FINANCIAL REPORT

"Omnicane Limited recognizes that sound economic performance is paramount for the overall success and growth of the company and to increase its long-term shareholder value."

Nelson Mirthil - *Chief Finance Officer*

G4-DMA, G4-EC1

Omnicane Limited recognizes that sound economic performance is paramount for the overall success and growth of the company and to increase its long-term shareholder value. Other stakeholders also consider the economic performance of the company of prime importance while interacting or doing business with Omnicane.

The financial focus during 2015 was threefold.

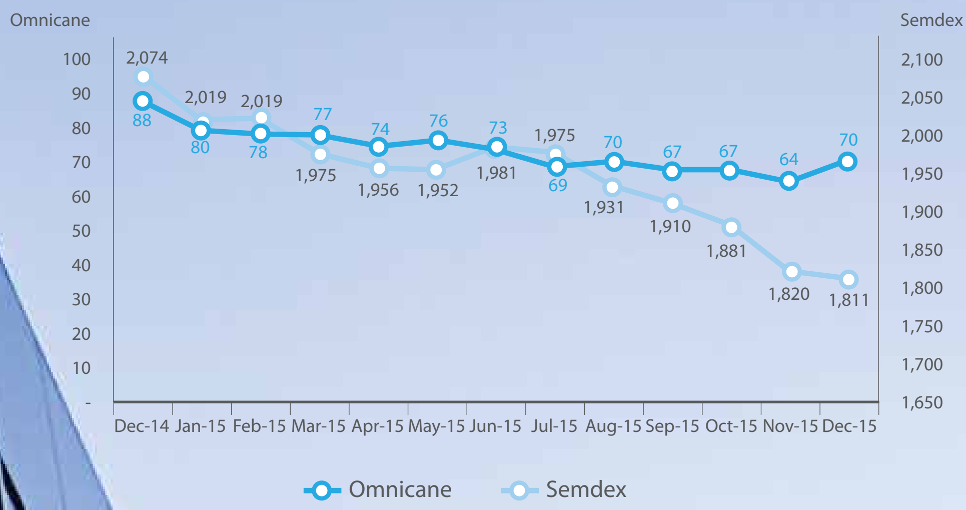
The first one was to update our five-year financial business plan with the main objective of re-balancing our gearing ratio going forward with cash generated by our operations and land sale proceeds. On the other hand, we will also continue with a well-thought industrial growth on some specific African projects in East Africa and Ghana.

The second one was progressing towards the achievement of the financial close for some major projects, namely the bioethanol project at La Baraque, the KISCOL sugar project in Kenya, and our hydroelectric project in Rwanda. The bioethanol distillery successfully reached financial close in early 2015. This project has been financed by the EIB, through a dedicated credit line under the Cotonou Agreement and SBM.

The KISCOL project is currently undergoing a debt re-structuring process, important milestones were achieved in 2015 and we are confident that financial close will be reached by June 2016. The financing of these projects are done on a project-finance basis with the major financial risk remaining with the Special Purpose Vehicle (SPV) created for each project. In 2016, the same financing strategy will be used to finance our organic growth which comprises of the Carbon Burn Out facility at La Baraque and our hydroelectric projects in Eastern Africa.

Finally, we wanted to have a better project assessment tool, which was more in line with the objectives of the Group. In fact, the traditional way of our internal project assessment principles included mainly investment metrics like IRRs, NPVs and Discounted Payback. Total Impact Measurement and Management (TIMM), a tool developed by PWC has a more holistic way at assessing projects, taking into consideration not only economic factors but also social and environmental ones. A workshop on TIMM was carried out with PWC and Management in March 2016 as we explore the opportunities to adopt the approach of the TIMM framework in the near future.

Omnicane Limited Share Price Performance



Financial Objectives

Strategic objectives	· Contribute to long-term shareholder value creation through an optimal capital structure · Minimise financial risk through project-financed structures · Diversify sources of finance
Achievements in 2015	· Completed the review of the Group's five-year plan · Implemented projects based on project-financed structures to limit recourse to Omnicane Limited · Deleveraged Omnicane Limited · Took advantage of market conditions to optimise cost of capital
Priorities in 2016	· Restructuring of our short-term debt to match long-term finance with a new bond issue programme · Close monitoring of the five-year plan implementation to ensure that financial targets set are met · Developing and financing projects in line with our core business · Complete financial close for the REFAD hydroelectric project in Eastern Africa and that of the Carbon Burn Out project in Mauritius

Value Added Statement (G4-EC1)

Direct economic statement generated	**2015**	2014	2013
	Rs '000	Rs '000	Rs '000
Group turnover	**4,098,894**	3,878,200	3,930,119
Plus income from investments	**93,710**	104,279	71,700
Less production costs	**(2,070,352)**	(1,968,613)	(1,962,833)
Total direct economic value generated	**2,122,252**	2,013,866	2,028,986
Wealth distributed			
To employees as salaries, wages and other benefits	**658,628**	589,601	506,885
To lenders of capital as interest	**678,539**	673,476	643,638
To shareholders as dividend	**167,531**	167,531	184,284
To Government as taxation	**11,290**	33,971	40,964
To communities as corporate social responsibility	**3,958**	3,866	3,500
Total wealth distributed	**1,519,946**	1,468,445	1,379,271
Wealth reinvested			
Retained profit	**106,172**	62,563	242,672
Depreciation	**496,134**	482,858	417,043
Total wealth reinvested	**602,306**	545,421	659,715

Key Financial Risks

The key financial risks for the Group are set out on page 141 of the financial statements. The main ones are the following:

Foreign Exchange Risk

Sugar and Energy Segment

The Group is exposed to foreign currency risk in all its operating segments.

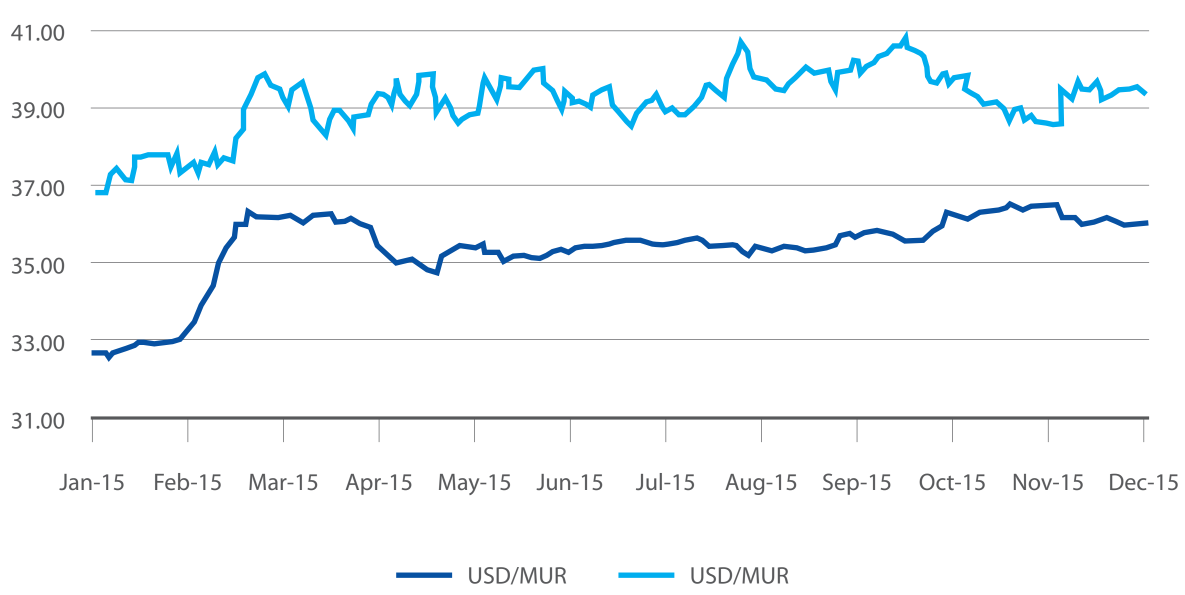
Sugar:
Revenues of the segment are mainly euro-based and the Group is directly affected by fluctuations in the EU currency. Operating costs are incurred in Mauritian rupees whilst revenue streams of the segment are mostly euro-based. The Mauritius Sugar Syndicate manages currency fluctuations in the best interest of its members and this is reflected in the sugar price paid to planters and millers. Revenues of the refinery, on the other hand, are banked in euros and the Group hedged against foreign currency risk exposure by raising a euro-denominated loan, which helped to finance project costs.

Results from our associates Real Good Food Company plc are directly affected by movements in the pound sterling upon the conversion of the Group's share in the local reporting currency. This also applies to our Kenyan sugar operations, which is exposed to fluctuations in the Kenyan Shilling.

Energy:
Our energy segment is mainly exposed to changes in the USD currency, particularly for the purchase of coal. However, this risk is to a large extent mitigated as these fluctuations are passed on to the off-taker. In respect of the distillery, sales are made in USD and the Group has an exposure on fluctuations but this is mitigated by a USD-denominated loan taken to finance the project.

Hospitality:
Revenues of the Holiday Inn Mon Trésor Hotel are derived from different currencies, with Euro as the most important component. The hotel has therefore a currency exposure which is once more mitigated by a euro loan taken from the EIB to finance the hotel construction.

USD & EUR against MUR

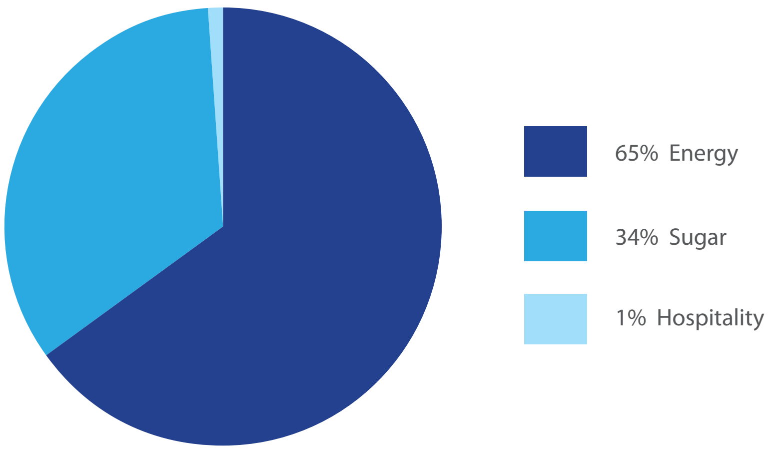


Omnicane Treasury Management

The Group ensures proper management of its financial risk exposure for each entity and the use of appropriate financial tools to mitigate risks.

Exchange rate – Year average	**2015**	2014	2013
EUR/MUR	**38.98**	40.38	40.68
USD /MUR	**35.28**	30.67	30.64
GBP/MUR	**53.87**	50.29	47.82
KES/MUR	**0.36**	0.35	0.36
ZAR/MUR	**2.74**	2.81	3.14

Fx transactions by cluster



Interest Rate Risk

The Group took advantage of favourable market conditions during the past years to optimise its finance cost. However, this entails higher liquidity risk and increased dependence on short-term financing. One of our prime objectives in 2016 will be to reduce our exposure on short-term facilities through a new bond issue to better match our financing needs with the Group's cash flow.

Sugar Segment:
Our net debt in the sugar segment, including investment in the KISCOL project in Kenya and shareholding acquired in RGF, stood at Rs 6.4 Bn in 2015 and interest rates charged were from 3% on euro-denominated debts to 8.25% on our Mauritian rupee financing. The Group manages its interest rate risk by keeping a diversified source of funding ranging from bonds, term loans, bank overdrafts and money market lines. The debt portfolio includes a mixture of fixed and floating interest rate debt profiles that mitigates the risk of interest rate movements.

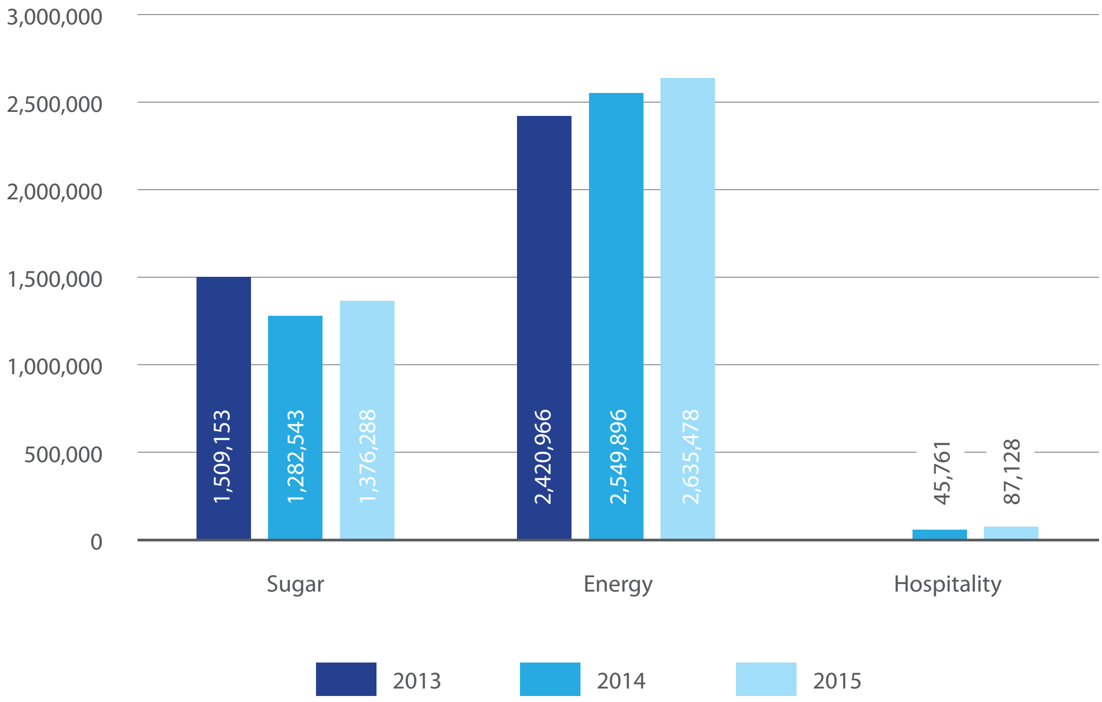
Energy and Hospitality Segment:
On the energy side the total debt amounted to Rs 2.9 Bn and the interest rate risk for the two power plants is mitigated as any fluctuations are passed through to the off-taker. The debt of the bioethanol distillery with the European Investment Bank is at a fixed rate.

The same applies to the Holiday Inn Mon Trésor Hotel, which contracted a loan for the hotel construction with the European Investment Bank at a fixed interest rate.

Operating Performance

Turnover

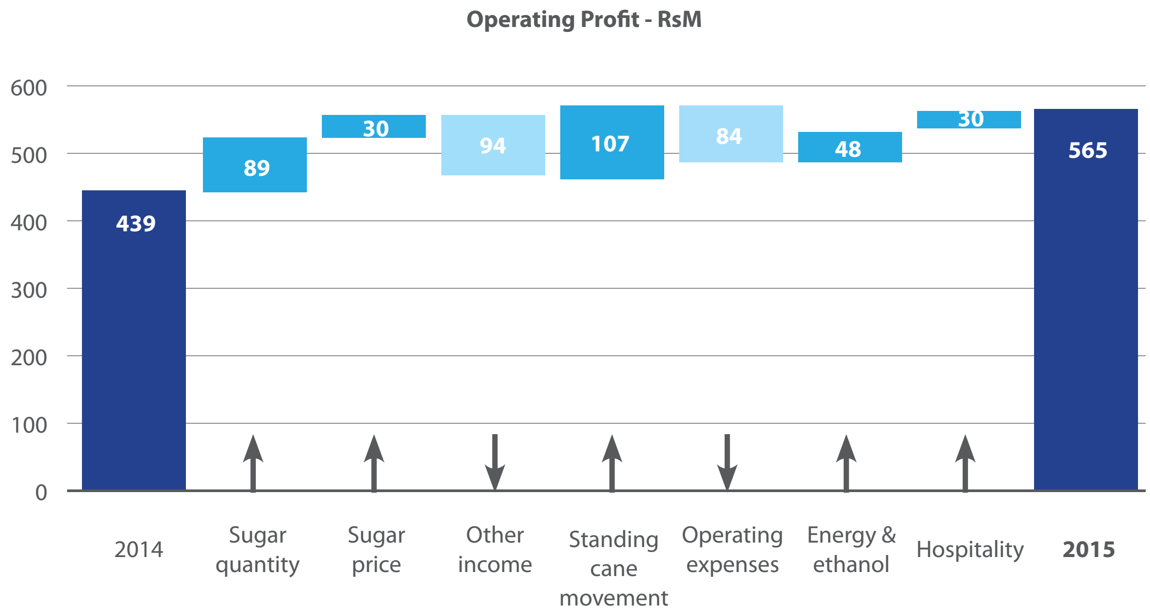
Group revenue was up by 5.7% in 2015 mainly due to the inclusion of a full year of operation of our bioethanol distillery and to the extended 2014 sugar-crop year to 2015. In addition, the Holiday Inn at Mon Trésor Hotel posted higher revenues on the back of an increased occupancy rate recorded during the financial year.



Operating Profit

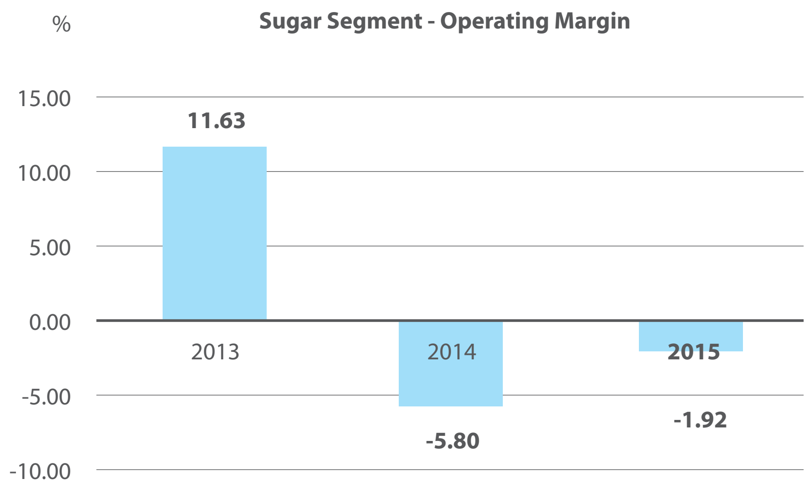
Operating profit rose by 28.9% to reach Rs 565.7 M:

	Sugar	Energy	Hospitality	Total
	Rs M	Rs M	Rs M	Rs M
2015	**(26,369)**	**646,519**	**(54,436)**	**565,714**
2014	(74,397)	598,081	(84,747)	438,937
Movement	48,028	48,438	30,311	126,777



Sugar Segment:

The sugar segment recorded lower losses amounting to Rs 26.4 M compared to Rs 74.4 M in 2014. This is due to higher sugar production and sugar price, coupled with an increased valuation of bearer biological assets. As last year, the sugar price was complemented by a special contribution of Rs 2,000 per tonne from the Sugar Insurance Fund Board. The sugar price for 2015 amounted to Rs 15,200 compared to Rs 14,500 last year.

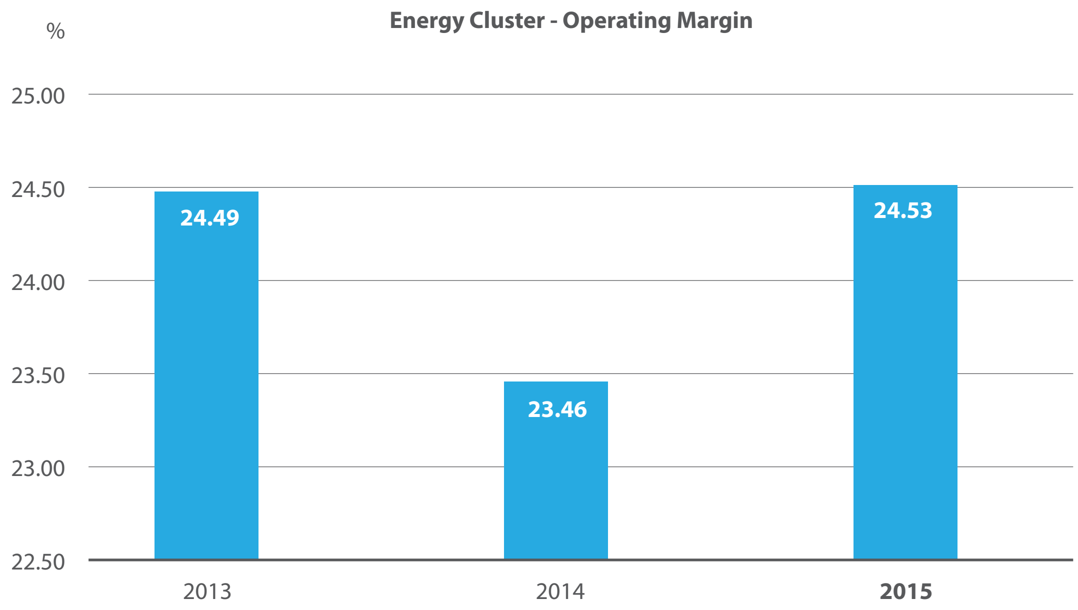


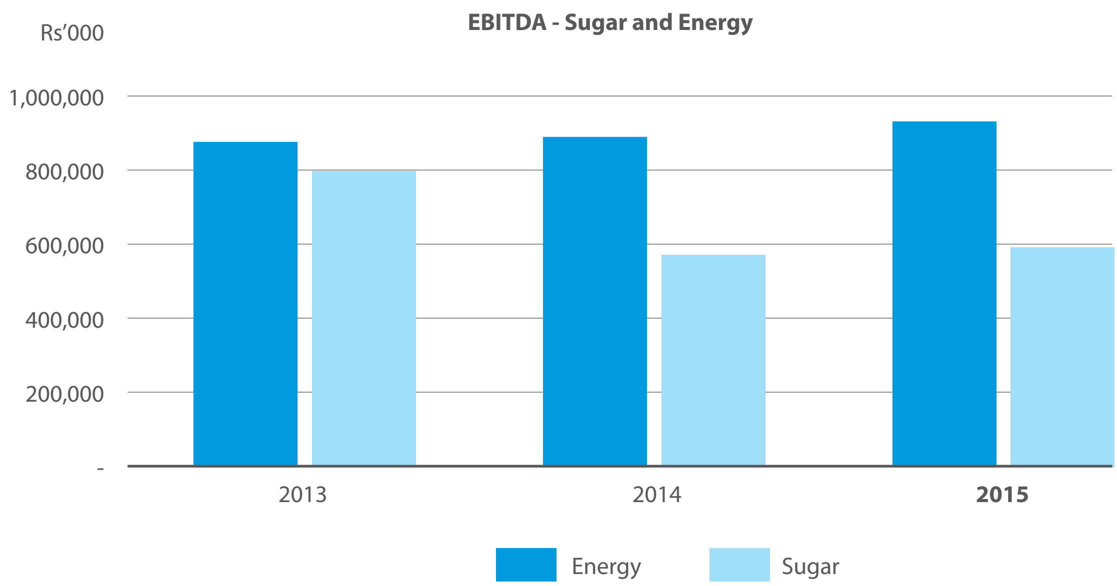
Energy Segment:

Operating profit	2014	**2015**	Movement
Power plants	576.7	**545.7**	**(31.0)**
Bioethanol plant	21.4	**100.8**	**79.4**
Total	598.1	**646.5**	**48.4**

The energy segment generated Rs 48.4 M of improved operating profit in 2015. This was mainly driven by to a full year of operation of the bioethanol distillery. The plant, which is situated within the flexi-factory cluster, increased its production significantly from 10,690 M^3 last year to 18,047 M^3 in 2015 and generated Rs 100.8 M of operational profit.

On the other hand, profit generated by the power plants was Rs 31 M lower than in 2015 due to to planned higher repairs and maintenance costs incurred in the power plants both at La Baraque and St Aubin.





Share of Profit/(Loss) of Associates

	2015	2014
	Rs M	Rs M
Real Good Food Company plc	**176.8**	(58.5)
KISCOL	**(11.5)**	(6.1)
Others	**8.0**	1.4
Total	**173.3**	(63.2)

The share of results from associates reached Rs 173.3 M (2014: loss of Rs 63.2 M). This increase was mainly driven by our associates Real Good Food Company plc, which recorded a significant profit on the disposal of its Napier Brown division during the year.

Exceptional Items

	2015	2014
	Rs M	Rs M
Profit from disposal of land	**32.7**	406.5
Gain on bargain purchase	**131.9**	39.4
Profit on sale of investments	**-**	13.5
Total	**164.6**	459.4

The total amount for exceptional items was down to Rs 164.6 M (2014: Rs 459.4 M) due to much lower sale of land realised during the year. The main land development project, Highland Rose, was slightly delayed due to bad climatic conditions.

A gain on bargain purchase of Rs 131.9 M was recognised on the sale of Real Good Food's division, Napier Brown.

Taxation

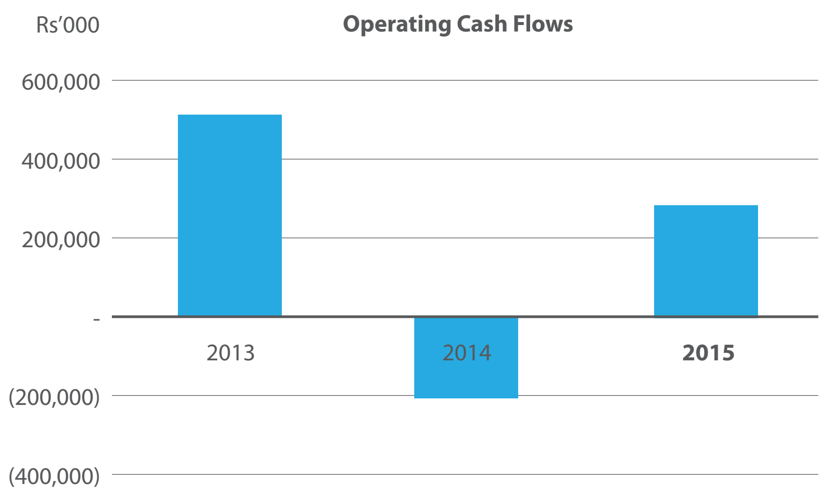
Corporate tax is at 15% in Mauritius and the effective tax rate for the Group moved near this tax rate to 13.9% during the year from a low of 1.8% last year. This movement is due to an increase in non-deductible expenses and tax losses which may not be recouped.

Earnings

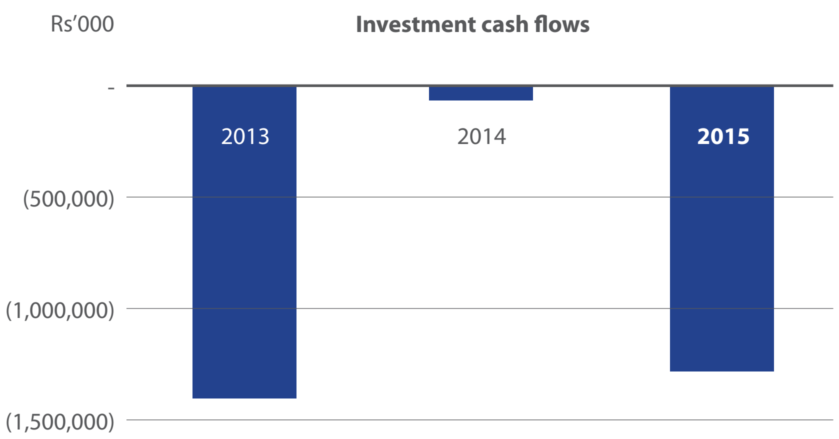
Group earnings for the year rose to Rs 287.8 M (2014: Rs 264.5 M), translating into and earnings per share of Rs 3.45 (2014: Rs 3.20).

Statement of Cash Flows

Cash generated from operating activities rose by 6.4% to Rs 1.1 billion owing to the better performance overall in our operations.

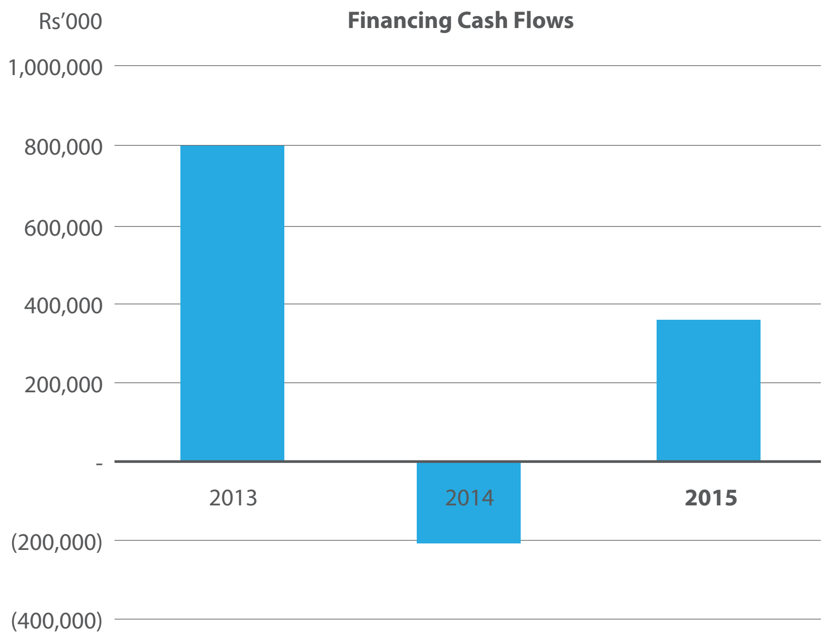


Cash used from investing activities rose significantly to Rs 1.3 Bn which was mainly driven by expenditure of Rs 736 M for infrastructure costs incurred for the Highland Rose project.



In respect of financing activities, a positive amount of Rs 351.0 M was generated mainly from short-term borrowings raised for the completion of the Highland Rose project.

Dividend per share was maintained at Rs 2.50, translating in a total amount of Rs 167.5 M, which was paid in March 2016.



Total Assets and Share Price

The Group's total assets rose by Rs 1.4 Bn to reach Rs 23.1 Bn. The increase is principally made up of:

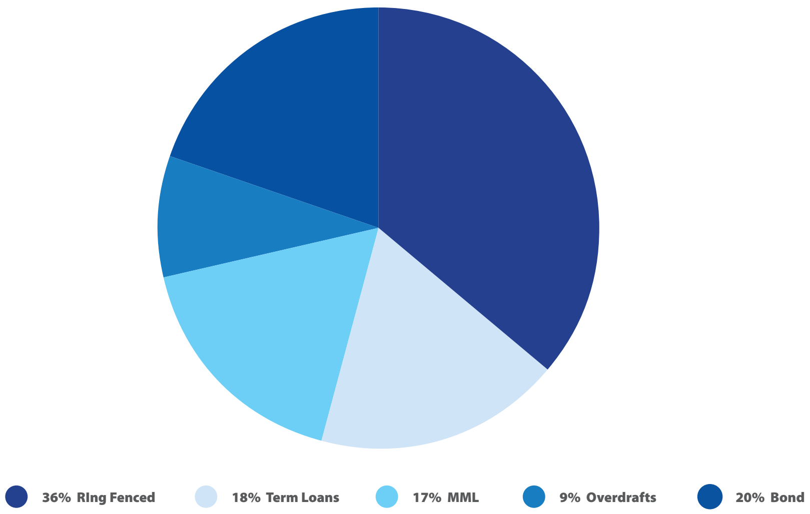
- Infrastructure works for Highland Rose project for Rs 736 M
- Financing of the Carbon Burn Out project and the hydroelectric power plant in Rwanda for Rs 247.1 M
- Purchase of property, plant and equipment for Rs 240.4 M.

The Group's net assets were marginally down by 1.3% as a result of negative movements in pensions-defined benefit obligations and cash-flow hedge.

Omnicane's share price was down by 20% compared to 2014, whilst the SEMDEX fell by 13%.

Net debt rose by Rs 1.4 Bn and stood at Rs 9.7 Bn as at 31 December 2015. The increase was mainly due to additional financing requirements to complete our property development project and investment in industrial projects.

2015 - Total Debt Distrubution



Indirect Economic Impacts (G4-DMA, G4- EC8)

Indirect economic impacts, while harder to quantify, include jobs indirectly created by our operations, infrastructural development in the region and community development programs. During the year under review, our business activities have allowed various economic operators like suppliers, civil work contractors, transport contractors, etc. to perform. Furthermore, through our CSR program we contribute actively towards the betterment of the community. We expect that the Mon Trésor Smart City will bring further opportunities in terms of indirect jobs and modern public infrastructure in the south.