group, thus developing each employee's potential for enhanced performance, involvement and accountability. The HR department will also endeavour to further develop sound equal opportunity policies both through its recruitment strategy and internal promotions.

Health and Safety

Safety is everyone's concern. The Group HR department, together with the Safety and Health Officers and the management, have the responsibility of ensuring that our workplace is, so far as is reasonably practicable, free from risks of accidents and from exposure to health hazards and committed to continually improve health and safety within the Group.

In 2010, risk assessments, a legal requirement under OSHA 2005, have been carried out in the different subsidiaries of the group and the areas which needed improvements have been, and are still being, dealt with accordingly, with the support of the management and executive teams. Machinery safety has been given particular attention to ensure that hazards are controlled. One of our major activities is the transportation of goods. Thus, our people are regularly sensitized on road safety to ensure that our operations are carried out safely.

In 2011, emphasis will be laid on fire safety within the group and as a pro-active measure, we are planning to upgrade our fire alarm systems and install new fire prevention systems where necessary. Training needs have been identified and action is being taken to cater to them.

We realise that safety is a shared responsibility; both the management and employees' involvement in health and safety is more than ever encouraged by inculcating the habit of starting each day thinking and acting safely.

Corporate Social Responsibility Report (Cont'd)

Environment

As our group's operations are mainly of an agricultural or industrial nature, the directors' prime concern is to achieve the group's 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 18, 2011

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

March 30, 2011

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, 2010 are given on page 06 of this report. In addition, a list of directors of subsidiary companies at the same date appears on page 161.

• 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.

• Renumeration and benefits

	THE COMPANY		SUBSIDIARIES	
	2010	2009	2010	2009
	MUR' M	MUR' M	MUR' M	MUR' M
Emoluments paid by the company and its subsidiaries to				
Directors of Harel Frères Limited				
Executive				
full-time	**18.6**	17.5	**-**	-
part-time	**0.5**	0.4	**9.4**	8.8
Nonexecutive	**3.0**	2.6	**0.5**	0.3
	22.1	20.5	**9.9**	9.1

Directors of subsidiary companies:

	2010	2009
	MUR' M	MUR' M
6 Executive (4 in 2009)		
full-time	**24.5**	10.6
part-time	**-**	-
21 Nonexecutive (25 in 2009)	**0.5**	0.4
	25.0	11.0

Statutory Disclosures (pursuant to Section 166(d) of the Companies Act 2001) (Cont'd)

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	
	2010	2009	2010	2009
	MUR' M	MUR' M	MUR' M	MUR' M
Audit fees paid to:				
- BDO & Co	**2.1**	1.9	**0.4**	0.4
- Other firms	**-**	-	**-**	-
Fees paid for other services provided by:				
- BDO & Co for advisory and tax services	**0.8**	1.0	**0.1**	0.1
- Other firms	**-**	-	**-**	-
	2.9	2.9	**0.5**	0.5

Donations

Donations made during the year were as follows:

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	MUR' M	MUR' M	MUR' M	MUR' M
Corporate Social Responsibility	**7.3**	8.8	**-**	2.6
Charitable	**0.2**	0.4	**-**	-
Number of recipients: 42 (2009:46)				
Political	**3.5**	-	**3.5**	-

Senior officers' interests

The company's senior officers' interests in the company as declared under the Securities Act 2005 as at December 31, 2010 were as follows:

	ORDINARY SHARES							
	DIRECT				INDIRECT			
	BENEFICIAL	%	NON-BENEFICIAL	%	BENEFICIAL	%	NON-BENEFICIAL	%
NAMES								
Dominique de Froberville	-	-	-	-	266	0.02%	-	-
Alexis Harel	133	0.00%	-	-	12,283	0.01%	-	-
Henri Harel	720	0.00%	-	-	721,875	0.32%	4,437,051	1.95%
Jean Marc Jauffret	100	0.00%	-	-	-	-	-	-
Jean Arthur Pilot Lagesse	18,000	0.01%	-	-	-	-	-	-
Sébastien Mamet	7,800	0.00%	-	-	-	-	-	-
Cyril Mayer	311,731	0.14%	-	-	799,847	0.35%	-	-
François Montocchio	200	0.00%	-	-	-	-	2,445,364	1.07%
Alain Vallet	133	0.00%	-	-	-	-	-	-

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

Independent Auditors' 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 82 to 160 which comprise the statements of financial position at December 31, 2010 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 82 to 160 give a true and fair view of the financial position of the Group and of the Company at December 31, 2010, 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, FCA
For BDO & Co
Chartered Accountants

Port-Louis
Mauritius
30 March 2011

Statements of Financial Position December 31, 2010

	Note	THE GROUP		THE COMPANY	
		2010	2009	**2010**	2009
ASSETS		**MUR'M**	MUR'M	**MUR'M**	MUR'M
Non-current assets					
Property, plant and equipment	5	**10,011.4**	6,239.1	**4,287.3**	3,856.4
Investment properties	6	**246.8**	248.6	**280.1**	281.9
Intangible assets	7	**189.8**	192.2	**4.2**	4.5
Investment in subsidiaries	8	**-**	-	**5,831.5**	2,221.3
Investment in associates	9	**761.9**	410.3	**184.1**	1.3
Investment in financial assets	10	**793.1**	295.2	**268.3**	18.3
Non-current receivables	11	**7.2**	9.8	**4.4**	5.3
Bearer biological assets	12	**267.3**	184.4	**199.0**	184.4
Land development expenditure	13	**79.8**	57.2	**74.3**	57.2
Deferred VRS costs	14	**75.9**	46.9	**49.1**	32.5
Deferred tax assets	15	**1.3**	1.3	**-**	-
		12,434.5	7,685.0	**11,182.3**	6,663.1
Current assets					
Inventories	16	**542.1**	429.1	**0.2**	-
Consumable biological assets	17	**165.3**	103.8	**106.9**	103.8
Trade and other receivables	18	**859.8**	904.1	**1,192.9**	915.5
Current tax assets	26	**1.5**	1.5	**1.5**	1.5
Cash in hand and at bank	33	**391.9**	724.8	**17.0**	215.5
		1,960.6	2,163.3	**1,318.5**	1,236.3
Non-current assets classified as held for sale	19	**12.4**	18.9	**12.4**	18.9
Total assets		**14,407.5**	9,867.2	**12,513.2**	7,918.3

		THE GROUP		THE COMPANY	
	Note	**2010**	2009	**2010**	2009
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	20	**3,523.5**	173.8	**3,523.5**	173.8
Treasury shares		**(0.6)**	(0.6)	**(0.6)**	(0.6)
Revaluation and other reserves	21	**5,564.2**	4,353.1	**6,371.0**	5,438.4
Retained earnings		**2,367.9**	2,235.8	**1,893.9**	1,813.5
Owners' interest		**11 ,455.0**	6,762.1	**11,787.8**	7,425.1
Non-controlling interests		**840.7**	954.2	**-**	-
Total equity		**12,295.7**	7,716.3	**11,787.8**	7,425.1
Non-current liabilities					
Borrowings	22	**206.3**	408.6	**62.7**	72.6
Deferred tax liabilities	15	**447.7**	254.2	**55.9**	9.9
Deferred income	23	**10.1**	-	**-**	-
Retirement benefit obligations	24	**231.1**	188.7	**100.0**	82.5
		895.2	851.5	**218.6**	165.0
Current liabilities					
Trade and other payables	25	**621.1**	667.7	**428.6**	291.4
Current tax liabilities	26	**30.0**	44.9	**-**	-
Borrowings	22	**565.3**	586.6	**78.0**	36.6
		1,216.4	1,299.2	**506.6**	328.0
Liabilities directly associated with non-current assets classified as held for sale	19(b)	**0.2**	0.2	**0.2**	0.2
Total liabilities		**2,111.8**	2,150.9	**725.4**	493.2
Total equity and liabilities		**14,407.5**	9,867.2	**12,513.2**	7,918.3

The financial statements have been approved for issue by the Board of Directors on March 30, 2011.

François MONTOCCHIO)
Cyril MAYER) **DIRECTORS**

The notes on pages 90 to 160 form an integral part of these financial statements.
Auditors' report on pages 80 and 81.

Income Statements

Year ended december 31, 2010

		THE GROUP		THE COMPANY	
	Note	**2010**	2009	**2010**	2009
		MUR'M	MUR'M	**MUR'M**	MUR'M
Revenue	40 (c) ,2 (q)	**3,643.3**	3,246.9	**442.3**	451.7
Compensation from the Sugar Insurance Fund Board		**(2.4)**	3.7	**0.6**	0.1
Losses arising from changes in fair value of consumable biological assets	17	**(7.0)**	(8.1)	**(1.9)**	(8.1)
		3,633.9	3,242.5	**441.0**	443.7
Cost of sales		**(2,654.0)**	(2,374.4)	**(330.3)**	(347.6)
Gross profit		**979.9**	868.1	**110.7**	96.1
Other income	27	**152.4**	161.3	**313.1**	291.2
Administrative expenses		**(277.1)**	(196.9)	**(83.0)**	(82.8)
Distribution costs		**(79.5)**	(73.0)	**-**	-
Other expenses		**(227.6)**	(197.5)	**(95.8)**	(61.7)
Profit before finance costs	28	**548.1**	562.0	**245.0**	242.8
Finance costs	30	**(158.9)**	(218.1)	**(51.2)**	(32.2)
Share of results of associates	9	**86.7**	90.4	**-**	-
Profit before taxation		**475.9**	434.3	**193.8**	210.6
Taxation	26	**(75.7)**	(70.8)	**4.9**	(2.9)
Profit for the year		**400.2**	363.5	**198.7**	207.7
Profit attributable to:					
Owners of the parent		**250.4**	240.9	**198.7**	207.7
Non-controlling interests		**149.8**	122.6	**-**	-
		400.2	363.5	**198.7**	207.7
Earnings per share (MUR)	**31**	**1.14**	1.39	**0.90**	1.20

The notes on pages 90 to 160 form an integral part of these financial statements.
Auditors' report on pages 80 and 81.

Statements of Comprehensive Income Year ended December 31, 2010

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
Profit for the year	**400.2**	363.5	**198.7**	207.7
Other comprehensive income:				
Increase in fair value of investments	**395.2**	94.6	**1,019.0**	84.7
Fair value movement on disposal of financial assets	**(10.1)**	-	**-**	-
Share of other comprehensive income of associates	**(3.5)**	(14.6)	**-**	-
Deferred tax on revaluation of land	**(209.2)**	-	**(52.7)**	-
Translation reserve movement	**83.0**	108.0	**-**	-
Scrappings of revalued property, plant and equipment	**(1.7)**	-	**-**	-
Other comprehensive income for the year	**253.7**	188.0	**966.3**	84.7
Total comprehensive income for the year	**653.9**	551.5	**1,165.0**	292.4
Total comprehensive income attributable to:				
Owners of the parent	**464.2**	364.5	**1,165.0**	292.4
Non-controlling interests	**189.7**	187.0	**-**	-
	653.9	551.5	**1,165.0**	292.4

The notes on pages 90 to 160 form an integral part of these financial statements.
Auditors' report on pages 80 and 81.

Statements of Changes in Equity Year ended December 31, 2010

THE GROUP	Note	Share Capital	Treasury Shares	Revaluation and Other Reserves	Retained Earnings	Total	Non-Controlling Interests	Total Equity
		Attributable to owners of the parent						
		MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Balance at January 1, 2010		**173.8**	**(0.6)**	**4,353.1**	**2,235.8**	**6,762.1**	**954.2**	**7,716.3**
Total comprehensive income for the year		-	-	**213.8**	**250.4**	**464.2**	**189.7**	**653.9**
Amalgamation adjustment		**3,349.7**	-	**1,031.9**	-	**4,381.6**	-	**4,381.6**
Release of deferred tax on excess depreciation over historical cost depreciation		-	-	**1.2**	-	**1.2**	-	**1.2**
Release on disposal of land		-	-	**(35.8)**	**35.8**	-	-	-
Movements on reserves		-	-	-	-	-	**(186.2)**	**(186.2)**
Dividends	32	-	-	-	**(154.1)**	**(154.1)**	**(117.0)**	**(271.1)**
Balance at December 31, 2010		**3,523.5**	**(0.6)**	**5,564.2**	**2,367.9**	**11,455.0**	**840.7**	**12,295.7**

THE GROUP	Note	Share Capital	Treasury Shares	Revaluation and Other Reserves	Retained Earnings	Total	Non-Controlling Interests	Total Equity
		Attributable to owners of the parent						
		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	32	-	-	-	(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

The notes on pages 90 to 160 form an integral part of these financial statements.
Auditors' report on pages 80 and 81.

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, 2010		**173.8**	**(0.6)**	**2,019.7**	**3,418.7**	**1,813.5**	**7,425.1**
Total comprehensive income for the year		**-**	**-**	**966.3**	**-**	**198.7**	**1,165.0**
Amalgamation adjustment		**3,349.7**	**-**	**-**	**0.9**	**-**	**3,350.6**
Release of deferred tax on excess depreciation over historical cost depreciation		**-**	**-**	**1.2**	**-**	**-**	**1.2**
Release on disposal of land		**-**	**-**	**(35.8)**	**-**	**35.8**	**-**
Dividends	32	**-**	**-**	**-**	**-**	**(154.1)**	**(154.1)**
Balance at December 31, 2010		**3,523.5**	**(0.6)**	**2,951.4**	**3,419.6**	**1,893.9**	**11,787.8**

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 for the year		-	-	84.7	-	207.7	292.4
Release of deferred tax on excess depreciation over historical cost depreciation		-	-	1.6	-	-	1.6
Dividends	32	-	-	-	-	(121.7)	(121.7)
Purchase of treasury shares		-	(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

The notes on pages 90 to 160 form an integral part of these financial statements.
Auditors' report on pages 80 and 81.

Cash Flow Statements Year ended December 31, 2010

		THE GROUP		THE COMPANY	
	Note	**2010**	2009	**2010**	2009
		MUR'M	MUR'M	**MUR'M**	MUR'M
Operating activities					
Profit before taxation		**475.9**	434.3	**193.8**	210.6
Adjustments for:					
Depreciation	5	**261.3**	235.6	**32.4**	27.2
Non-current assets classified as held for sale/ profit on sale of property, plant and equipment		**(18.1)**	(27.3)	**(12.6)**	6.7
Profit on sale of investments		**(16.5)**	(17.6)	**(10.0)**	(17.6)
Retirement benefit obligations		**(6.2)**	5.7	**(11.5)**	1.3
Amortisation of bearer biological assets	12	**69.2**	46.6	**48.9**	46.6
Amortisation of intangible assets	7	**4.6**	9.3	**2.5**	2.0
Depreciation of investment properties	6	**6.4**	1.5	**6.4**	1.5
Amortisation of VRS costs	14	**14.9**	7.8	**9.5**	5.4
Exchange differences		**70.4**	57.3	**-**	-
Investment income		**(27.2)**	(36.4)	**(289.8)**	(249.1)
Interest expense	30	**64.1**	101.8	**36.3**	23.4
Share of results of associates		**(86.7)**	(90.4)	**-**	-
Changes in working capital:					
- inventories		**(108.6)**	93.6	**-**	-
- consumable biological assets	17	**7.0**	8.1	**(1.9)**	8.1
- trade and other receivables		**246.9**	(17.3)	**(194.8)**	64.1
- trade and other payables		**(184.6)**	(52.1)	**89.1**	44.0
		772.8	760.5	**(101.7)**	174.2
VRS costs paid		**-**	(3.0)	**(24.1)**	(3.0)
Interest paid		**(64.1)**	(101.8)	**(36.3)**	(23.4)
Income tax paid		**(103.8)**	(147.8)	**-**	(10.1)
Net cash from/(used in) operating activities		**604.9**	507.9	**(162.1)**	137.7

The notes on pages 90 to 160 form an integral part of these financial statements.
Auditors' report on pages 80 and 81.

		THE GROUP		THE COMPANY	
	Note	**2010**	2009	**2010**	2009
Investing activities		**MUR'M**	MUR'M	**MUR'M**	MUR'M
Purchase of property, plant and equipment/investment properties	5,6	**(175.9)**	(313.5)	**(24.5)**	(92.3)
Intangible assets acquired	7	**(2.2)**	(4.8)	**(2.2)**	(2.7)
Replantation costs	12	**(80.6)**	(52.6)	**(52.9)**	(52.6)
Land development expenditure/ non-current assets classified as held for sale		**-**	-	**(1.8)**	(1.4)
Purchase of investment in					
- subsidiaries		**-**	(1.1)	**-**	-
- associates	9	**(291.9)**	-	**(165.0)**	-
- others	10	**(18.6)**	-	**(13.8)**	-
Proceeds on sale of property, plant and equipment/ non-current assets classified as held for sale		**30.8**	46.5	**23.2**	16.7
Proceeds on sale of investments		**23.5**	22.2	**43.3**	22.2
Non-current receivables		**2.6**	-	**0.9**	2.5
Interest received		**12.4**	20.6	**60.8**	68.4
Dividend received		**79.8**	81.1	**229.0**	180.7
Net cash (used in)/from investing activities		**(420.1)**	(201.6)	**97.0**	141.5
Financing activities					
Purchase of treasury shares		**-**	(0.6)	**-**	(0.6)
Proceeds from borrowings		**60.0**	0.4	**-**	-
Repayment of loans and debentures		**(287.8)**	(287.0)	**(13.9)**	(49.5)
Dividends paid to shareholders of Harel Frères Limited	32	**(154.1)**	(121.7)	**(154.1)**	(121.7)
Dividends paid to outside shareholders of subsidiaries		**(117.1)**	(123.3)	**-**	-
Net cash used in financing activities		**(499.0)**	(532.2)	**(168.0)**	(171.8)
(Decrease)/increase in cash and cash equivalents		**(314.2)**	(225.9)	**(233.1)**	107.4
Movement in cash and cash equivalents					
At January 1,		**404.2**	630.1	**194.9**	87.5
Amalgamation Adjustment		**41.5**	-	**2.8**	-
(Decrease)/Increase		**(314.2)**	(225.9)	**(233.1)**	107.4
At December 31,	33	**131.5**	404.2	**(35.4)**	194.9

The notes on pages 90 to 160 form an integral part of these financial statements.
Auditors' report on pages 80 and 81.

Notes to the Financial Statements Year ended December 31, 2010

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 statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

Principal activities
Harel Frères Limited is involved in investment holding and cane growing activities.

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. The financial statements include the consolidated financial statements of the parent company and its subsidiary company (The Group) and its separate financial statements of the parent company (The company). 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.

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

IAS 27, 'Consolidated and Separate Financial Statements' (Revised 2008), requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The revised standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. This IAS will not have any impact on the Group's financial statements.

IFRS 3, 'Business Combinations' (Revised 2008), continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

Amendments to IAS 39, 'Eligible hedged items', prohibit designating inflation as a hedgeable component of a fixed rate debt. In a hedge of one-sided risk with options, it prohibits including time value in the hedged risk. The amendment is not expected to have any impact on the Group's financial statements.

Amendments to IFRS 1 and IAS 27, 'Cost of an Investment in a Subsidiary', clarify that the cost of a subsidiary, jointly controlled entity or associate in a parent's separate financial statements, on transition to IFRS, is determined under IAS 27 or as a deemed cost. Dividends from a subsidiary, jointly controlled entity or associate are recognised as income. There is no longer a distinction between pre-acquisition and post-acquisition dividends. The cost of the investment of a new parent in a group (in a reorganisation meeting certain criteria) is measured at the carrying amount of its share of equity as shown in the separate financial statements of the previous parent. The amendment is not expected to have any impact on the Group's financial statements.

IFRIC 17, 'Distributions of Non-cash Assets to Owners', clarifies that a dividend payable is recognised when appropriately authorised and no longer at the entity's discretion. An entity measures distributions of assets other than cash when it pays dividends to its owners, at the fair value of the net assets to be distributed. The difference between fair value of the dividend paid and the carrying amount of the net assets distributed is recognised in profit or loss. This IFRIC will not have any impact on the Group's financial statements.

IFRIC 18, 'Transfers of Assets from Customers', addresses the treatment for assets transferred from a customer in return for connection to a network or ongoing access to goods or services, or both. It requires the transferred assets to be recognised initially at fair value and the related revenue to be recognised immediately; or, if there is a future service obligation, revenue is deferred and recognised over the relevant service period. This IFRIC will not have any impact on the Group's financial statements.

Amendments to IFRS 1, 'Additional Exemptions for First-time Adopters' exempt entities that use the full cost method for oil and gas properties from retrospective application of IFRSs. It also exempts entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4, 'Determining whether an arrangement contains a lease'. The amendment is not expected to have any impact on the Group's financial statements.

Amendments to IFRS 2, 'Group Cash-settled Share-based Payment Transactions'. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. This amendment is not expected to have any impact on the Group's financial statements.

Improvements to IFRSs (issued May 22, 2008)

IFRS 5 (Amendment), 'Non-current Assets Held for Sale and Discontinued Operations', clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. 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 April 16, 2009)

IAS 1 (Amendment), 'Presentation of Financial Statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. This amendment is not expected to have any impact on the Group's financial statements.

IAS 7 (Amendment), 'Statement of Cash Flows', clarifies that only expenditure that results in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities. This amendment is unlikely to have an impact on the Group's financial statements.

IAS 17 (Amendment) 'Leases', clarifies that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with IAS 17's general principles. Prior to the amendment, IAS 17 generally required a lease of land with an indefinite useful life to be classified as an operating lease, unless title passed at the end of the lease term. A lease newly classified as a finance lease should be recognised retrospectively. The amendment will not have an impact on the Group's operations.

IAS 18 (Amendment), 'Revenue'. An additional paragraph has been added to the appendix to IAS 18, providing guidance on whether an entity is acting as principal or agent.

IAS 36 (Amendment), 'Impairment of Assets', clarifies that for the purpose of impairment testing, the cash-generating unit or groups of cash-generating units to which goodwill is allocated should not be larger than an operating segment (as defined by IFRS 8, 'Operating segments') before aggregation. The amendment will not have an impact on the Group's operations.

IAS 38 (Amendment), 'Intangible Assets', clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment removes the exceptions from recognising intangible assets on the basis that their fair values cannot be reliably measured. Intangible assets acquired in a business combination that are separable or arise from contractual or other legal rights should be recognised. The amendment specifies different valuation techniques that may be used to value intangible assets where there is no active market. The amendment is unlikely to have an impact on the Group's financial statements.

IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' clarifies that the scope exemption within IAS 39 only applies to forward contracts that will result in a business combination at a future date, as long as the term of the forward contract does 'not exceed a reasonable period normally necessary to obtain any required approvals and to complete the transaction'. The amendment removes reference to transactions between segments as being hedgeable transactions in individual or separate financial statements and clarifies that amounts deferred in equity are only reclassified to profit or loss when the underlying hedged cash flows affect profit or loss. The amendment is not expected to have an impact on the Group's income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

IFRS 2 (Amendment), 'Share-based Payment', confirms that, transactions in which the entity acquires goods as part of the net assets acquired in a business combination as defined by IFRS 3 (2008) Business Combinations, contribution of a business on formation of a joint venture and common control transactions are excluded from the scope of IFRS 2 Share-based Payment. The amendment will not have an impact on the Group's operations.

IFRS 5 (Amendment), 'Non-current Assets Held for Sale and Discontinued Operations'. The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The amendment will not have an impact on the Group's operations.

IFRS 8 (Amendment), 'Operating Segments', clarifies that the requirement for disclosing a measure of segment assets is only required when the Chief Operating Decision Maker reviews that information. This amendment is unlikely to have an impact on the Group's financial statements.

IFRIC 9 (Amendment), 'Reassessment of Embedded Derivatives', clarifies that embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture are outside the scope of IFRIC 9. This amendment is unlikely to have an impact on the Group's financial statements.

IFRIC 16 (Amendment), 'Hedges of a Net Investment in a Foreign Operation', clarifies that hedging instruments may be held by any entity or entities within the group. This includes a foreign operation that itself is being hedged. This amendment is unlikely to have an impact on the Group's financial statements.

Standards, Amendments to published 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 January 1, 2011 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:

Classification of Rights Issues (Amendment to IAS 32) (Effective February 1, 2010)
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (Effective July 1, 2010)
Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement
IAS 24 Related Party Disclosures (Revised 2009)
Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS1)
Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)
IFRS 9 Financial Instruments
Disclosures – Transfers of Financial Assets (Amendments to IFRS 7)
Amendment to IFRS 1 Limited Exemption from Comparatives IFRS 7 Disclosures for First-time Adopters (Effective July 1, 2010)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

Improvements to IFRSs (issued May 6, 2010)

IFRS 1 First-time Adoption of International Financial Reporting Standards
IFRS 3 Business Combinations (Effective July 1, 2010)
IFRS 7 Financial Instruments: Disclosures
IAS 1 Presentation of Financial Statements
IAS 27 Consolidated and Separate Financial Statements (Effective July 1, 2010)
IAS 34 Interim Financial Reporting
IFRIC 13 Customer Loyalty Programmes

Where relevant, the Group is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

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 and certain factory equipment 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.

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 on the asset's original cost is transferred from revaluation surplus to retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.

The asset's residual values and useful lifes are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Intangible assets (Cont'd)

(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
Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Investment in subsidiaries (Cont'd)

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions and non-controlling interests
The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

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

Notes to the Financial Statements Year ended December 31, 2010 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (Cont'd)

(b) Available-for-sale financial assets

(i) Financial assets (Cont'd)

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. Available for sale are initially measured at fair value plus transaction costs.

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 effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income with 'other gains/(losses) - net'

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (Cont'd)

(vi) Hedging activities (Cont'd)

recognised in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to statement of comprehensive income within 'other gains/ (losses) - net'.

<u>Expiry or sale of a hedging instrument or criteria for hedge accounting no longer met</u>
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.

(viii) Stated capital

Ordinary shares are classified as equity.

(ix) Where any group Company purchases its equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. When such shares are subsequently reissued, any net consideration received, is included in equity attributable to the Company's equity holders.

(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.

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.

Notes to the Financial Statements Year ended December 31, 2010 (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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 Group contributes 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. Cumulative 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Retirement benefit obligations (Cont'd)

All acturial gains and losses are recognised in the statement of comprehensive income.

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 gratuity on retirement payable under the Emploment Rights Act 2009 is calculated by qualified actuaries and provided for.The obligations arising under this item are not funded.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Foreign currencies (Cont'd)

(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).

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue recognition (Cont'd)

• 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
At December 31, 2010					
Trade and other receivables	**828.9**	**21.2**	**5.0**	**4.7**	**859.8**
Cash in hand and at bank	**280.0**	**109.2**	**2.4**	**0.1**	**391.7**
Other assets	**12,991.0**	**165.0**	**-**	**-**	**13,156.0**
Total assets	**14,099.9**	**295.4**	**7.4**	**4.8**	**14,407.5**
Liabilities	**1,918.5**	**193.3**	**-**	**-**	**2,111.8**
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	8,238.3	-	-	-	8,238.3
Total assets	9,400.6	450.0	9.1	7.5	9,867.2
Liabilities	1,599.6	473.8	46.7	30.8	2,150.9

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 a foreign subsidiary and an associated company denominated in EURO and amounting to MUR'M 200.4 (2009: MUR'M 35.5).

At December 31, 2010, 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	**2010**	2009
	MUR'M	MUR'M
Rupee strengthened/weakened by 5%		
Post-tax profit	**4.8**	3.6

(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 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	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
	+/-5%	+/-5%	**+/-5%**	+/-5%
Investment in financial assets	**33.9**	17.4	**267.1**	95.2

Notes to the Financial Statements Year ended December 31, 2010 (Cont'd)

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 flows.

Forecasted liquidity reserve is as follows:

	THE GROUP	THE COMPANY
	2011	2011
	MUR'M	MUR'M
Opening balance for the period	131.5	(35.4)
Cash flows from operating activities	493.9	(40.3)
Cash flows from investing activities	101.9	216.9
Cash flows from financing activities	(568.2)	(175.5)
Closing balance for the period	159.1	(34.3)

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(c) Liquidity risk

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
THE GROUP	MUR'M	MUR'M	MUR'M
At December 31, 2010			
Borrowings including bank overdrafts	**565.3**	**144.6**	**61.7**
Trade and other payables	**621.1**	**-**	**-**
At December 31, 2009			
Borrowings including bank overdrafts	586.6	243.1	165.5
Trade and other payables	667.7	-	-
THE COMPANY			
At December 31, 2010			
Borrowings including bank overdrafts	**78.0**	**17.0**	**45.7**
Trade and other payables	**428.6**	**-**	**-**
At December 31, 2009			
Borrowings including bank overdrafts	36.6	21.6	51.0
Trade and other payables	291.4	-	-

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(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.

(i) At December 31, 2010, 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.

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
THE GROUP	**MUR'M**	MUR'M	**MUR'M**	MUR'M
Impact on post-tax profit and shareholders' equity	**0.5**	0.5	**1.2**	2.9
THE COMPANY				
Impact on post-tax profit and shareholders' equity	**0.1**	-	**-**	-

(ii) At December 31, 2010, 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 not be significanty impacted.

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.

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.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

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.

Total equity comprises all components of equity (stated capital, treasury shares, revaluation and other reserves and retained earnings).

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.

The debt-to-capital ratios at December 31, 2010 and December 31, 2009 were as follows:

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
Total debt (note 22)	**771.6**	995.2	**140.7**	109.2
Less: cash and cash equivalents (note 33)	**(391.9)**	(724.8)	**(17.0)**	(215.5)
Net debt	**379.7**	270.4	**123.7**	(106.3)
Total equity	**11,455.0**	6,762.1	**11,787.8**	7,425.1
Debt-to-adjusted capital ratio	**0.03:1**	0.04:1	**0.01:1**	N/A

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 2(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.

(c) Other investments - Available-for-sale

Level 3 Available-for-sale investments are stated at cost since no reliable estimate could be obtained to compute the fair value of these securities. The directors used their judgement at year-end and reviewed the carrying amount of these investments and in their opinion there were no material difference between the carrying amount and the fair value of the unquoted securities. To their judgement, the carrying amount reflects the fair value of these investments.

(d) 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.

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

4.1 Critical accounting estimates and assumptions (Cont'd)

(e) Depreciation policies

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the company would currently obtain from disposal of the asset if the asset was already of the age and in the condition expected at the end of its useful life.

The directors therefore make estimates based in historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

(f) Pension benefits

The present value of pension obligations depends on a number of factors that are determined on an acturial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

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
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
COST AND VALUATION										
At January 1, 2010										
- 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
Amalgamation adjustments	3,859.7	-	48.2	-	-	-	92.8	0.1	6.3	4,007.1
Additions	4.7	5.6	2.9	27.9	1.9	45.4	44.6	25.5	12.8	171.3
Disposals/Scrapped assets	(36.6)	-	-	(19.4)	-	-	(6.4)	(16.6)	(2.4)	(81.4)
At December 31, 2010										**-**
- Cost	**3,865.0**	**103.4**	**56.9**	**96.2**	**9.9**	**321.6**	**314.3**	**335.2**	**222.7**	**5,325.2**
- Valuation	**3,581.9**	**-**	**782.9**	**2,119.5**	**370.4**	**1,343.7**	**-**	**-**	**-**	**8,198.4**
	7,446.9	**103.4**	**839.8**	**2,215.7**	**380.3**	**1,665.3**	**314.3**	**335.2**	**222.7**	**13,523.6**
DEPRECIATION										
At January 1, 2010	-	35.4	587.9	837.9	143.3	1,101.8	132.6	213.6	135.0	3,187.5
Amalgamation adjustments	-	9.0	11.7	-	-	-	63.2	0.1	3.5	87.5
Charge for the year	-	5.2	15.0	97.5	15.8	50.5	44.6	18.3	14.4	261.3
Transfer	-	-	-	-	-	-	(9.7)	9.7	-	-
Disposals/Scrapped assets	-	-	-	(7.4)	-	-	(4.5)	(12.2)	-	(24.1)
At December 31, 2010	**-**	**49.6**	**614.6**	**928.0**	**159.1**	**1,152.3**	**226.2**	**229.5**	**152.9**	**3,512.2**
NET BOOK VALUES										
At December 31, 2010	**7,446.9**	**53.8**	**225.2**	**1,287.7**	**221.2**	**513.0**	**88.1**	**105.7**	**69.8**	**10,011.4**
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	Land	Buildings on Leasehold Land	Buildings	Power Plant	Building and Civil Works	Factory Equipment	Agricultural Equipment	Motor Vehicles	Furniture and Office Equipment	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
COST AND VALUATION										
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

Notes to the Financial Statements Year ended December 31, 2010 (Cont'd)

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

(b) THE COMPANY	Land	Buildings	Agricultural Equipment	Motor Vehicles	Furniture and Office Equipment	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
COST AND VALUATION						
At January 1, 2010						
- 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
Additions	4.0	0.4	5.0	7.5	1.1	18.0
Amalgamation adjustment	448.8	8.9	92.8	-	6.3	556.8
Disposals	(36.6)	-	-	(10.2)	-	(46.8)
Transfer	-	-	(12.5)	12.5	-	-
At December 31, 2010						
- Cost	**453.4**	**12.2**	**229.3**	**80.2**	**40.4**	**815.5**
- Valuation	**3,580.3**	**679.4**	**-**	**-**	**-**	**4,259.7**
	4,033.7	**691.6**	**229.3**	**80.2**	**40.4**	**5,075.2**
DEPRECIATION						
At January 1, 2010	-	524.8	86.3	55.5	24.2	690.8
Charge for the year	-	11.9	12.5	5.1	2.9	32.4
Amalgamation	-	4.6	63.2	0.1	3.5	71.4
Disposal adjustment	-	-	-	(6.7)	-	(6.7)
Transfer	-	-	(9.7)	9.7	-	-
At December 31, 2010	**-**	**541.3**	**152.3**	**63.7**	**30.6**	**787.9**
NET BOOK VALUES						
At December 31, 2010	**4,033.7**	**150.3**	**77.0**	**16.5**	**9.8**	**4,287.3**

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

(b) THE COMPANY	Land	Buildings	Agricultural Equipment	Motor Vehicles	Furniture and Office Equipment	Total
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
COST AND VALUATION						
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
Disposals	(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)

(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 28.73 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 59.1 hectares have been disposed.

(f) Land conversion under "800 A" 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 has been charged to the income statement as follows:

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
Cost of sales	**173.5**	167.4	**-**	-
Other expenses	**87.8**	68.2	**32.4**	27.1
	261.3	235.6	**32.4**	27.1

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
2010					
Cost	**3,956.2**	**110.5**	**731.0**	**1,847.8**	**322.6**
Accumulated depreciation	**-**	**(27.7)**	**(307.1)**	**(773.7)**	**(134.7)**
Net book value	**3,956.2**	**82.8**	**423.9**	**1,074.1**	**187.9**
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

THE COMPANY		
2010		
Cost	**3,956.2**	**76.7**
Accumulated depreciation	**-**	**(16.9)**
Net book value	**3,956.2**	**59.8**
2009		
Cost	91.2	23.3
Accumulated depreciation	-	(5.5)
Net book value	91.2	17.8

(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)).

Notes to the Financial Statements Year ended December 31, 2010 (Cont'd)

6. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
COST				
At January 1,	**294.9**	51.0	**292.2**	48.3
Transfer from Work-in-progress	**-**	243.9	**-**	243.9
Addition	**4.6**	-	**4.6**	-
At December 31,	**299.5**	294.9	**296.8**	292.2
DEPRECIATION				
At January 1,	**46.3**	44.8	**10.3**	8.8
Charge for the year	**6.4**	1.5	**6.4**	1.5
At December 31,	**52.7**	46.3	**16.7**	10.3
NET BOOK VALUES				
At December 31,	**246.8**	248.6	**280.1**	281.9
Fair Value	**323.4**	259.1	**323.4**	259.1

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
(a) The following amounts have been recognised in the income statement:				
Rental income	**15.1**	26.8	**15.1**	13.8
Direct operating expenses from investment properties that generate rental income	**2.3**	2.4	**2.3**	2.4

(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, 2010	131.7	46.1	10.2	16.5	47.8	2.1	254.4
Additions	-	-	-	2.2	-	-	2.2
At December 31, 2010	**131.7**	**46.1**	**10.2**	**18.7**	**47.8**	**2.1**	**256.6**
AMORTISATION							
At January 1, 2010	-	-	3.6	15.6	43.0	-	62.2
Charge for the year	-	-	-	2.5	2.1	-	4.6
At December 31, 2010	**-**	**-**	**3.6**	**18.1**	**45.1**	**-**	**66.8**
NET BOOK VALUES							
At December 31, 2010	**131.7**	**46.1**	**6.6**	**0.6**	**2.7**	**2.1**	**189.8**
(b) 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**

7. INTANGIBLE ASSETS (CONT'D)

THE COMPANY	2010	2009
	MUR'M	MUR'M
(c) COST		
At January 1,	**7.8**	5.1
Additions	**2.2**	2.7
At December 31,	**10.0**	7.8
AMORTISATION		
At January 1,	**3.3**	1.3
Charge for the year	**2.5**	2.0
At December 31,	**5.8**	3.3
NET BOOK VALUE		
At December 31,	**4.2**	4.5

(d) Amortisation charge

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
Cost of sales	**2.1**	6.5	**-**	-
Other expenses	**2.5**	2.8	**2.5**	2.0
	4.6	9.3	**2.5**	2.0

(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

THE COMPANY	2010	2009
	MUR'M	MUR'M
At January 1,	**2,221.3**	2,123.7
Amalgamation adjustment	**2,732.8**	-
Increase in fair value	**877.4**	97.6
At December 31,	**5,831.5**	2,221.3

Details of subsidiaries are set out in note 34.

9. INVESTMENT IN ASSOCIATES

(a) THE GROUP	2010	2009
	MUR'M	MUR'M
(i) Group's share of net assets	**761.9**	410.3

Details of associates are set out in note 35.

	2010	2009
	MUR'M	MUR'M
(ii) At January 1,	**410.3**	399.8
Amalgamation adjustment	**41.5**	-
Additions	**291.9**	-
Share of profit after tax and minority interest	**86.7**	90.4
Dividend paid	**(65.0)**	(65.3)
Movement on reserves	**(3.5)**	(14.6)
At December 31,	**761.9**	410.3

9. INVESTMENT IN ASSOCIATES (CONT'D)

(b) THE COMPANY	2010	2009
	MUR'M	MUR'M
At January 1,	1.3	1.3
Additions	165.0	-
Amalgamation adjustment	41.5	-
Disposal	(27.0)	-
Increase in fair value	3.3	-
At December 31,	**184.1**	1.3

10. INVESTMENT IN FINANCIAL ASSETS

THE GROUP	Available-for-sale			
	Listed			
	Official Market	DEM	Unquoted	Total
	MUR'M	MUR'M	MUR'M	MUR'M
(a) At January 1, 2010	168.4	57.3	69.5	295.2
Amalgamation adjustment	23.5	0.5	80.5	104.5
Additions	4.7	-	13.9	18.6
Disposal	(6.0)	(14.3)	(0.1)	(20.4)
Increase in fair value	243.6	6.5	145.1	395.2
At December 31, 2010	**434.2**	**50.0**	**308.9**	**793.1**
(b) 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 in fair value	55.8	24.0	27.7	107.5
At December 31, 2009	168.4	57.3	69.5	295.2

(c) Available-for-sale financial assets	Level 1	Level 2	Level 3	Total
	MUR'M	MUR'M	MUR'M	MUR'M
At December 31, 2010	**484.2**	**242.1**	**66.8**	**793.1**
At December 31, 2009	225.7	15.7	53.8	295.2

10. INVESTMENT IN FINANCIAL ASSETS (CONT'D)

THE COMPANY	Available-for-sale			
	Listed			
	Official Market	DEM	Unquoted	Total
	MUR'M	MUR'M	MUR'M	MUR'M
(d) At January 1, 2010	-	-	**18.3**	**18.3**
Amalgamation adjustment	**23.4**	**0.5**	**80.5**	**104.4**
Additions	-	-	**13.8**	**13.8**
Disposal	**(5.9)**	**(0.5)**	**(0.1)**	**(6.5)**
Increase in fair value	**14.5**	-	**123.8**	**138.3**
At December 31, 2010	**32.0**	**-**	**236.3**	**268.3**

(e) Available-for-sale financial assets	Level 1	Level 2	Level 3	Total
	MUR'M	MUR'M	MUR'M	MUR'M
At December 31, 2010	**32.0**	**209.4**	**26.9**	**268.3**
At December 31, 2009	-	-	18.3	18.3

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

THE GROUP	**2010**	2009
	MUR'M	MUR'M
Currency		
Rupee	**757.6**	259.7
Euro	**35.5**	35.5
	793.1	295.2

(i) None of the financial assets are impaired.

Notes to the Financial Statements Year ended December 31, 2010 (Cont'd)

11. NON-CURRENT RECEIVABLES

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
Loans granted to subsidiaries	**-**	-	**4.2**	5.1
Others loans	**7.2**	9.8	**0.2**	0.2
	7.2	9.8	**4.4**	5.3

12. BEARER BIOLOGICAL ASSETS

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
COST				
At January 1,	**341.3**	324.1	**341.2**	324.0
Additions	**80.6**	52.6	**52.9**	52.6
Amalgamation adjustment	**159.7**	-	**33.8**	-
Assets fully amortised	**(48.1)**	(35.4)	**(34.3)**	(35.4)
At December 31,	**533.5**	341.3	**393.6**	341.2
AMORTISATION				
At January 1,	**156.9**	145.7	**156.8**	145.6
Charge for the year	**69.2**	46.6	**48.9**	46.6
Amalgamation adjustment	**88.2**	-	**23.2**	-
Assets fully amortised	**(48.1)**	(35.4)	**(34.3)**	(35.4)
At December 31,	**266.2**	156.9	**194.6**	156.8
NET BOOK VALUES	**267.3**	184.4	**199.0**	184.4

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.There is no active market for bearer biological assets and cost is considered as fair value.

13. LAND DEVELOPMENT EXPENDITURE

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
At January 1,	**57.2**	56.3	**57.2**	56.3
Amalgamation adjustment	**5.5**	-	**-**	-
Additions	**17.1**	0.9	**17.1**	0.9
At December 31,	**79.8**	57.2	**74.3**	57.2

14. DEFERRED VRS COSTS

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
Voluntary Retirement Scheme (VRS)				
COST				
At January 1,	**245.5**	245.5	**206.7**	206.7
Amalgamation adjustment	**124.5**	-	**26.9**	-
Land donated under 2000A Scheme	**20.7**	-	**20.7**	-
At December 31,	**390.7**	245.5	**254.3**	206.7
AMORTISATION				
At January 1,	**198.6**	190.8	**174.2**	168.8
Amalgamation adjustment	**101.3**	-	**21.5**	-
Charge for the year	**14.9**	7.8	**9.5**	5.4
At December 31,	**314.8**	198.6	**205.2**	174.2
NET BOOK VALUES				
At December 31,	**75.9**	46.9	**49.1**	32.5

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% (2009: 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 statement of financial position:

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
Deferred tax assets	**(1.3)**	(1.3)	**-**	-
Deferred tax liabilities	**447.7**	254.2	**55.9**	9.9
	446.4	252.9	**55.9**	9.9

	THE GROUP	
	2010	2009
	MUR'M	MUR'M
Unused tax losses available for offset against future taxable profits	**68.7**	52.8

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

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
At January 1,	**252.9**	268.8	**9.9**	11.5
Credit to income statement (note 26(b))	**(14.5)**	(9.5)	**(5.5)**	-
Tax charge to equity	**208.0**	(6.4)	**51.5**	(1.6)
At December 31,	**446.4**	252.9	**55.9**	9.9

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, 2010	Income Statement	Revaluation Surplus	At December 31, 2010
	MUR'M	MUR'M	MUR'M	MUR'M
Deferred income tax liabilities				
Accelerated tax depreciation	217.3	(8.4)	-	208.9
Asset revaluations (note 15 (i))	84.1	(1.9)	208.0	290.2
Deferred VRS costs	7.1	4.3	-	11.4
	308.5	(6.0)	208.0	510.5
Deferred income tax assets				
Tax losses carried forward	6.7	3.8	-	10.5
Provisions for VRS costs	21.3	1.9	-	23.2
Retirement benefit obligations	27.6	8.1	-	35.7
Deferred tax not recognised	-	(5.3)	-	(5.3)
	55.6	8.5	-	64.1
Net deferred income tax liabilities	**252.9**	**(14.5)**	**208.0**	**446.4**

THE COMPANY	At January 1, 2010	Income Statement	Revaluation Surplus	At December 31, 2010
	MUR'M	MUR'M	MUR'M	MUR'M
Deferred income tax liabilities				
Accelerated tax depreciation	8.0	(0.9)	-	7.1
Asset revaluations	22.1	-	51.5	73.6
Deferred VRS costs	5.0	2.2	-	7.2
	35.1	1.3	51.5	87.9
Deferred income tax assets				
Tax losses	-	7.9	-	7.9
Retirement benefit obligations	13.5	1.9	-	15.4
Provision for VRS costs	11.7	(3.0)	-	8.7
	25.2	6.8	-	32.0
Net deferred income tax liability	**9.9**	**(5.5)**	**51.5**	**55.9**

(i) Deferred Tax liability on land

Pursuant to the Finance Act 2010 gains from sale of immovable property is now subject to income tax. Consequently a deferred tax liability has been recognised on land classified as property, plant and equipment. The adjustment has been recognised in other comprehensive income.

16. INVENTORIES

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
(a) Raw materials	**107.9**	76.0	**-**	-
Finished goods	**44.4**	163.0	**-**	-
Spare parts and consumables	**389.8**	190.1	**0.2**	-
	542.1	429.1	**0.2**	-

(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	
	2010	2009
	MUR'M	MUR'M
Cost of inventories consumed	**1,704.0**	1,704.0

17. CONSUMABLE BIOLOGICAL ASSETS

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
At January 1,	**103.8**	111.9	**103.8**	111.9
Amalgamation adjustment	**68.5**	-	**5.0**	-
Losses from changes in fair value	**(7.0)**	(8.1)	**(1.9)**	(8.1)
At December 31,	**165.3**	103.8	**106.9**	103.8

18. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
Trade receivables	**595.1**	672.9	**13.7**	3.6
Less: provision for impairment	**(23.9)**	(23.8)	**-**	-
Trade receivables - net	**571.2**	649.1	**13.7**	3.6
Sugar proceeds receivable	**165.2**	102.4	**104.4**	102.4
Molasses proceeds(payable)/receivable	**13.0**	23.1	**13.0**	23.1
Amounts receivable from the Sugar Insurance Fund Board (SIFB)	**-**	1.9	**-**	-
Receivable from subsidiaries	**-**	-	**976.7**	747.0
Other receivables	**110.4**	127.6	**85.1**	39.4
	859.8	904.1	**1,192.9**	915.5

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

As at December 31, 2010, trade receivables of MUR'M 23.9 for the Group were impaired and provided for (2009: MUR'M 23.8). The ageing of these receivables is as follows:

	2010	2009
	MUR'M	MUR'M
Over 6 months	**23.9**	23.8

As at December 31, 2010, trade receivables of MUR'M 18.4 for the Group (2009: MUR'M 6.3) 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	
	2010	2009
	MUR'M	MUR'M
3 to 6 months	**7.9**	1.5
Over 6 months	**10.5**	4.8

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	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
Rupee	**825.5**	891.5	**1,192.9**	915.5
US Dollar	**5.0**	5.2	**-**	-
Euro	**21.2**	0.9	**-**	-
Other currencies	**8.1**	6.5	**-**	-
	859.8	904.1	**1,192.9**	915.5

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

	THE GROUP	
	2010	2009
	MUR'M	MUR'M
At January 1,	**23.8**	15.8
Provision for impairment	**0.1**	8.0
At December 31,	**23.9**	23.8

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	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
At January 1,	**18.9**	27.9	**18.9**	27.9
Expenditure	**-**	1.2	**-**	1.2
Release to income statement on disposal	**(6.5)**	(10.2)	**(6.5)**	(10.2)
At December 31,	**12.4**	18.9	**12.4**	18.9

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

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.

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
(a) Disposal proceeds	**13.6**	22.4	**13.6**	22.4

(b) Liabilities directly associated with non-current assets held-for-sale

Accruals and provisions	**0.2**	0.2	**0.2**	0.2

20. STATED CAPITAL

	2010	2009	**2010**	2009
	No.of shares (M)	No.of shares (M)	**MUR'M**	MUR'M
Issued and fully paid				
At January 1,	**173.8**	173.8	**173.8**	173.8
Shares issued upon amalgamation with:				
The Mount Sugar Estates Company Limited (note 41)	**46.3**	-	**2,901.5**	-
The Saint Andre Sugar Estate Company Limited (note 41)	**7.4**	-	**448.2**	-
At December 31,	**227.5**	173.8	**3,523.5**	173.8

The total number of ordinary shares is 227,545,624 shares of no par value.

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, 2010	**9.4**	**4,144.2**	**(17.7)**	**217.2**	**4,353.1**
Increase in fair value of available-for-sale financial assets	-	-	-	**395.2**	**395.2**
Fair value movement on disposal of financial assets	-	-	-	**(10.1)**	**(10.1)**
Amalgamation adjustments	-	**1,092.8**	**(60.9)**	-	**1,031.9**
Release on disposal of land	-	**(35.8)**	-	-	**(35.8)**
Release of deferred tax on excess depreciation over historical cost depreciation	-	**1.2**	-	-	**1.2**
Deferred tax on revaluation of land	-	**(209.2)**	-	-	**(209.2)**
Release to income statement on repayment of foreign currency loans	-	-	**34.5**	-	**34.5**
Exchange differences on translation of foreign currency loans	-	-	**7.8**	-	**7.8**
Scrappings of revalued property, plant and equipment	-	**(0.9)**	-	-	**(0.9)**
Movements on reserves	**(3.5)**	-	-	-	**(3.5)**
At December 31, 2010	**5.9**	**4,992.3**	**(36.3)**	**602.3**	**5,564.2**
(ii) At January 1, 2009	24.0	4,135.0	(61.3)	122.6	4,220.3
Increase 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 over 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)

(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, 2010	**135.8**	**667.9**	**1,216.0**	**3,418.7**	**5,438.4**
Increase in fair value of available-for-sale financial assets	**1,019.0**	-	-	-	**1,019.0**
Deferred tax on land	-	**(52.7)**	-	-	**(52.7)**
Release of deferred tax on excess depreciation over historical cost depreciation	-	**1.2**	-	-	**1.2**
Release on disposal of land	-	**(35.8)**	-	-	**(35.8)**
Amalgamation adjustments	-	-	-	**0.9**	**0.9**
At December 31, 2010	**1,154.8**	**580.6**	**1,216.0**	**3,419.6**	**6,371.0**
(ii) 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

Fair value reserve
Fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets that has been recognised in other comprehensive income until the investments are derecognised.

Translation reserve
The translation reserve consists of the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to the hedged transactions that have not yet occurred and of the foreign currency differences arising from the translation of the financial statements of foreign operations.

Amalgamation reserve
Amalgamation reserve represents the excess of assets over liabilities and reserves of subsidiaries following amalgamation.

Revaluation reserve
The revaluation surplus relates to the revaluation of property, plant and equipment.

22. BORROWINGS

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
Non-current				
Debentures	**44.6**	205.9	**-**	-
Loans	**161.7**	202.7	**62.7**	72.6
Total non-current	**206.3**	408.6	**62.7**	72.6
Current				
Bank overdrafts	**260.4**	320.6	**52.4**	20.6
Debentures	**84.7**	76.7	**-**	-
Loans	**220.2**	189.3	**25.6**	16.0
	304.9	266.0	**25.6**	16.0
Total current	**565.3**	586.6	**78.0**	36.6
Total borrowings	**771.6**	995.2	**140.7**	109.2

	Last repayment date	THE GROUP		THE COMPANY	
		2010	2009	**2010**	2009
		MUR'M	MUR'M	**MUR'M**	MUR'M
(a) Breakdown of loans and debentures					
Loan capital can be analysed as follows:					
Loans in EUR repayable yearly in February and August		**-**	43.4	**-**	-
Debentures repayable yearly in February and August	2012	**129.3**	206.0	**-**	-
VRS loan at 6% repayable quarterly	2012	**20.3**	22.0	**18.4**	22.0
VRS loan at 8.63% repayable half yearly	2015	**38.4**	-	**-**	-
Loan in EUR repayable yearly in February and August	2012	**193.3**	336.6	**-**	-
Bank loan at 7.25%	2011	**60.0**	-	**-**	-
VRS loan at 9.63% repayable half yearly	2016	**69.9**	66.6	**69.9**	66.6
		511.2	674.6	**88.3**	88.6
Less: Repayable within one year		**(304.9)**	(266.0)	**(25.6)**	(16.0)
Repayable after one year		**206.3**	408.6	**62.7**	72.6

22. BORROWINGS (CONT'D)

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

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
- after one year and before two years	**144.6**	243.1	**17.0**	21.6
- after two years and before three years	**28.6**	127.3	**12.6**	12.8
- after three years and before five years	**33.1**	38.2	**33.1**	38.2
	206.3	408.6	**62.7**	72.6

(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	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
- After one year and before two years				
Bank borrowings	**100.0**	158.4	**17.0**	21.6
Debentures	**44.6**	84.7	**-**	-
	144.6	243.1	**17.0**	21.6
- After two years and before three years				
Bank borrowings	**28.6**	82.5	**12.6**	12.8
Debentures	**-**	44.8	**-**	-
	28.6	127.3	**12.6**	12.8
- After three years and before five years				
Bank borrowings	**33.1**	38.2	**33.1**	38.2
Total	**206.3**	408.6	**62.7**	72.6

22. BORROWINGS (CONT'D)

(d) The rates of interest on MUR loans and debentures vary between 6% to 9.63% annually and on foreign currency loans - EUR between 3% to 6% 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	Total
THE GROUP	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
At December 31, 2010					
Total borrowings	**565.3**	**144.6**	**28.6**	**33.1**	**771.6**
At December 31, 2009					
Total borrowings	586.6	243.1	127.3	38.2	995.2
THE COMPANY					
At December 31, 2010					
Total borrowings	**78.0**	**17.0**	**12.6**	**33.1**	**140.7**
At December 31, 2009					
Total borrowings	36.6	21.6	12.8	38.2	109.2

23. DEFERRED INCOME

	THE GROUP	
	2010	2009
	MUR'M	MUR'M
Lease rental income	**10.1**	-

24. 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.

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

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
Present value of funded obligations	**413.1**	349.1	**206.7**	168.8
Fair value of plan assets	**(210.2)**	(164.2)	**(107.1)**	(70.2)
	202.9	184.9	**99.6**	98.6
Present value of unfunded obligations	**30.5**	31.6	**12.1**	7.3
Unrecognised actuarial losses	**(2.3)**	(27.8)	**(11.7)**	(23.4)
Liability in the statements of financial position	**231.1**	188.7	**100.0**	82.5

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

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
Current service cost	**11.8**	9.6	**3.5**	2.7
Scheme expenses	**0.8**	0.5	**0.3**	0.3
Interest cost	**47.1**	35.0	**22.5**	16.4
Cost of insuring risk	**0.6**	0.5	**-**	-
Actuarial loss	**0.3**	3.1	**0.6**	2.3
Expected return on plan assets	**(19.3)**	(15.2)	**(8.6)**	(6.3)
Effect of curtailments	**(0.3)**	-	**-**	-
	41.0	33.5	**18.3**	15.4

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
At January 1,	**188.7**	183.0	**82.5**	81.2
Amalgamation adjustment	**48.4**	-	**28.7**	-
Total expenses as above	**41.0**	33.5	**18.3**	15.4
Other contributions and direct benefits paid	**(47.0)**	(27.8)	**(29.5)**	(14.1)
At December 31,	**231.1**	188.7	**100.0**	82.5

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

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
Present value of obligation at January 1,	**380.7**	347.5	**176.1**	165.1
Amalgamation adjustment	**77.5**	-	**43.7**	-
Current service cost	**11.8**	9.6	**3.5**	2.7
Interest cost	**47.1**	35.0	**22.5**	16.4
Employee's contribution	**2.4**	2.0	**1.8**	1.2
Effect of curtailments/settlements	**(0.4)**	-	**-**	-
Actuarial gain on plan assets	**(39.9)**	3.5	**0.4**	1.4
Benefits paid	**(35.6)**	(16.9)	**(29.2)**	(10.7)
Present value of obligation at December 31,	**443.6**	380.7	**218.8**	176.1

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(e) Reconciliation of fair value of plan assets:

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
Fair value of plan assets at January 1,	**164.2**	144.4	**70.2**	60.0
Amalgamation adjustment	**18.0**	-	**12.9**	-
Expected return on plan assets	**19.3**	15.2	**8.6**	6.3
Employer's contribution	**47.0**	26.3	**29.5**	14.4
Scheme Expenses	**(1.0)**	(0.5)	**(0.3)**	(0.3)
Cost of insuring risk benefit	**(0.6)**	(0.5)	**-**	-
Employee's Contribution	**2.4**	2.0	**1.8**	1.2
Actuarial gains/(losses) on plan assets	**(3.5)**	(5.8)	**13.7**	(0.7)
Benefits paid	**(35.6)**	(16.9)	**(29.3)**	(10.7)
Fair value of plan assets at December 31,	**210.2**	164.2	**107.1**	70.2

(f) Distribution of plan assets at end of year

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
Percentage of assets at end of year	**%**	%	**%**	%
Local bonds and equities	**28.9**	46.0	**28.9**	45.0
Fixed interest	**29.4**	15.0	**29.4**	13.0
Property	**25.1**	1.0	**25.1**	-
Overseas bonds and equities	**16.6**	38.0	**16.6**	42.0
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 18.8 and MUR'M 8.0 respectively to the pension scheme for the year ending December 31, 2011.

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(i) Additional disclosures:

	THE GROUP			THE COMPANY		
	2010	2009	2008	**2010**	2009	2008
	MUR'M	MUR'M	MUR'M	**MUR'M**	MUR'M	MUR'M
Amounts for the current and previous periods						
Defined benefit obligation	**443.6**	380.7	237.2	**218.8**	176.1	165.2
Plan Assets	**210.2**	164.2	(18.2)	**107.1**	70.2	60.0
Deficit	**233.3**	216.5	116.3	**111.7**	106.0	105.0
Experience (losses)/gains on plan liabilities	**39.9**	3.5	46.7	**0.4**	0.4	24.0
Experience gains on plan assets	**3.5**	5.8	10.3	**13.7**	13.7	17.0

(j) Principal actuarial assumptions at end of year :

	THE GROUP AND THE COMPANY	
	2010	2009
Discount rate	**9.50%**	10.00%
Expected rate of return on plan assets	**9.50%**	10.00%
Future salary increases	**6.50%**	10.00%
Future pension increases	**0.00%**	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 2010 is MUR'M 16.2 (2009 : MUR'M 9.5).

25. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
Trade creditors	**256.7**	349.6	**3.7**	8.2
Provision for compensation payments for centralisation in accordance with the Blue Print provisions	**9.0**	9.0	**-**	-
Provision for VRS costs	**82.2**	98.6	**60.4**	78.0
Amounts due to subsidiaries	**-**	-	**305.7**	179.4
Other payables and accruals	**221.7**	161.5	**58.8**	25.8
Dividend payable to minority shareholders	**51.5**	49.0	**-**	-
	621.1	667.7	**428.6**	291.4

26. TAXATION

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
(a) Liability/(asset) in the statements of financial position	**MUR'M**	MUR'M	**MUR'M**	MUR'M
At January 1,	**43.4**	111.5	**(1.5)**	6.3
Underprovision in previous year	**0.8**	0.4	**-**	0.2
Tax paid on account	**(44.2)**	(97.8)	**-**	(6.5)
	-	14.1	**(1.5)**	-
Current tax on the adjusted profits for the year @ 15% (2009 : 15%)	**88.1**	79.3	**-**	2.1
Tax paid	**(59.6)**	(50.0)	**-**	(3.6)
	28.5	43.4	**(1.5)**	(1.5)
Disclosed as follows:				
Current tax assets	**(1.5)**	(1.5)	**(1.5)**	(1.5)
Current tax liabilities	**30.0**	44.9	**-**	-
	28.5	43.4	**(1.5)**	(1.5)

26. TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
(b) Charge in the Income statement	**MUR'M**	MUR'M	**MUR'M**	MUR'M
Current tax on the adjusted profits for the year at 15% (2009 : 15%)	**88.1**	79.3	**-**	2.1
Under provision in previous years	**0.8**	0.4	**-**	0.2
National Residential Property Tax	**1.3**	0.6	**0.6**	0.6
Deferred taxation (note 15)	**(14.5)**	(9.5)	**(5.5)**	-
Charge/(Credit) for the year	**75.7**	70.8	**(4.9)**	2.9

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	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
Profit before taxation and after associates' results	**475.9**	434.3	**193.8**	210.6
Tax calculated at a rate of 15% (2009: 15%)	**70.1**	65.1	**29.1**	31.6
Income not subject to tax	**(45.7)**	(43.7)	**(42.3)**	(37.8)
Expenses not deductible for tax purposes	**49.2**	48.1	**7.7**	8.3
National Property Residential Tax	**1.3**	0.6	**0.6**	0.6
Net deferred tax effect	**-**	0.3	**-**	-
Under provision in previous years	**0.8**	0.4	**-**	0.2
	75.7	70.8	**(4.9)**	2.9

27. OTHER INCOME

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
Interest income	**12.4**	20.6	**60.8**	68.4
Dividend income	**14.8**	15.8	**229.0**	180.7
Investment income	**27.2**	36.4	**289.8**	249.1
Profit on disposal of property, plant and equipment/ non-current assets held for sale	**18.1**	27.3	**12.6**	23.6
Profit on disposal of investments	**16.5**	17.6	**10.0**	17.6
Others	**90.6**	80.0	**0.7**	0.9
	152.4	161.3	**313.1**	291.2

28. PROFIT BEFORE FINANCE COSTS

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
The profit before finance costs is arrived at after:				
Crediting:				
Rental of land and buildings	**5.5**	-	**20.5**	19.1
Profit on sale of property, plant and equipment/ non-current assets held for sale	**18.1**	27.3	**12.6**	23.6
Profit on sale of investments	**16.5**	17.6	**10.0**	17.6
and charging:				
Depreciation on property, plant and equipment				
-owned assets	**261.3**	235.6	**32.4**	27.1
Depreciation on investment properties	**6.4**	1.5	**6.4**	1.5
Amortisation of bearer biological assets	**69.2**	46.6	**48.9**	46.6
Amortisation of intangible assets	**4.6**	9.3	**2.5**	2.0
Amortisation of VRS costs	**14.9**	7.8	**9.5**	5.4
Employee benefit expense (note 28(a))	**528.5**	396.9	**186.7**	137.9

(a) Employee benefit expense

Wages, salaries and other costs	**493.5**	377.2	**166.1**	130.0
Pension costs	**35.0**	19.7	**20.6**	7.9
	528.5	396.9	**186.7**	137.9

29. EXPENSE BY NATURE

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
Depreciation - Property, plant and equipment (note 5)	**261.3**	235.6	**32.4**	27.1
Depreciation - Investment properties (note 6)	**6.4**	1.5	**6.4**	1.5
Amortisation - Intangible assets (note 7)	**4.6**	9.3	**2.5**	2.0
Amortisation - Bearer biological assets (note 12)	**69.2**	46.6	**48.9**	46.6
Raw materials and consumables used	**1,704.2**	1,463.0	**-**	-
Employee benefit expense	**528.5**	396.9	**186.7**	137.9
Cultivation and irrigation expenses	**262.4**	363.2	**149.8**	165.4
Others	**401.6**	325.7	**82.4**	111.6
Total cost of sales, administrative expenses, distribution costs and other expenses	**3,238.2**	2,841.8	**509.1**	492.1

30. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
Net foreign exchange losses	**94.8**	116.3	**14.9**	8.8
Interest expense:				
Current Accounts	**-**	-	**-**	-
- Bank overdrafts	**11.2**	17.1	**0.3**	1.0
- Loans repayable by instalments	**27.3**	41.2	**8.8**	15.6
- Debentures	**14.8**	25.4	**-**	-
- Other loans not repayable by instalments	**10.8**	18.1	**27.2**	6.8
	64.1	101.8	**36.3**	23.4
	158.9	218.1	**51.2**	32.2

31. EARNINGS PER SHARE

(a) From continuing operations

		THE GROUP		THE COMPANY	
		2010	2009	**2010**	2009
		MUR'M	MUR'M	**MUR'M**	MUR'M
(i) Basic earnings per share					
Profit attributable to equity holders		**250.4**	240.9	**198.7**	207.7
Weighted average number of ordinary shares in issue		**220.1**	173.8	**220.1**	173.8
Basic earnings per share	MUR	**1.14**	1.39	**0.90**	1.20

Shares issued on the 31 December, 2010 are not included in the weighted average number of ordinary shares.

32. DIVIDENDS

	2010	2009
	MUR'M	MUR'M
Final ordinary paid - 70 cents per share (2009 - 70 cents per share)	**154.1**	121.7

33. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
Cash in hand and at bank	**391.9**	724.8	**17.0**	215.5
Bank overdrafts	**(260.4)**	(320.6)	**(52.4)**	(20.6)
	131.5	404.2	**(35.4)**	194.9

34. SUBSIDIARIES

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

	Type of shares held	Stated capital	2010 % holding	2010 % held by other group companies	2009 % holding	2009 % held by other group companies	Activity
		MUR					
Beau Plan Milling Co Ltd	Ordinary	72,929,000	**80.00**	**-**	63.29	-	Dormant
Belle Vue Milling Co Ltd	Ordinary	232,053,000	**80.00**	**-**	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
Fondation Harel Frères	Ordinary	10,000	**100.00**	**-**	-	-	Social
Société HBM	Parts	265,494,990	**20.89**	**79.11**	-	79.11	Investment
Société Proban	Parts	8,100,000	**27.78**	**55.56**	-	55.56	Investment
Eco-Energy	Ordinary	3,000,000	**-**	**80.00**	-	80.00	Commercial
East Indies Company SARL	Ordinary	3,646,154	**-**	**74.00**	-	74.00	Commercial
Compagnie Agricole du Mount Ltée	Ordinary	180,000,000	**100.00**	**-**	-	-	Sugar

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

35. ASSOCIATES

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

2010	Assets	Liabilities	Revenues	Profit/(loss)	2010 % holding	Financial period ended
	MUR'M	MUR'M	MUR'M	MUR'M		
Alcohol & Molasses Export Ltd	79.9	2.2	343.9	12.9	**41.87**	June 30,
Anytime Investment Ltd	22.6	0.04	19.8	(0.1)	**24.50**	June 30,
Coal Terminal (Management) Co Ltd	25.9	24.9	44.6	0.8	**15.43**	December 31,
Cosmebelle (Maurice) Limitée	8.4	1.1	6.0	4.1	**50.00**	December 31,
CTBV (Management) Co Ltd	28.5	27.5	15.6	0.1	**28.00**	December 31,
East Indies Co. Ltd	14.0	6.9	26.3	2.1	**18.50**	December 31,
Fondation Nemours Harel	-	-	-	-	**50.00**	December 31,
Horus Ltée	350.1	-	-	(1.7)	**50.00**	December 31,
Intendance Holding Ltd	1,351.0	617.7	292.8	124.1	**43.85**	December 31,
Les Chais de L'Isle de France Ltée	12.9	9.7	4.6	0.6	**50.00**	December 31,
Les Domaines de Mauricia Limitée	0.7	0.5	0.5	(0.1)	**50.00**	December 31,
New Fabulous Investment Ltd	22.6	-	19.8	-	**24.50**	June 30,
New Goodwill Co. Ltd	120.8	63.4	1,231.3	40.9	**33.33**	June 30,
Rehm Grinaker Construction Co. Ltd	640.3	543.8	2,955.0	64.9	**35.49**	June 30,
Sugarworld Limited	70.0	5.2	53.2	7.7	**30.70**	December 31,
Rum Distributors Co. Ltd	27.4	36.5	892.8	(1.8)	**33.33**	June 30,
Bureaux Reunis Ltee	2.5	0.9	2.0	0.8	**50.00**	June 30,
Evapo Ltd	75.2	63.4	0.2	0.1	**50.00**	December 31,
Commada Ltd	257.1	-	-	(7.8)	**50.00**	December 31,
Distillerie de Bois Rouge Ltd	-	-	-	-	**33.33**	July 31,

For associates with year ended June 30, and July 31, the management accounts at December 31, 2010 have been used to calculate the share of profit and net assets.

The Group accounts for its investment in Coal Terminal (Management) Co Ltd as an associate although the Group holds less than 20% of the issued share capital as the Group has the ability to exercise significant influence over the investment due to the Group's representation through one director to the board of directors of that company.

35. ASSOCIATES (CONT'D)

(b) 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 Co. 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	-	(3.2)	**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.

36. CAPITAL COMMITMENTS

	THE GROUP	
	2010	2009
	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	**3.0**	27.9

37. ULTIMATE HOLDING ENTITY

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

38. 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
2010	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Associates	**-**	**36.4**	**0.6**	**15.3**	**7.5**	**1.2**	**15.2**
Key management personnel	**65.1**	**1.2**	**-**	**-**	**-**	**-**	**-**
Enterprises with common directors	**-**	**143.3**	**0.7**	**-**	**-**	**-**	**24.7**
2009							
Associates	-	86.5	33.8	15.1	11.2	7.6	-
Key management personnel	45.3	-	-	-	-	-	-
Enterprises with common directors	-	151.8	21.9	-	-	13.1	70.0

(ii) THE COMPANY	Remuneration	Purchases of services	Sales of services and others	Amount receivable	Amount payable	Interest receivable (net)
2010	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Key management personnel	**26.7**	**-**	**-**	**-**	**-**	**-**
Enterprises with common directors	**-**	**18.4**	**5.0**	**-**	**8.4**	**-**
Fellow subsidiaries	**-**	**1.8**	**65.5**	**976.6**	**283.5**	**60.7**
2009						
Key management personnel	22.2	-	-	-	-	-
Enterprises with common directors	-	75.3	5.4	-	11.0	-
Fellow subsidiaries	-	5.5	15.8	741.6	168.4	68.0

38. RELATED PARTY TRANSACTIONS (CONT'D)

	THE GROUP		THE COMPANY	
(iii) Key management personnel	**2010**	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M
Salaries and short term employee benefits	**61.6**	42.7	**26.7**	22.2
Other post-employment benefits	**3.5**	2.6	**-**	-
	65.1	45.3	**26.7**	22.2

(iv) Management contracts

Harel Frères Limited received MUR 0.8 M (2009: MUR 1.3 M) of management fees from The Saint André Sugar Estate Company Limited.
Harel Frères Limited received management fees of MUR 3.1 M (2009: MUR 3.1M) from CTBV Management Co. Ltd.
CTBV Management Co. Ltd claimed management fees to Compagnie Thermique de Belle Vue Limitée for MUR 15.1 M (2009: MUR 15.1M).

39. 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 M in respect of breach of contract. The court case is still ongoing.

(iii) Hotel Le Victoria
There is currently a claim from Albatross Insurance company for an amount of MUR 172 M relating to the fire which took place at "Hotel Le Victoria" in September 2002. The court case is still ongoing.

(iv) Domaine de Bon Espoir
Pending the outcome of the Assessment Review Committee, Harel Frères Limited (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 M in respect of land parcelling at Domaine de Bon Espoir. Further to the unfavourable ruling against the company, an appeal has been made.

39. CONTINGENT LIABILITIES (CONT'D)

(a) Court cases (Cont'd)

(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 2009 amounting to MUR 15.6 M. The matter has been referred to an Arbitration Board as provided by the water supply agreement existing between The Irrigation Authority and the Company.

(vii) Registrar General - Supreme Court
Several appeals have been made in relation to assessments made by the Registrar General for an amount of MUR 1.28 M following sales of lands. These assessments are being contested by Harel Frères Ltd. The court case is still ongoing.

(viii) Central Water Authority
Harel Frères Limited has applied to the Supreme Court for the issue of an order allowing it to draw 44.71 l/s of water from Villebague Canal (River Citron) and use that volume of water to irrigate part of its privately owned lands on a rotational basis.

(ix) Bon Espoir
Mr Joseph Yencana has entered a claim against Harel Frères Limited for an amount of MUR 175 M regarding of damages and prejudice in respect of a plot of land at Bon Espoir. The directors believe that there are no solid grounds in this case.

(x) Personal injury
An action has been entered against the company claiming MUR 15 M as damages for personal injury. The court case is still ongoing

(b) Bank guarantees

In the ordinary course of business, the Group had contingent liabilities in respect of bank guarantees amounting to MUR 43.9 M (2009: MUR 13.4 M).

40. SEGMENT INFORMATION

	Sugar	Energy	Commercial & Alcohol production	Others	Total
(a) Year ended December 31, 2010	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Total segment revenues	**973.3**	**1,327.9**	**1,179.9**	**180.3**	**3,661.4**
Intersegment sales	**(1.7)**	**(10.0)**	**-**	**(6.4)**	**(18.1)**
Revenues from external customers	**971.6**	**1,317.9**	**1,179.9**	**173.9**	**3,643.3**
Segment (loss)/profit	**(8.8)**	**389.2**	**106.7**	**61.0**	**548.1**
Share of results of associates	**-**	**-**	**15.8**	**70.9**	**86.7**
Finance costs	**(41.6)**	**(110.9)**	**(6.3)**	**(0.1)**	**(158.9)**
(Loss)/profit before taxation	**(50.4)**	**278.3**	**116.2**	**131.8**	**475.9**
Taxation	**0.9**	**(51.2)**	**(18.6)**	**(6.8)**	**(75.7)**
(Loss)/profit after taxation	**(49.5)**	**227.1**	**97.6**	**125.0**	**400.2**
Non-controlling interests					**(149.8)**
Profit attributable to equity holders of the company					**250.4**
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)
(Loss)/profit before taxation	(28.8)	223.2	98.3	141.6	434.3
Taxation	(3.9)	(49.7)	(14.3)	(2.9)	(70.8)
(Loss)/profit after taxation	(32.7)	173.5	84.0	138.7	363.5
Non-controlling interests					(122.6)
Profit attributable to equity holders of the company					240.9

40. SEGMENT INFORMATION (CONT'D)

	Sugar	Energy	Commercial & Alcohol production	Others	Eliminations	Group
(b) Year ended December 31, 2010	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Interest revenue	**1.7**	**9.3**	**1.4**	**-**	**-**	**12.4**
Interest expense	**(24.6)**	**(33.1)**	**(6.4)**	**-**	**-**	**(64.1)**
Cost of sales	**797.3**	**901.5**	**846.6**	**108.6**	**-**	**2,654.0**
Segment assets	**9,904.5**	**2,223.0**	**732.5**	**124.3**	**(154.3)**	**12,830.0**
Associates	**-**	**-**	**34.2**	**727.7**	**-**	**761.9**
Other assets	**316.2**	**-**	**10.3**	**489.1**	**-**	**815.6**
Segment liabilities	**625.0**	**207.4**	**159.2**	**26.9**	**(154.3)**	**864.2**
Borrowings	**266.3**	**322.6**	**176.9**	**5.8**	**-**	**771.6**
Other liabilities	**243.3**	**216.7**	**10.6**	**5.4**	**-**	**476.0**
Capital expenditure	**180.2**	**32.7**	**33.7**	**12.1**	**-**	**258.7**
Depreciation and amortisation	**195.3**	**119.8**	**26.6**	**14.7**	**-**	**356.4**
Year ended December 31, 2009						
Interest revenue	2.8	15.0	1.9	-	-	19.7
Interest expense	(28.0)	(62.6)	(7.5)	-	-	(98.1)
Cost of sales	702.3	805.2	762.6	104.3	-	2,374.4
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
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
Capital expenditure	265.9	35.4	64.7	2.7	-	368.7
Depreciation and amortisation	164.8	121.9	13.0	1.1	-	300.8

40. 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.

(c) Geographical segments

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

	Sales		Total assets		Capital expenditure	
	2010	2009	**2010**	2009	**2010**	2009
	MUR'M	MUR'M	**MUR'M**	MUR'M	**MUR'M**	MUR'M
Mauritius	**3,643.3**	3,246.9	**14,372.0**	9,831.8	**258.7**	368.7
Ivory Coast	**-**	-	**35.5**	35.5	**-**	-
	3,643.3	3,246.9	**14,407.5**	9,867.3	**258.7**	368.7

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.

Analysis of sales

	2010	2009
	MUR'M	MUR'M
Sale of sugar, molasses and bagasse	**971.6**	816.6
Sale of electricity	**1,317.9**	1,204.8
Sale of goods	**1,179.9**	1,061.2
Revenue from services	**173.9**	164.3
	3,643.3	3,246.9

For revenue recognition see note 2(q).

41. BUSINESS COMBINATIONS

(a) The Mount Sugar Estates Company Limited

On January 1, 2010, Harel Frères Limited ('HFL') 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 are as follows:
(i) The continuing company is Harel Frères Limited;
(ii) The share exchange ratio is 4.137 shares of HFL for 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 Exchange of Mauritius Ltd.

The assets and liabilities of TMSE have been accounted in the books of HFL at fair value in accordance with IFRS 3 Business Combinations.

The fair value of assets and liabilities at the date of amalgamation were as follows:

	MUR'M
Property, plant and equipment	29.0
Investment in subsidiary company	2,732.8
Investment in associates	41.5
Investment in financial assets	104.6
Deferred VRS costs	4.0
Inventories	4.0
Trade and other receivables	79.0
Cash in hand and at bank	8.0
Borrowings	(17.0)
Retirement benefit obligations	(25.0)
Trade and other payables	(59.4)
Net assets	2,901.5
Less: consideration settled by	
- Shares issued (Note 20)	(2,901.5)
	-

41. BUSINESS COMBINATIONS (CONT'D)

(b) The Saint Andre Sugar Estate Company Ltd

On December 31, 2010, Harel Frères Limited ('HFL') amalgamated with The Saint Andre Sugar Estate Company Ltd ('STA') in accordance with and pursuant to the provisions of the Companies Act 2001.

The terms of the amalgamation were as follows:
(i) The continuing company is Harel Frères Limited;
(ii) The share exchange ratio is 1065 shares of HFL for every one share of STA;
(iii) HFL has issued 7,455,000 ordinary shares and has made a payment of Rs 21.7 M to the shareholders of STA;
(iv) These new shares carry the same rights as the existing shares of HFL and are listed on the Stock Exchange of Mauritius Ltd.

The assets and liabilities of STA have been accounted in the books of HFL at fair value in accordance with IFRS 3 business combination.

The fair value of assets and liabilities at the date of amalgamation were as follows:

	MUR'M
Property, plant and equipment	453.3
Bearer biological assets	10.6
Investment in financial assets	0.2
Deferred VRS costs	1.6
Inventories	5.1
Trade and other receivables	20.4
Cash in hand and at bank	1.9
Borrowings	(1.8)
Retirement benefit obligations	(4.5)
Trade and other payables	(16.9)
Net assets	469.9
Less: consideration settled by	(448.2)
- Shares issued (note 20)	
- Cash	(21.7)
	-

Three Year Summary of Published Results and Assets and Liabilities

THE GROUP

	2010	2009	2008
INCOME STATEMENTS	**MUR'M**	MUR'M	MUR'M
Turnover	**3,643.3**	3,246.9	3,289.2
Profit before taxation, exceptional items and associates' results	**389.2**	343.9	621.3
Share of results of associates	**86.7**	90.4	125.8
Taxation	**(75.7)**	(70.8)	(100.5)
Profit after taxation	**400.2**	363.5	646.6
Profit attributable to:			
Owners of the parent	**250.4**	240.9	415.6
Non-controlling interests	**149.8**	122.6	231.0
STATEMENTS OF COMPREHENSIVE INCOME			
Profit after taxation	**400.2**	363.5	646.6
Other comprehensive income for the year net of tax	**253.7**	188.0	188.0
Total comprehensive income	**653.9**	551.5	834.6
Total comprehensive income attributable to:			
Owners of the parent	**464.2**	364.5	421.2
Non-controlling interests	**189.7**	187.0	251.4
	653.9	551.5	672.6
Percentage of profit on shareholders' interest (%)	**2.2**	3.6	6.4
Earnings per share (MUR)	**1.14**	1.39	2.39
Dividends proposed and paid	**154.1**	121.7	121.7
Dividend per share (MUR)	**0.7**	0.7	0.7
Dividend cover (times)	**1.6**	2.0	3.4
Net assets per share (MUR)	**50.4**	38.9	37.5
Weighted number of ordinary shares used in calculation (M)	**220.1**	173.8	173.8
Number of ordinary shares at end of year (M)	**227.5**	173.8	173.8

Three Year Summary of Published Results and Assets and Liabilities (Cont'd)

THE GROUP (CONT'D)

	2010	2009	2008
STATEMENTS OF FINANCIAL POSITION	**MUR'M**	MUR'M	MUR'M
Non-current assets	**12,434.5**	7,685.0	7,523.4
Current assets	**1,960.6**	2,163.3	2,413.8
Non-current assets classified as held for sale	**12.4**	18.9	27.9
Total assets	**14,407.5**	9,867.2	9,965.1
Owners' interest	**11,455.0**	6,762.1	6,510.7
Non-controlling interests	**840.7**	954.2	892.1
Non-current liabilities	**895.2**	851.5	1,148.2
Current liabilities	**1,216.4**	1,299.2	1,413.4
Liabilities directly associated with non-current assets held for sale	**0.2**	0.2	0.7
Total equity and liabilities	**14,407.5**	9,867.2	9,965.1

Directors of Subsidiary Companies (pursuant to Section 221 of the Companies Act 2001)

Directors \ Subsidiary Companies	Belle Vue Milling Co Ltd / Beau Plan Milling Co. Ltd	Business Logic Ltd	Compagnie Agricole du Mount Ltée	Cie Thermique de Belle Vue Ltée	Fondation Harel Frères	Grays & Co Ltd	Grays Inc. Ltd	Grays Refinery Ltd	HF Administrative Services Ltd	HF Investments Limited	Ivoirel Ltée	Mauricia Ltée	Produits Basaltiques du Nord Ltee	Sagiterre Ltée
Vincent Ah Chuen								✓						
Rajendraparsad Aumeer	×													
Premsagar Bholah				✓										
Sookraz Boodhun	✓													
François Boullé													✓	
Jean Claude Desvaux de Marigny	✓													
Louis Dupont				✓										
Maurice de Marassé Enouf	✓			✓		✓	✓	✓						
Dominique de Froberville														✓
Jean Michel Giraud													✓	
Marc Goupille														×
Jean Pierre Hardy														×
Alexis Harel	✓	✓	✓		✓	✓	✓	✓		✓				
JM Antoine Harel													✓	
Charles Paul Luc Harel						×	×							
Antoine L Harel								×						
Henri Harel	✓		✓	✓	✓			✓	✓		✓	✓		✓
Louis Denis Koenig			✓					✓	✓		✓	✓		✓
Dayanand Kurrumchand	×													
Jean Arthur Pilot Lagesse	✓		×	✓									✓	
Raymond Lagesse													✓	
Reynolds Laguette	✓													
Pascal Langeron				✓										
Edouard Lee								✓						
Jacques Li Wan Po								✓						
Iqbal Mallam-Hasham				✓										
Jean Hugues Maigrot					✓									
Cyril Mayer	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
François Montocchio													×	
Naardus Oosthuizen							✓							
Denis Pilot	×													
Christophe Quevauvilliers													✓	
Babloo Ramanah	✓													
Bernard Robert				✓										
George Schooling							✓							
Daniel Van den Berg							×							
Alain Vallet	✓	✓	✓		✓	✓	✓	✓		✓			✓	✓
Alternate Directors														
Louis Decrop				✓										
Didier Vallet													✓	
Daniel Van Deventer							✓							

✓ In office at December 31, 2010

× Ceased to hold office during the year ended December 31, 2010

Harel Frères Limited
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Republic of Mauritius