

CROP 2007 SYNOPSIS

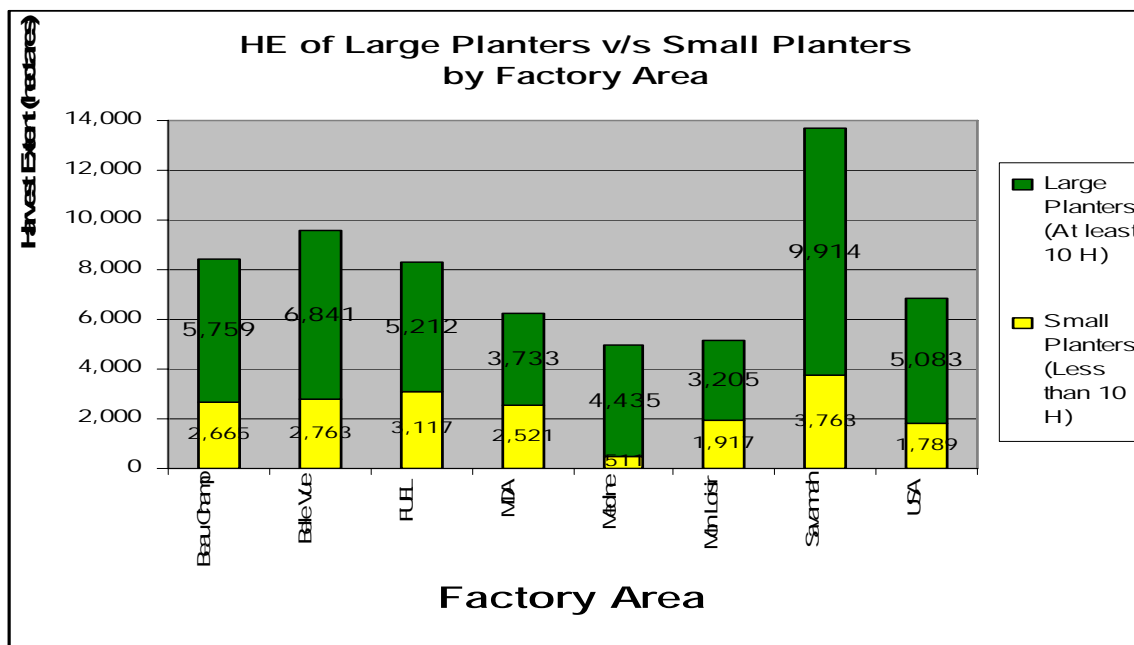
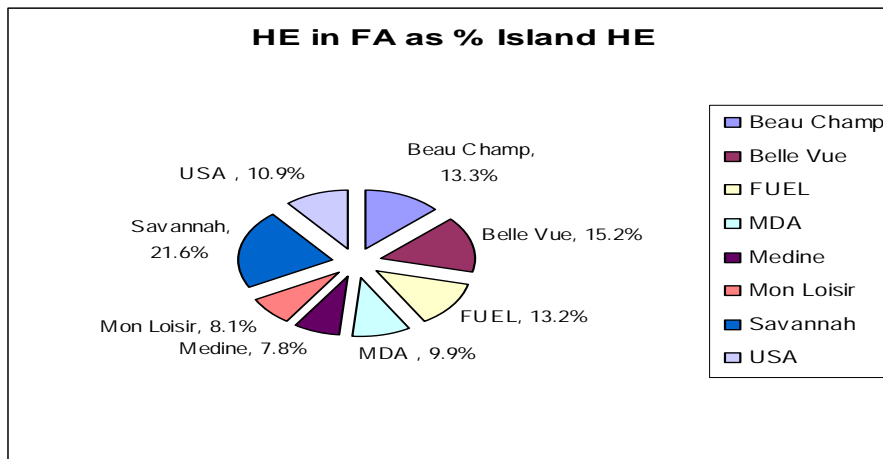
1.0 GENERAL INSURANCE

- 1.1 Crop 2007 harvest which ended on 15th December 2007 resulted in a disappointingly low sugar production of 438,067 tonnes, initially estimated at 465,000 tonnes. The SIF Act having been amended (Act No. 7 of 2007 and Government Notice No. 94 of 2007), the March 2006 Actuarial Review was applicable effective Crop 2007. Crop 2007 also witnessed (i) the closure of Mon Tresor and Riche-en-Eau mills (in line with the centralisation of the Sugar Industry) with canes from both factory areas diverted to Savannah mill, and a major fire outbreak at Mon Loisir mill on 6th September 2007 with canes transferred to Belle Vue and FUEL mills.
- 1.2 Climatic Conditions
- 1.2.1 Rainfall was insufficient to meet the water requirements of rainfed crops in all sectors during the vegetative period of crop 2007.
- 1.2.2 During February 2007, heavy downpours linked with the passage of cyclone *Gamede* created temporary water logging and slight stalk breakage in most of the fields. It was already known that following the passage of *Gamede*, stable and extremely favorable climatic conditions at the various stages of cane growth could allow a somewhat normal harvest. This did not materialize. Indeed, the very rainy weather which had prevailed during the three weeks following the passage of *Gamede* had slowed down cane growth considerably.
- 1.2.3 Rainfall during March and April 2007 in sectors North and West and in the lowlands of the East and South did not meet the water requirements of rainfed crops and the ensuing water stress affected growth.
- 1.2.4 During July 2007, except for the West, rainfall was in excess or near to the crop's water requirements; (excessive rainfall is not conducive to sucrose accumulation and ripening). Finally, rainfall well above normal average during October tapering until mid-November was again not conducive to cane maturation.
- 1.3 Declaration of Event Year
On the 13th December 2007, the Board, in exercise of its powers under Section 25 of the SIF Act, decided to declare Crop 2007 to be an event year for all factory areas, namely, Belle Vue, Deep River Beau Champ, FUEL, Medine, Mon Desert Alma, Mon Loisir, Savannah, and Union Saint Aubin on account of cyclone, drought and excessive rainfall.
- 1.4 Control Board's final extraction rates for 2007 crop was available on 24th January 2008 whilst all metayers' lists as well as their sugar sharing ratios were received by 6th February 2008. A first batch payment of compensation was effected on 12th February 2008 and the last one on 29th February 2008, except for a few cases retained for further investigations.

Harvest Extent per Factory

Crop 2007 witnessed yet another substantial drop in harvest extent with a reduction of some 2,000 hectares from last year. Total harvest extent island-wide used for assessment is 63,228 hectares for planters who supplied canes. The highest harvest extent is in Savannah factory area with 13,677 hectares whereas Médine factory area has the lowest (4,946 H). The table and charts below show the harvest extent distribution for the 2007 Crop by factory area and by size of planters.

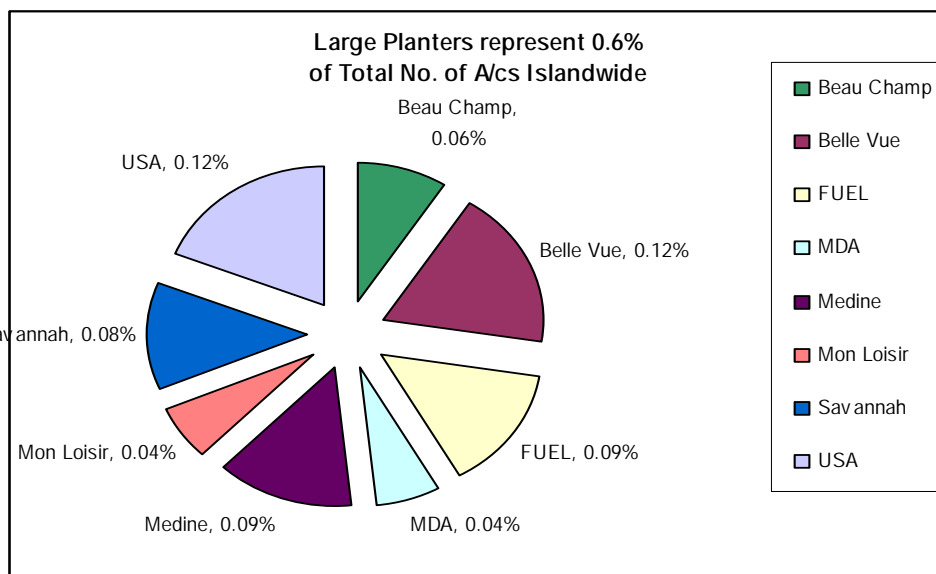
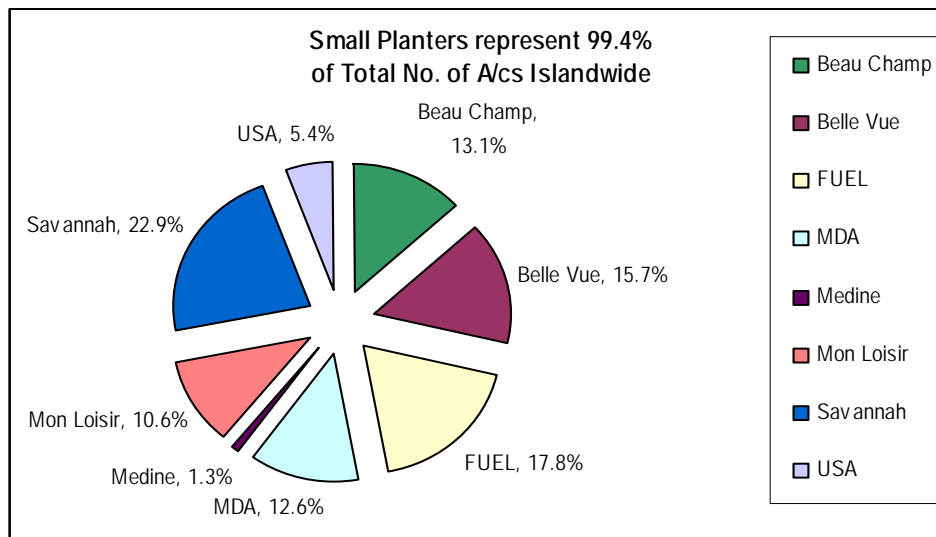
FACTORY AREA	Harvest Extent [H]				
	Small Planters (Less than 10 H)	% of Islandwide HE	Large Planters (At least 10 H)	% of Islandwide HE	Total [H]
Beau Champ	2,665	4%	5,759	9%	8,424
Belle Vue	2,763	4%	6,841	11%	9,604
FUEL	3,117	5%	5,212	8%	8,329
MDA	2,521	4%	3,733	6%	6,254
Medine	511	1%	4,435	7%	4,946
Mon Loisir	1,917	3%	3,205	5%	5,122
Savannah	3,763	6%	9,914	16%	13,677
USA	1,789	3%	5,083	8%	6,872
Total	19,046	30%	44,182	70%	63,228



Planters per Factory Area

The number of accounts by factory area and by size of planters is tabulated and depicted below.

Factory Area	No. of Accounts				
	Small Planters (Less than 10 H)	% of Total No. of A/cs Islandwide	Large Planters (At least 10 H)	% of Total No. of A/cs Islandwide	Total
Beau Champ	3,193	13.1%	14	0.1%	3,207
Belle Vue	3,818	15.7%	28	0.1%	3,846
FUEL	4,334	17.8%	22	0.1%	4,356
MDA	3,067	12.6%	10	0.0%	3,077
Medine	315	1.3%	21	0.1%	336
Mon Loisir	2,571	10.6%	10	0.0%	2,581
Savannah	5,561	22.9%	19	0.1%	5,580
USA	1,321	5.4%	29	0.1%	1,350
Total	24,180	99.4%	153	0.6%	24,333

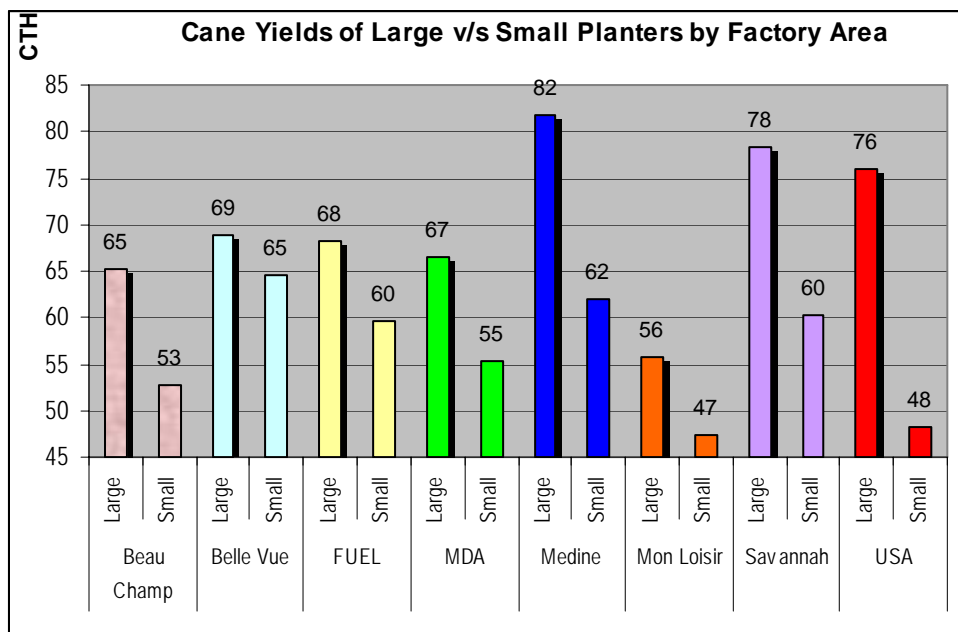


Cane yield per hectare by factory area

The weighted average cane yields of large planters exceeded those of small planters in all of the respective factory areas as shown in the table and chart below.

Factory Area	Size	Harvest Extent (HE) [H]	Caneweight [T]	Tonnes of Canes per Hectare (CTH)
Beau Champ	Large	5,759	375,825	65
	Small	2,665	140,773	53
Belle Vue	Large	6,841	471,402	69
	Small	2,763	178,651	65
FUEL	Large	5,212	355,307	68
	Small	3,117	185,898	60
MDA	Large	3,733	248,530	67
	Small	2,521	139,290	55
Medine	Large	4,435	362,920	82
	Small	511	31,708	62
Mon Loisir	Large	3,205	178,709	56
	Small	1,917	90,886	47
Savannah	Large	9,914	777,656	78
	Small	3,763	226,476	60
USA	Large	5,083	386,287	76
	Small	1,789	86,451	48
TOTAL	SMALL & LARGE	63,228	4,236,769	67

The highest weighted average cane yield is with respect to Médine large planters (82 Tonnes of Cane per Hectare (CTH)) and the lowest average cane yield is with respect to Mon Loisir small planters (47 CTH).

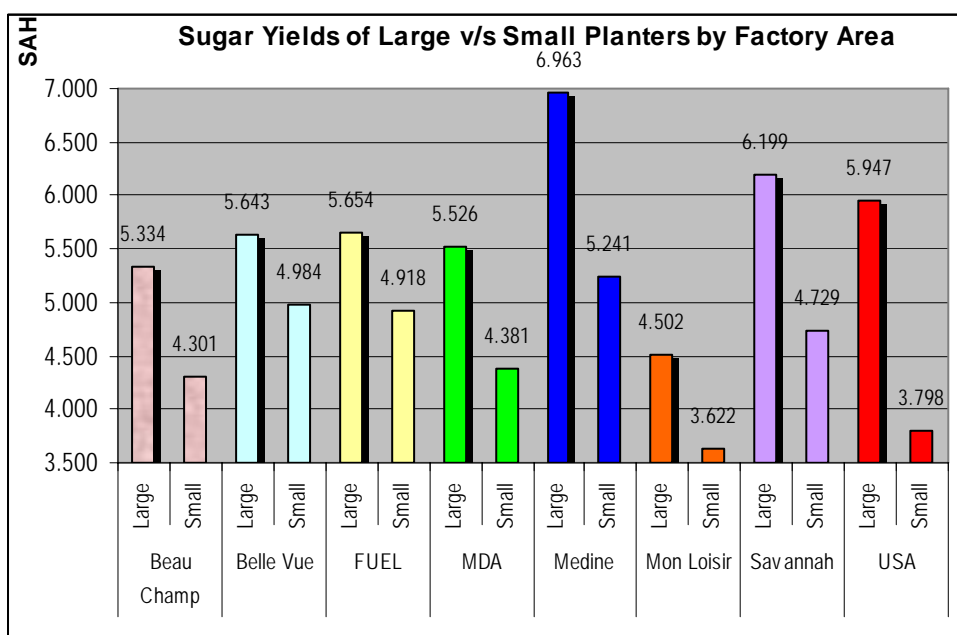


Sugar accruing per hectare by factory area

Likewise, as expected, the weighted average sugar yields (at planter's share) of large planters consistently exceeded those of small planters in all of the respective factory areas as shown in the table and chart below.

Factory Area	Size	Harvest Extent [H]	Sugar Accruing (SA) at planter's share [T]	Sugar Accruing per Hectare (SAH) at planter's share
Beau Champ	Large	5,759	30,718	5.334
	Small	2,665	11,461	4.301
Belle Vue	Large	6,841	38,604	5.643
	Small	2,763	13,771	4.984
FUEL	Large	5,212	29,471	5.654
	Small	3,117	15,328	4.918
MDA	Large	3,733	20,630	5.526
	Small	2,521	11,044	4.381
Medine	Large	4,435	30,881	6.963
	Small	511	2,678	5.241
Mon Loisir	Large	3,205	14,430	4.502
	Small	1,917	6,944	3.622
Savannah	Large	9,914	61,457	6.199
	Small	3,763	17,796	4.729
USA	Large	5,083	30,227	5.947
	Small	1,789	6,795	3.798
Total		63,228	342,235	5.413

The highest weighted average sugar yield (at planter's share) is with respect to Médine large planters (6T963 /H) and the lowest average sugar yield (at planter's share) is with respect to Mon Loisir small planters (3T622 /H). The maximum differential between large and small planters is 2T149 /H in Union St Aubin factory area.

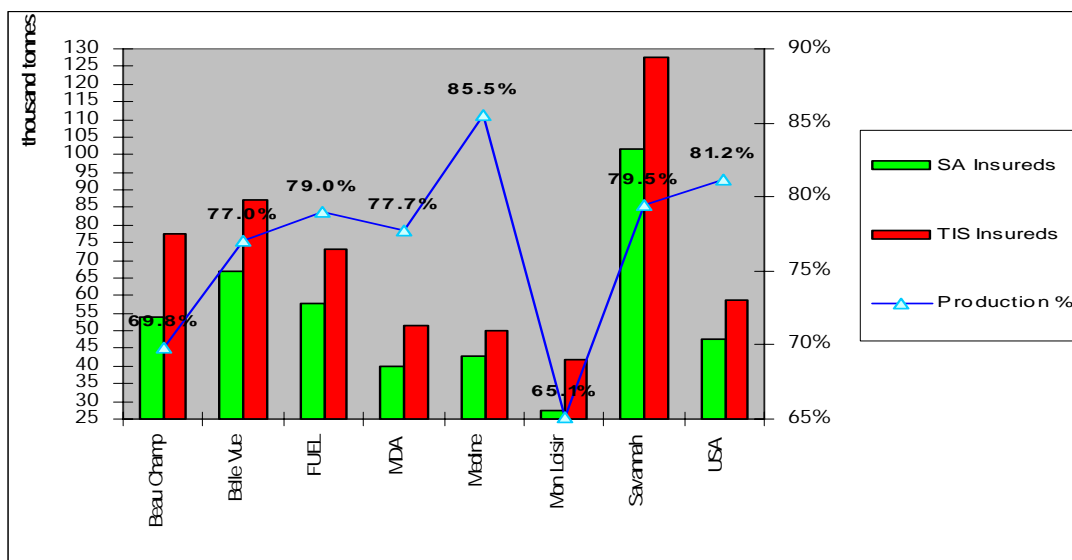


Sugar Insured per Hectare v/s Sugar accrued per hectare by factory area

The table below shows the Total Sugar Accrued (TSA) of insureds in each factory area together with their Total Insurable Sugar (TIS) and their respective sugar production percentage (defined as the ratio of TSA to TIS).

FACTORY AREA	Total Sugar Accrued (TSA) [T]	Total Insurable Sugar (TIS) [T]	Production %
Beau Champ	53,997	77,387	69.8%
Belle Vue	67,072	87,124	77.0%
FUEL	57,682	73,000	79.0%
MDA	40,159	51,693	77.7%
Medine	42,850	50,116	85.5%
Mon Loisir	27,343	42,017	65.1%
Savannah	101,430	127,620	79.5%
USA	47,532	58,518	81.2%
Grand Total	438,065	567,475	77.2%

The chart below depicts the TIS against the TSA of insureds in each factory area with the factory area sugar production percentages being shown as a line chart.



For Crop 2007, Médine was the factory area with the highest sugar production percentage (85.5%); for the past 6 years (2001-2006), Médine FA ranked at least third in terms of highest sugar production percentage.

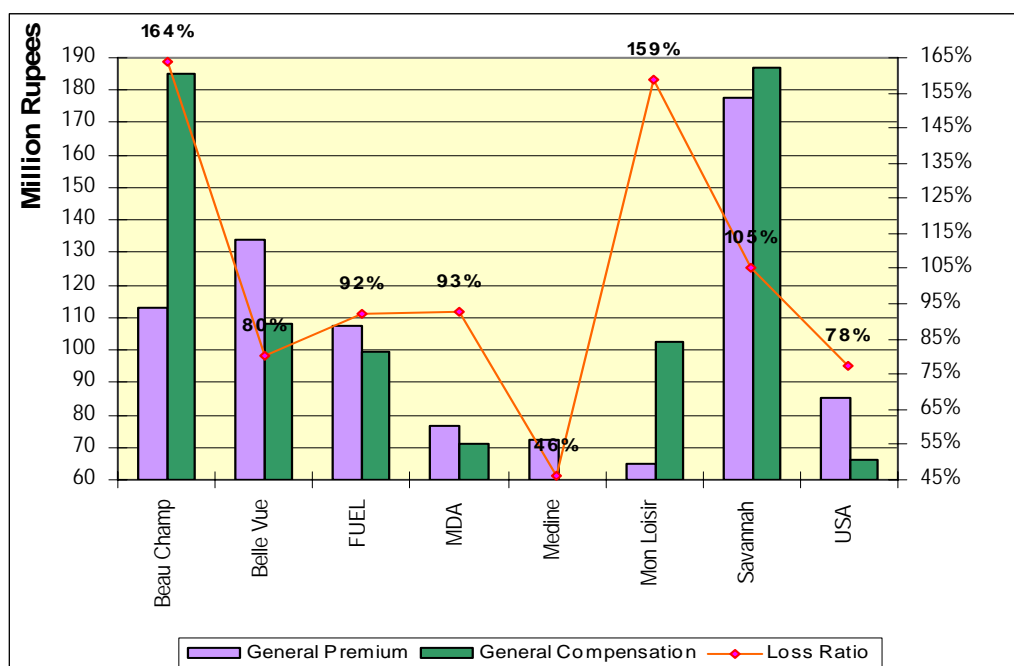
Ratio of compensation to premium per factory area

The table below shows the Total General Premium claimable, the Total General Compensation payable and the loss ratio (defined as the ratio of General Compensation to General Premium) by factory area whilst the chart below illustrates the Total General Premium claimable, the Total General Compensation payable and insureds' loss ratio by factory area.

FACTORY AREA	General Premium Claimable [Rs]	General Compensation Payable [Rs]	Loss ratio %
Beau Champ	113,020,257	185,120,236	164%
Belle Vue	134,012,158	107,826,315	80%
FUEL	107,532,866	99,420,803	92%
MDA	76,906,256	71,214,930	93%
Medine	72,519,792	33,609,605	46%
Mon Loisir	64,633,248	102,458,159	159%
Savannah	177,692,895	186,930,749	105%
USA	85,061,771	65,925,644	78%
Island	831,379,243	852,506,441	103%

The loss ratio to the Fund of small planters (having holdings of less than 10 hectares) was 125%, that of large planters (having holdings of at least 10 hectares) was 92% and that of millers was 107% for Crop 2007 assessment.

For Crop 2007, Médine was the factory area with the lowest loss ratio (46%); for the past 6 years (2001-2006), Médine FA ranked at least second in terms of lowest loss ratio.



Regrouping

The law amended in 2007 encourages regrouping of small holdings in the same geographical location into larger holding to benefit from economies of scale.

The incentive provided by the Fund is a 1-off boost of 25% in the weighted average ranking of the holdings.

The first regrouping of 45 holdings into a larger holding harvested as one unit for the first time in 2007; the premium claimed was lower and the compensation paid was higher.

Sugar Price for Insurance Purpose

As provided for under section 47 of the SIF Act, sugar prices used for insurance purpose was Rs18,206 and Rs17,900 per tonne respectively for planters and millers, i.e. a weighted average sugar price of Rs18,139 per tonne for Crop 2007.

2.0 FIRE INSURANCE

- 2.1 Following implementation of the recommendations of the Actuarial Review regarding Fire Insurance, the Fifth Schedule was amended and rates increased by 25%.
The loss ratio under fire insurance is 91% representing an island wide compensation of Rs6.475 M (inclusive of transport allowance) against an island wide premium of Rs7.116 M. The number of accounts affected by intercrop fire is 126 with a total (compensable) extent of some 115 hectares. Among the factory areas having compensable fire cases, the highest number of compensable hectares destroyed by fire is in the former factory area of Riche-en-Eau (20 hectares) and the lowest is in the former factory area of Highlands (0.249 hectare). The former factory area of Rose Belle had no compensable fire cases.
- 2.2 Rates applied by the Fund for transport allowance for crop 2007 were Rs.7.03 per tonne of canes per kilometre in excess of 6 kilometres with respect to planters supplying up to 100 tonnes of canes during the crop and Rs.6.39 per tonne of canes per kilometre in excess of 6 kilometres with respect to planters supplying more than 100 tonnes of canes during the crop. The total amount disbursed under road transport allowance is some Rs487,000.
Following 2 years of deficit in a row, the Fire Insurance account has a surplus of some Rs640,000 for crop 2007.