

CHAIRPERSON'S STRATEGIC REVIEW

2016 has been a challenging year for the Group with the sugar segment being once more under pressure. We indeed had a lower refined sugar production. We are tapping into new markets in the region which require new packaging alternatives. I would like to add here that we have come to an agreement with the Mauritius Sugar Syndicate (MSS) for our refined sugar which ensures us a stable refining fee in the foreseeable future. With the sugar reform in Europe, we will collaborate closely with the MSS to firm up interest in new regional markets. To tap into these new markets, we will increase the capacity of our refinery which will also bring efficiency gains and enhance our competitiveness.

We had some very positive news on other fronts for the Group mainly in respect of our property development strategy. We have completed the Highland Rose morcellement project, and also obtained the Smart City Certificate from the Board of Investment for our property development at 'Mon Trésor'. This certificate enables us to pursue our property development in line with the BREEAM Communities framework and deliver a sustainable lifestyle built around the Work-Live-Play concept along with technology and innovation at its core. The first phase of this development, which is the construction of Omnicane's new headquarters, started in October 2016 and will be completed in the second quarter of 2018. We are delighted to note that construction of the new Airport Highway, which will also connect to the smart city development, is now well under-way and is expected to be completed mid-2017.

On the financial side, we have raised an amount of Rs 1.8 billion of bonds, which allows us to restructure our debts with new maturity dates that are more in line with the projected cash inflow generated by our property development. I would like to thank all the bond subscribers who have shown tremendous support to the Group over the years. We have a deleveraging plan and are confident that, in the medium term, we will reach our set targets.

On the regional front, we have put an end to our strategic partnership with Mecamidi and have reviewed the programme of investment in regional hydro-electric projects. We are however pursuing the hydro project in Rwanda which should be operational around mid-2018.

Sustainability being at the heart of our development strategy, I am pleased that during 2016, we have completed the construction of the 'Carbon Burn Out' project. This project, since its inception, has been environmentally geared with the objective of transforming coal ashes into energy and a valuable low carbon footprint cement additive.

Despite some technical problems at commissioning, the plant is expected to start commercial operations by July 2017. I would like to put on record my appreciation to the technical and R&D team at Omnicane that has worked for five years on this innovative project and which is today a showcase for the world.

On the governance side, I mentioned last year that we had started the implementation of a structured Enterprise Risk Management Framework (ERM) across the Group. This framework will enable the Board and Management to have a more consistent approach to risk management, and consequently take necessary preventive actions to address these risks. I am pleased to note that the setting up of the ERM framework is nearing completion. The Board will shortly have a more effective tool to monitor risk. This will be done through the Risk Committee together with the appointed Risk Officer. With regard to Corporate Governance, the Board has taken good note of the requirements of the new Code of Corporate Governance of Mauritius (2016) and we are fully committed to work towards the implementation of its provisions.

After many years of service at Top Management and Board level, Georges Leung Shing retired from the Board in 2016. I would like to thank him warmly for his positive contribution towards the success of the Company throughout all these years and I wish him all the best in his future endeavors.

I would like, in my own name and on behalf of the Board, to congratulate Jacques M. d'Unienville, our Chief Executive Officer, who was recently honored with the prestigious GOSK designation for his great contribution in the modernization of the Mauritian cane industry. He fully deserves this national recognition, which is a testimonial of his great leadership skills. I also thank each and every employee of the Group for their meticulous work and dedication towards the Company.



Kishore Sunil Banyamandhub
Chairperson



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