

HAREL FRERES LIMITED

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE 3 MONTHS ENDED MARCH 31, 2010

CONDENSED STATEMENTS OF FINANCIAL POSITION

	THE GROUP	
	UNAUDITED MARCH 31, 2010 MUR'M	AUDITED DECEMBER 31, 2009 MUR'M
ASSETS		
Non-current assets	11,480.0	7,685.0
Current assets	1,874.4	2,163.3
Non-current asset classified as held for sale	18.9	18.9
Total assets	13,373.3	9,867.2
EQUITY AND LIABILITIES		
Capital and reserves		
Owners' interest	10,751.8	6,762.1
Minority interest	823.4	954.2
Total equity	11,575.2	7,716.3
Non-current liabilities	955.9	851.5
Current liabilities	842.0	1,299.2
Liabilities directly associated with non-current assets classified as held for sale	0.2	0.2
Total equity and liabilities	13,373.3	9,867.2

CONDENSED INCOME STATEMENTS

	THE GROUP	
	UNAUDITED THREE MONTHS TO MARCH 31, 2010 MUR'M	UNAUDITED THREE MONTHS TO MARCH 31, 2009 MUR'M
Turnover	638.7	582.6
Operating profit	24.4	10.3
Finance costs	(76.5)	(87.7)
Share of results of associates	14.8	21.0
Loss before taxation	(37.3)	(56.4)
Taxation	(16.4)	(9.4)
Loss for the period	(53.7)	(65.8)
Profit/ (loss) attributable to:		
Owners of the parent	(72.5)	(55.1)
Minority	18.8	(10.7)
	(53.7)	(65.8)

DATA PER SHARE

LOSS PER SHARE - MUR	(0.33)	(0.32)
NET ASSETS PER SHARE - MUR	48.85	37.12
NUMBER OF ORDINARY SHARES IN ISSUE	220,090,624	173,834,000

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

Loss for the period	(53.7)	(65.8)
Other comprehensive income for the period net of tax	117.2	22.3
Total comprehensive income for the period	63.5	(43.5)
Total comprehensive income attributable to:		
Owners of the parent	22.7	(59.8)
Minority	40.8	16.3
	63.5	(43.5)

CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the company						
	Stated Capital	Treasury Shares	Revaluation and Other Reserves	Retained Earnings	Total	Minority Interests	Total Equity
	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
Amalgamation adjustments	2,901.7	(0.2)	1,065.5	-	3,967.0	(171.6)	3,795.4
Total comprehensive income for the period	-	-	95.2	(72.5)	22.7	40.8	63.5
Balance at March 31, 2010	3,075.5	(0.8)	5,513.8	2,163.3	10,751.8	823.4	11,575.2
Balance at January 1, 2009	173.8	-	4,225.5	2,111.4	6,510.7	892.1	7,402.8
Total comprehensive income for the period	-	-	(4.7)	(55.1)	(59.8)	16.3	(43.5)
Balance at March 31, 2009	173.8	-	4,220.8	2,056.3	6,450.9	908.4	7,359.3

COMMENTS ON THE RESULTS OF THE FIRST QUARTER TO MARCH 31, 2010

The quarterly results to March 2010 are not strictly comparable with those of the first quarter of 2009 as they include those of The Mount Sugar Estates Company Ltd, which has been amalgamated since January 01, 2010.

Total assets have thus increased by MUR 3,506M to MUR 13,373M and Net Assets per share from MUR 37.12 to MUR 48.85.

The first quarter results for the Group may not be representative of its yearly performance, mainly on account of the seasonality of our sugar activity. Nevertheless, results show an improvement on last year, with losses after tax being contained to MUR 53.7M, down from MUR 65.8M for the first quarter of 2009, as explained below:

Sugar

As mentioned above, the focus should be on annual rather than quarterly results.

As was the case in 2009, a loss was incurred for the first quarter of this year. This loss is compounded by the weakness of the Euro through the valuation of the standing crop at March 31, 2010.

Energy

Better results were recorded owing mainly to improved electricity off take, hence higher revenues and a more efficient coal usage. Also, lower finance costs were incurred, partly on account of a weak Euro.

Commercial & Alcohol Production

Better trading conditions in the first quarter of 2010 led to improved results.

Others Activities

Most associates, including those involved in the construction industry, have not yet benefited from the economic recovery and have shown below par results for the first quarter of 2010.

PROSPECTS

While most group segments, with the exception of sugar, are performing satisfactorily, and although the effects of seasonality on the sugar sector should even out as the year progresses, the damage which a persistently weak Euro could cause to overall group performance remains a major source of concern.

This communiqué is published pursuant to Listing Rule 12.20 and Securities Act 2005. The Board of Directors of Harel Frères Limited accepts full responsibility for the accuracy of the information contained in this communiqué.

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

Copies of the unaudited condensed financial statements for the three months ended March 31, 2010 are available, free of charge, upon request addressed to the Company Secretary, HF Administrative Services Ltd, 18, Edith Cavell Street, Port-Louis.

	THE GROUP	
	UNAUDITED THREE MONTHS TO MARCH 31, 2010 MUR'M	UNAUDITED THREE MONTHS TO MARCH 31, 2009 MUR'M
Operating activities		
Net cash from operating activities	285.5	27.8
Investing activities		
Net cash used in investing activities	(54.4)	(21.2)
Financing activities		
Net cash used in financing activities	(217.2)	(267.7)
Increase/(decrease) in cash and cash equivalents	13.9	(261.1)
	404.2	638.9
	39.8	-
	13.9	(261.1)
	457.9	377.8

CONDENSED STATEMENTS OF CASH FLOWS

Operating activities
Net cash from operating activities
Investing activities
Net cash used in investing activities
Financing activities
Net cash used in financing activities
Increase/(decrease) in cash and cash equivalents
MOVEMENT IN CASH AND CASH EQUIVALENTS
Cash and cash equivalents at the beginning of the period
Amalgamation adjustment
Increase/(decrease) for the period
Cash and cash equivalents at the end of the period

NOTES

1: The three months and quarterly condensed financial statements have been prepared on the same basis of the accounting policies set out in the statutory financial statements of the group for the year ended December 31, 2009, except for the adoption of relevant amendments to published standards, standards and interpretations issued now effective.

2: The condensed financial statements for the period ended March 31, 2010 are unaudited.

3: Current tax on the adjusted profit for the period is calculated at 15% (2009: 15%).

4: Share of results of associates is after taxation and minority interests in the associates. The taxation on the share of results of associates amounts to MUR 2.2M (2009: 3.2M).

5: SEGMENT INFORMATION

Harel Frères Limited segments are strategic business units that offer different products and services. The accounting policies of the operating segments are the same as those described in the statutory financial statements of the group for the year ended 31 December, 2009 except for the adoption of the relevant amendments to published standards, standards and interpretations issued now effective.

Three months ended March 31, 2010

	SUGAR	ENERGY	COMMERCIAL & ALCOHOL PRODUCTION	OTHERS	ELIMINATIONS	TOTAL
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Total segment revenues	32.9	375.0	195.2	35.6	-	638.7
Inter-segments revenues	-	-	-	0.3	(0.3)	-
Revenues from external customers	32.9	375.0	195.2	35.9	(0.3)	638.7
Segment results	(105.0)	110.3	13.3	5.8	-	24.4
Share of results of associates	-	-	3.9	10.9	-	14.8
Finance costs	(18.6)	(56.6)	(1.3)	-	-	(76.5)
(Loss)/profit before taxation	(123.6)	53.8	15.9	16.7	-	(37.3)
Taxation	1.2	(14.9)	(1.5)	(1.2)	-	(16.4)
Net loss/ (profit)	(122.4)	38.9	14.4	15.5	-	(53.7)

Three months ended March 31, 2009

	SUGAR	ENERGY	COMMERCIAL & ALCOHOL PRODUCTION	OTHERS	ELIMINATIONS	TOTAL
	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M	MUR'M
Total segment revenues	21.8	335.4	198.8	26.6	-	582.6
Inter-segments revenues	-	-	-	0.4	(0.4)	-
Revenues from external customers	21.8	335.4	198.8	27.0	(0.4)	582.6
Segment results	(86.4)	82.2	8.4	6.1	-	10.3
Share of results of associates	-	-	3.5	17.5	-	21.0
Finance costs	(11.1)	(74.8)	(2.2)	(0.9)	1.3	(87.7)
(Loss)/profit before taxation	(97.5)	7.4	9.7	22.7	-	(56.4)
Taxation	-	(7.7)	(1.1)	(0.6)	-	(9.4)
Net loss/ (profit)	(97.5)	(0.3)	8.6	22.1	-	(65.8)
Total assets	9,702.0	2,286.2	581.5	958.4	(154.8)	13,373.3
March 31, 2009	6,033.9	2,487.8	584.8	812.6	95.8	10,014.9
December 31, 2009	6,206.0	2,408.4	778.7	799.3	(325.2)	9,867.2

By order of the Board
HF Administrative Services Ltd
Secretary
14 May 2010