



MAURITIUS STATIONERY MANUFACTURERS LIMITED (MSM)

SUMMARY AUDITED GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, (Rs'000)

	Group		Company	
	2006	2005	2006	2005
1. BALANCE SHEETS				
ASSETS				
Non-current assets				
Property, plant and equipment	418,945	366,840	363,667	312,868
Investment property	34,000	34,000	-	-
Intangible assets	17,172	8,236	5,559	5,367
Investments in subsidiary companies	-	-	97,377	63,515
Investment in an associate	10,824	13,435	20,450	20,450
Available-for-sale investments	492	484	445	445
Other financial assets	-	-	6,786	26,346
	<u>481,433</u>	<u>422,995</u>	<u>494,284</u>	<u>428,991</u>
Current assets	<u>262,591</u>	<u>269,797</u>	<u>210,292</u>	<u>255,513</u>
Total assets	<u>744,024</u>	<u>692,792</u>	<u>704,576</u>	<u>684,504</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated capital	35,376	35,376	35,376	35,376
Reserves	233,763	188,108	264,896	265,289
Shareholders' interest	269,139	223,484	300,272	300,665
Minority interests	369	1,757	-	-
Non-current liabilities	<u>246,697</u>	<u>225,753</u>	<u>219,739</u>	<u>217,197</u>
Current liabilities	<u>227,819</u>	<u>241,798</u>	<u>184,565</u>	<u>166,642</u>
Total equity and liabilities	<u>744,024</u>	<u>692,792</u>	<u>704,576</u>	<u>684,504</u>
Net assets per share (Rs)	<u>76.08</u>	<u>63.17</u>	<u>84.88</u>	<u>84.99</u>
2. INCOME STATEMENTS				
Turnover	511,910	462,726	433,003	393,898
Profit from operations	<u>16,600</u>	<u>6,957</u>	<u>30,038</u>	<u>22,778</u>
Finance revenue	298	1,763	2,704	4,508
Finance costs	(34,312)	(20,368)	(22,763)	(14,789)
Increase in fair value of investment property	-	8,226	-	-
Profit on disposal of an associate	1,158	-	-	-
Share of (loss)/profit in associate company	(3,769)	299	-	-
(Loss)/profit before exceptional item	<u>(20,025)</u>	<u>(3,123)</u>	<u>9,979</u>	<u>12,497</u>
Exceptional Item	-	-	(63,000)	(15,000)
Taxation	<u>(2,778)</u>	<u>4,622</u>	<u>(2,700)</u>	<u>5,124</u>
Share of associate's taxation	<u>-</u>	<u>2,334</u>	<u>-</u>	<u>-</u>
(Loss)/profit after taxation	<u>(22,803)</u>	<u>3,833</u>	<u>(55,721)</u>	<u>2,621</u>
Minority interest	2,005	4,503	-	-
(Loss)/profit attributable to shareholders	<u>(20,798)</u>	<u>8,336</u>	<u>(55,721)</u>	<u>2,621</u>
(Loss)/earnings per share (Rs)	<u>(5.88)</u>	<u>2.36</u>	<u>(15.75)</u>	<u>0.74</u>
3. STATEMENT OF CASH FLOWS				
Inflows/(outflows) from :				
Net cash from operations	70,075	48,571	49,271	41,319
Net cash from investing activities	(28,176)	(49,705)	(29,331)	(45,325)
Net cash from financing activities	(74,129)	(29,380)	(53,241)	(10,124)
Decrease in cash and cash equivalents	(32,230)	(30,514)	(33,301)	(14,130)
Effects of exchange rate changes	4,554	(580)	-	(847)
Cash and cash equivalent at July 1	(50,163)	(19,069)	(33,206)	(18,229)
Cash and cash equivalent at June 30	<u>(77,839)</u>	<u>(50,163)</u>	<u>(66,507)</u>	<u>(33,206)</u>

4. STATEMENTS OF CHANGES IN EQUITY

(a) GROUP

	Total	Share Capital	Share Premium	Other Reserve	Revenue Reserve
At July 1, 2004	234,864	35,376	23,819	(23,715)	199,384
Movement for the year	(3,797)	-	-	(3,797)	-
Total income and expense for the year recognised directly in equity	(3,797)	-	-	(3,797)	-
Profit for the year	8,336	-	-	-	8,336
Total income and expense for the year	4,539	-	-	(3,797)	8,336
Reclassification	-	-	-	4,002	(4,002)
Dividends	(15,919)	-	-	-	(15,919)
At June 30, 2005	<u>223,484</u>	<u>35,376</u>	<u>23,819</u>	<u>(23,510)</u>	<u>187,799</u>
Change in accounting policies	(4,415)	-	-	-	(4,415)
Revaluation of land & building	63,288	-	-	63,288	-
Transfer between reserves	-	-	-	(9,885)	9,885
Realisation of previously unrealised loss	13,482	-	-	13,482	-
Movement for the year	2,058	-	-	2,058	-
Total income and expense for the year recognised directly in equity	74,413	-	-	68,943	5,470
Loss for the year	(20,798)	-	-	-	(20,798)
Total income and expense for the year	53,615	-	-	68,943	(15,328)
Dividends	(7,960)	-	-	-	(7,960)
At June 30, 2006	<u>269,139</u>	<u>35,376</u>	<u>23,819</u>	<u>45,433</u>	<u>164,511</u>

(b) COMPANY

At July 1, 2004	313,963	35,376	23,819	9,379	245,389
Profit for the year	2,621	-	-	-	2,621
Total income and expense for the year	2,621	-	-	-	2,621
Dividends	(15,919)	-	-	-	(15,919)
At June 30, 2005	<u>300,665</u>	<u>35,376</u>	<u>23,819</u>	<u>9,379</u>	<u>232,091</u>
Revaluation of land and building	63,288	-	-	63,288	-
Transfer between reserves	-	-	-	(9,885)	9,885
Total income and expense for the year recognised directly in equity	63,288	-	-	53,403	9,885
Loss for the year	(55,721)	-	-	-	(55,721)
Total income and expense for the year	7,567	-	-	53,403	(45,836)
Dividends	(7,960)	-	-	-	(7,960)
At June 30, 2006	<u>300,272</u>	<u>35,376</u>	<u>23,819</u>	<u>62,782</u>	<u>178,295</u>

COMMENTS

The increase of 9.9% in Company turnover, coupled with a number of additional corrective measures, enabled profit from operating activities to rise by 31.9% to reach Rs 30 m. However, profit before exceptional items fell to Rs 9.9 m due to significantly higher financial costs following the additional capital investments made in the previous financial year.

An amount of Rs 63 m has been impaired and covers accumulated losses and fair value adjustments of our investments in Multipack SARL and Madapack SARL in Madagascar.

Group Earnings were adversely affected by the results of the Malagasy subsidiaries, with our corrugated carton activities continuing to operate within uncertain and precarious conditions. However, MSM Madagascar performed better than previously and is showing signs of sustained improvements.

Outlook

The Company's strategy in the medium and long term is geared towards export development through product innovation, and continuous improvement of our process.

The new management team in place at MSM Madagascar is expected to bring future positive results, while the difficult operating conditions are still expected for the corrugated carton units.

By order of the Board

GML Services Financiers et Juridiques Ltée
Secretary

September 22, 2006

MSM's Board of Directors accepts full responsibility for the accuracy of the information contained in the above Summary Financial Statements issued pursuant to LR 12.20.

Copies are available to the public, free of charge, at the Company's registered office.

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 June 30, 2005.