



MAURITIUS STATIONERY MANUFACTURERS LIMITED (MSM)

ABRIDGED UNAUDITED INTERIM REPORT FOR THE SIX MONTHS TO 31 DECEMBER 2005 (Rs'000)

BALANCE SHEETS

	The Group		The Company	
	31.12.2005	30.06.2005	31.12.2005	30.06.2005
	Unaudited	Audited	Unaudited	Audited
ASSETS				
Non-current assets				
Property, plant and equipment	423,549	366,840	375,877	312,868
Investment property	34,000	34,000	-	-
Intangible assets	7,427	8,236	4,776	5,367
Investments in subsidiary companies	-	-	63,515	63,515
Investment in associate company	11,265	13,435	20,450	20,450
Other investments	1,089	484	1,045	445
Other long-term receivables	-	-	49,776	26,346
	<u>477,330</u>	<u>422,995</u>	<u>515,439</u>	<u>428,991</u>
Current assets	<u>275,604</u>	<u>269,797</u>	<u>288,479</u>	<u>255,513</u>
Total assets	<u><u>752,934</u></u>	<u><u>692,792</u></u>	<u><u>803,918</u></u>	<u><u>684,504</u></u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated capital	35,376	35,376	35,376	35,376
Reserves	243,097	188,108	333,470	265,289
Shareholders' interest	<u>278,473</u>	<u>223,484</u>	<u>368,846</u>	<u>300,665</u>
Minority interests	<u>(1,210)</u>	<u>1,757</u>	<u>-</u>	<u>-</u>
Non-current liabilities				
Long-term borrowings	203,403	197,398	194,928	188,216
Deferred tax liability	18,734	18,733	14,184	14,183
Retirement benefit obligations	9,622	9,622	9,622	9,622
	<u>231,759</u>	<u>225,753</u>	<u>218,734</u>	<u>212,021</u>
Current liabilities	<u>243,912</u>	<u>241,798</u>	<u>216,338</u>	<u>171,818</u>
Total equity and liabilities	<u><u>752,934</u></u>	<u><u>692,792</u></u>	<u><u>803,918</u></u>	<u><u>684,504</u></u>
Net assets per share (Rs)	<u><u>78.72</u></u>	<u><u>63.17</u></u>	<u><u>104.26</u></u>	<u><u>84.99</u></u>

CHANGES IN EQUITY STATEMENT

	6 Months to	
	31.12.2005	30.06.2005
At beginning of period	223,484	234,864
Exchange differences	(2,679)	(3,797)
(Loss)/Profit for the half-year	(5,620)	8,336
Surplus on revaluation of property, plant and equipment	63,288	-
Dividends	-	(15,919)
At end of period	<u><u>278,473</u></u>	<u><u>223,484</u></u>

INCOME STATEMENTS

	The Group		The Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	6 months to	6 months to	6 months to	6 months to
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Turnover	<u>259,576</u>	<u>226,612</u>	<u>224,419</u>	<u>202,440</u>
Profit from operations	<u>13,214</u>	<u>15,641</u>	<u>15,974</u>	<u>20,902</u>
Net finance cost	(17,518)	(3,967)	(11,081)	(797)
Share of (loss)/profit in associate company	<u>(2,170)</u>	<u>2,481</u>	<u>-</u>	<u>-</u>
(Loss)/Profit before taxation	<u>(6,474)</u>	<u>14,155</u>	<u>4,893</u>	<u>20,105</u>
Taxation	<u>(1,384)</u>	<u>(1,087)</u>	<u>-</u>	<u>-</u>
(Loss)/Profit after taxation	<u>(7,858)</u>	<u>13,068</u>	<u>4,893</u>	<u>20,105</u>
Minority interest	<u>2,238</u>	<u>1,357</u>	<u>-</u>	<u>-</u>
(Loss)/Profit attributable to shareholders	<u><u>(5,620)</u></u>	<u><u>14,425</u></u>	<u><u>4,893</u></u>	<u><u>20,105</u></u>
Earnings per share (Rs)	<u><u>(1.59)</u></u>	<u><u>4.08</u></u>	<u><u>1.38</u></u>	<u><u>5.68</u></u>

STATEMENTS OF CASH FLOWS

Inflows/(outflows)				
Net cash from operations	4,016	(12,333)	(18,641)	(20,730)
Net cash from investing activities	55	(34,018)	(12,133)	(32,550)
Net cash from financing activities	(54,925)	19,839	(30,370)	19,839
Decrease in cash and cash equivalents	(50,854)	(26,512)	(61,144)	(33,441)
Effects of exchange rate changes	464	-	1,766	-
Cash and cash equivalents at 1 January	(50,163)	(19,069)	(33,206)	(18,229)
Cash and cash equivalents at 31 December	<u>(100,553)</u>	<u>(45,581)</u>	<u>(92,584)</u>	<u>(51,670)</u>

NOTES

The financial statements have been prepared in compliance with International Financial Reporting Standards and on a basis consistent with that of the latest annual report for the year ended to 30 June 2005.

COMMENTS

The company's turnover rose by 10.8% compared to the previous corresponding period but operating profit was reduced to Rs 16 M mainly due to keener competition limiting the adjustments of prices to offset the successive increases in paper and board costs, and higher depreciation and finance costs for equipment installed last year. The resulting current enhanced product base and production capacity and export development growth strategy are expected to yield positive results in year 2007 and beyond.

Group earnings were also adversely affected by the results of the Malagasy subsidiaries. However, MSM Madagascar is showing signs of improvement, following a change in top management in July 2005, while, with continued competitive conditions being experienced, our corrugated carton operations are under close scrutiny.

Group net assets rose by 24.6% to reach Rs 278.5 M owing to a surplus Rs 63.3 M on revaluation of land and buildings.

GML Services Financiers et Juridiques Ltée - Secretary
24 March 2006

MSM's Board of directors accepts full responsibility of the accuracy of this report issued pursuant to listing Rule 12.21 and which is available free of charge at the company's registered office.