CROP 2010 SYNOPSIS

1.0 GENERAL INSURANCE

1.1 Special Discount on General Premium

1.1.1 In light of the short term pressures on the sugar industry and the strength of the Fund, the Board has, in consultation with its Actuary and the subsequent approval of the Honourable Minister of Finance and Ecconomic Development, exceptionally granted a one-off 70% discount on general insurance premium payable by all insureds for crop 2010. The consulting Actuary however, stressed that the discounted rate is inconsistant in the longer term with the insurance benefits offered and hence future premiums would have to rise or the structure of benefits changed. This exceptional measure amounting to some MUR 354M benefitted some 20,311 insureds.

1.1.2 Against the backdrop of the Euro zone crisis and in line with Government Economic Restructuring and Competitiveness Programme to provide financial breathing space to sugar producers, the SIFB loaned to the MSS the provisional premium payable for Crop 2010 at a concessionary rate of 3.0% per annum up to end March 2011. This enabled a higher level of crop advances to be paid to sugar producers.

1.2 Milling Operations

1.2.1 Crop 2010 milling operations started in the South of the island at Omnicane factory on 8TH June 2010. Milling activities came to an end on 11th December 2010 at Mon Loisir factory. Milling season lasted over a period of 156 days. The factory having the longest milling season was Omnicane.

1.2.2 The tonnage of canes harvested and sent to mills over the island reached 4,365,794 tonnes producing 457,131 tonnes of sugar for insurance purposes at an island-wide average extraction rate of 10.37%.

1.3. Declaration of Event Year

1.3.1 Weather reports indicated that climatic conditions throughout the crop were favourable for cane growth and development over all the sugar cane growing sectors of the island. There being no adverse climatic conditions, no declaration of event year for crop 2010 was warranted as provided for under section 25 (1) of the Sugar Insurance Fund Act No. 4 of 1974, as subsequently amended.

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1.4 Sugar Price for Insurance

1.4.1 The preferential trade agreement between the European Union Commission and the Republic of Mauritius for the sale of cane sugar came to an end in 2009 with a cumulative cut of 36% in the price of sugar. The cut in sugar price started with 5% for crops 2006 and 2007, for 2008 crop the cut reached 17% with an additional 19% cut for crop 2009.

1.4.2 In accordance with Section 47 of the Sugar Insurance Fund Act No 4 of 1974 as subsequently amended, on the 9th December 2010, the sugar price for crop 2010 was determined at Rs 13,409 per tonne for planters and Rs 12,700 per tonne for millers for insurance purpose for computation of general premium and general compensation. The weighted mean of sugar price applicable was Rs 13,253 per tonne for crop 2010 general assessment.

1.5 Statistical Analysis

1.5.1 Number of Accounts of Planters supplying canes

The total number of accounts of planters who supplied canes for crop 2010 was 20,305 (compared with 21,492 accounts for crop 2009).

1.5.2 Harvest Extent and Cane yield Distribution

The area harvested pursued its downward trend with 57,670 hectares for crop 2010, an extent of 1,438 hectares less than crop 2009. The tonnage of canes milled island-wide came up to 4,365,794 tonnes compared with 4,666,949 tonnes in 2009, implying a reduction of 301,155 tonnage of canes produced.

Table 1 below shows the harvest extent, cane weight and cane yield distributions for crop 2010 for each factory area.

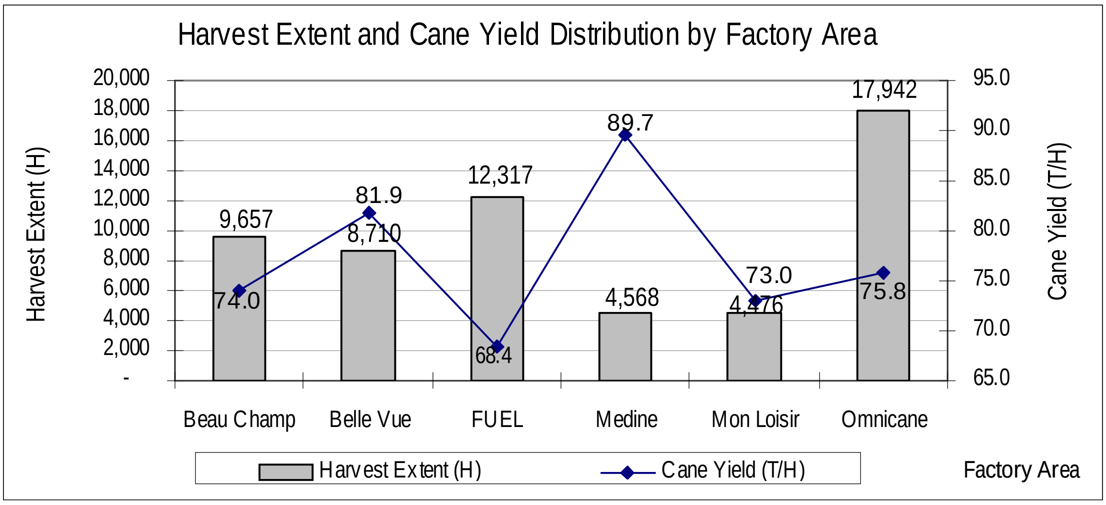
Table 1

Factory Area	Harvest Extent (H)	Cane Weight (T)	Cane Yield (T/H)
Beau Champ	9,657	714,283	74.0
Belle Vue	8,710	713,192	81.9
FUEL	12,317	842,386	68.4
Medine	4,568	409,573	89.7
Mon Loisir	4,476	326,632	73.0
Omnicane	17,942	1,359,728	75.8
Total	57,670	4,365,794	75.7

The highest harvest extent and the highest tonnage of canes milled were in Omnicane with 17,942 hectares and 1,359,728 tonnes of canes while Medine factory area recorded the highest cane yield (89.7 T/H).

Chart 1 (page 3) depicts the harvest extent and cane yield distributions by factory area.

Chart 1



1.5.3 <u>Category of Planters</u>

1.5.4 Table 2 below and charts 2(a) and 2(b) (page 4) classify the number of accounts by factory area and by category of planters (small and large). A small planter is defined as having harvest extent of up to 10 hectares and a large planter as having harvest extent of at least 10 hectares (as defined by the Small Planters Welfare Fund Act).

Table 2

	Number of Accounts				
Factory Area	Small Planters (Less than 10 H)	% of Total Accounts Island-wide	Large Planters (At least 10 H)	% of Total Accounts Island-wide	Total Accounts
Beau Champ	2,666	13.13%	19	0.09%	2,685
Belle Vue	3,080	15.17%	19	0.09%	3,099
FUEL	6,047	29.78%	28	0.14%	6,075
Medine	452	2.23%	17	0.08%	469
Mon Loisir	2,047	10.08%	8	0.04%	2,055
Omnicane	5,881	28.96%	41	0.20%	5,922
Total	20,173	99.35%	132	0.65%	20,305

Over a total number of 20,305 insureds, there were 20,173 insureds cultivating less than10 hectares and 132 insureds cultivating 10 hectares of land and above.

The highest number of insureds for crop 2010 in the milling factories over the island was in FUEL (6,075 insureds) and the lowest was in Medine (469 insureds).

Chart 2(a)

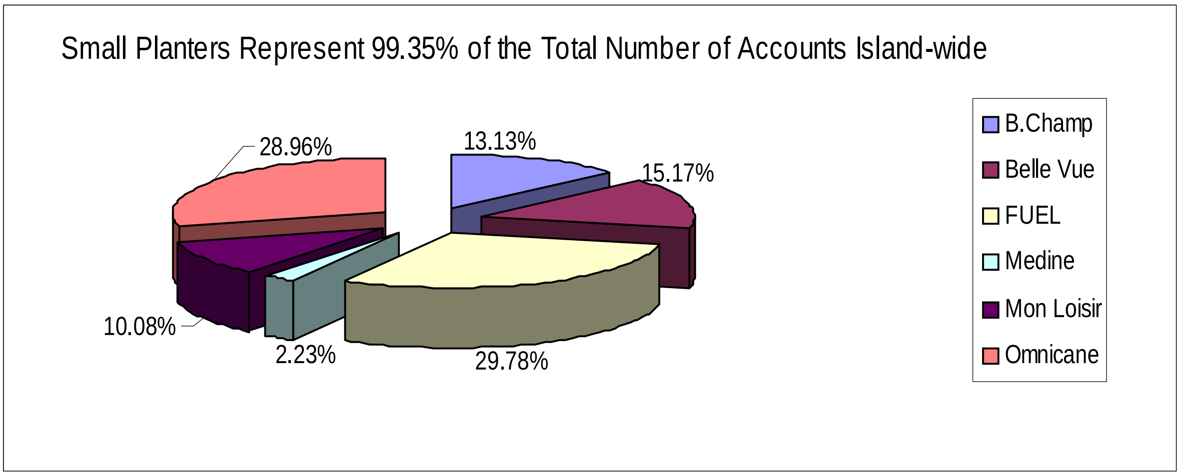


Chart 2(b)

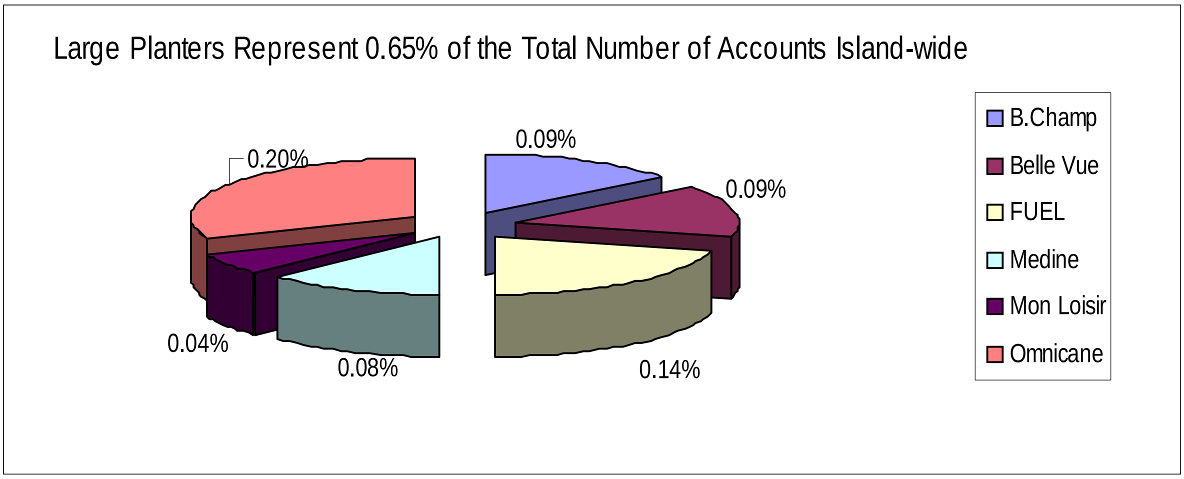
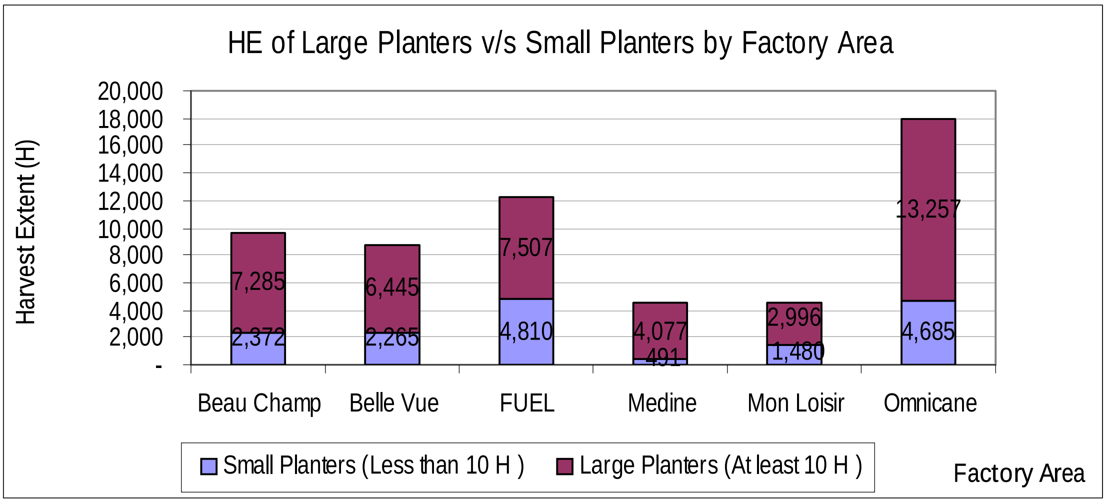


Table 3 below and Chart 3 (page 5) show the breakdown of Harvest Extent between small and large planters by factory area.

Table 3

	Harvest Extent (H)				
Factory Area	Small Planters (Less than 10 H)	% of Total Island-wide HE	Large Planters (At least 10 H)	% of Total Island-wide HE	Total HE
Beau Champ	2,372	4.1%	7,285	12.6%	9,657
Belle Vue	2,265	3.9%	6,445	11.2%	8,710
FUEL	4,810	8.3%	7,507	13.0%	12,317
Medine	491	0.9%	4,077	7.1%	4,568
Mon Loisir	1,480	2.6%	2,996	5.2%	4,476
Omnicane	4,685	8.1%	13,257	23.0%	17,942
Total	16,103	27.9%	41,567	72.1%	57,670

Chart 3



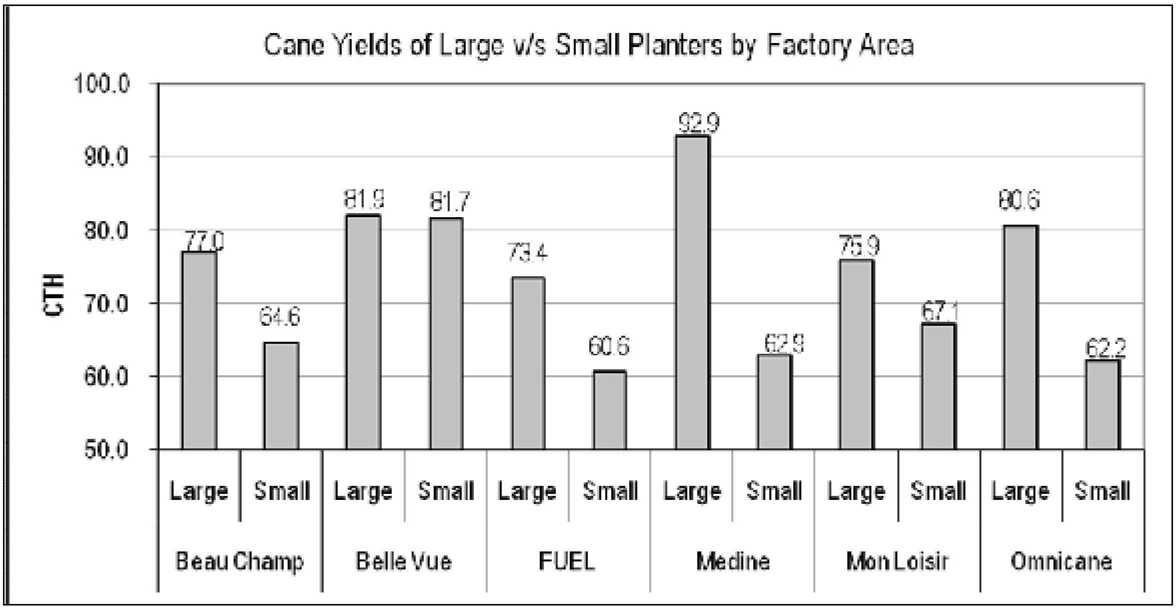
It can be observed from Tables 2 and 3 that 99.35% of insureds were small planters with a total area harvested of 16,103 hectares, which represented 27.9% of island-wide harvest extent. On the other hand, 0.65% of large planters had cane plantations of a total extent of 41,567 hectares which represented 72.1% of island-wide harvest extent.

1.5.5 The weighted average cane yields per hectare of large planters exceeded those of small planters in all of the respective factory areas (Table 4 below) and Chart 4 (page 6).

Table 4

Factory Area	Size	Harvest Extent (H)	Cane Weight (T)	Tonnes of Cane Per Hectare (CTH)
Beau Champ	Large	7,285	561,026	77.0
	Small	2,372	153,257	64.6
Belle Vue	Large	6,445	528,124	81.9
	Small	2,265	185,068	81.7
FUEL	Large	7,507	550,759	73.4
	Small	4,810	291,627	60.6
Medine	Large	4,077	378,691	92.9
	Small	491	30,882	62.9
Mon Loisir	Large	2,996	227,284	75.9
	Small	1,480	99,348	67.1
Omnicane	Large	13,257	1,068,422	80.6
	Small	4,685	291,306	62.2
Total		57,670	4,365,794	75.7

Chart 4



1.5.6 <u>Sugar Yield</u>

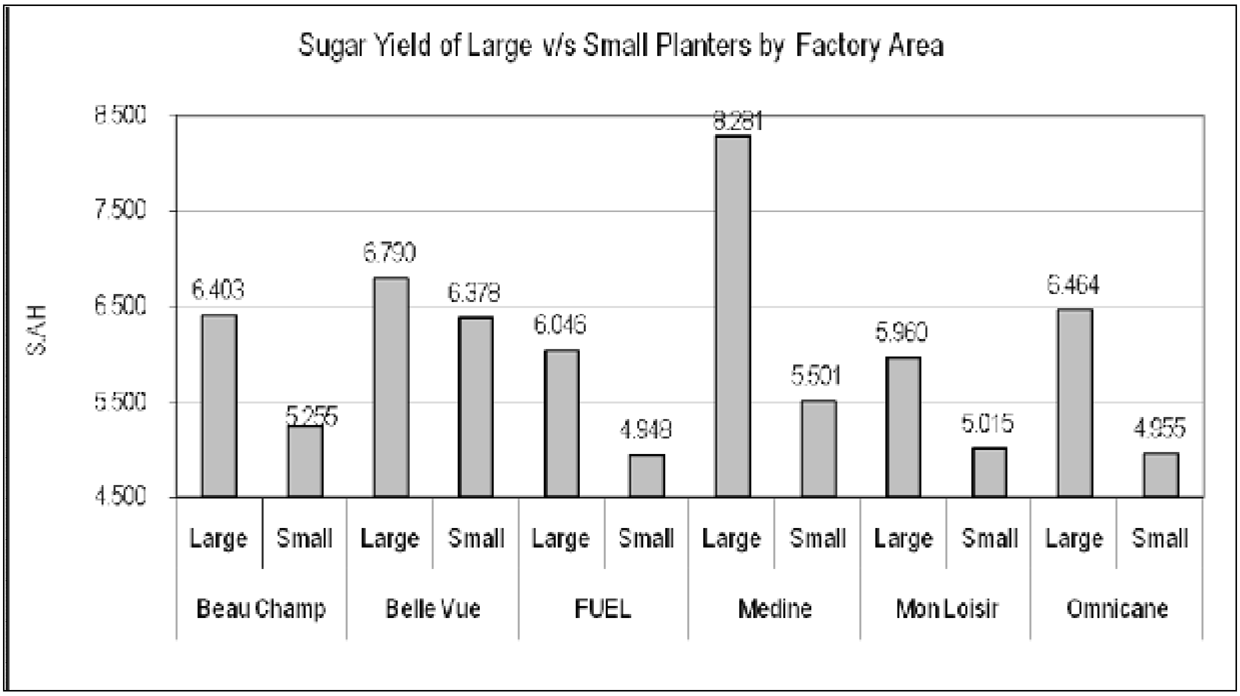
The average sugar yields as well (at planter's share) of large planters consistently exceeded those of small planters in all of their respective factory areas (Table 5 below) and Chart 5 (page 7).

The highest weighted average sugar yield (at planters' share) was with respect to Medine large planters (8T281 /H) and the lowest average sugar yield (at planter's share) was with respect to FUEL small planters (4T948 /H). The maximum differential between large and small planters was 2T780 /H with respect to Medine factory area.

Table 5

Factory Area	Size	Harvest Extent (H)	Sugar Accruing (SA) @ Planter's Share (T)	Sugar Accruing per Hectare (SAH) @ Planter's Share
Beau Champ	Large	7,285	46,646	6.403
	Small	2,372	12,464	5.255
Belle Vue	Large	6,445	43,764	6.790
	Small	2,265	14,447	6.378
FUEL	Large	7,507	45,384	6.046
	Small	4,810	23,799	4.948
Medine	Large	4,077	33,763	8.281
	Small	491	2,701	5.501
Mon Loisir	Large	2,996	17,855	5.960
	Small	1,480	7,422	5.015
Omnicane	Large	13,257	85,690	6.464
	Small	4,685	23,212	4.955
Total		57,670	357,147	6.193

Chart 5



1.5.7 Sugar Production

Sugar accruing for crop 2010 reached 457,131 tonnes island-wide against 493,306 tonnes insured, which represented a production of 92.7% island-wide.

Table 6 below shows the Total Sugar Accrued (TSA) of insureds in each factory area with their Total Insurable Sugar (TIS) and their respective sugar production percentage (defined as the ratio of TSA to TIS).

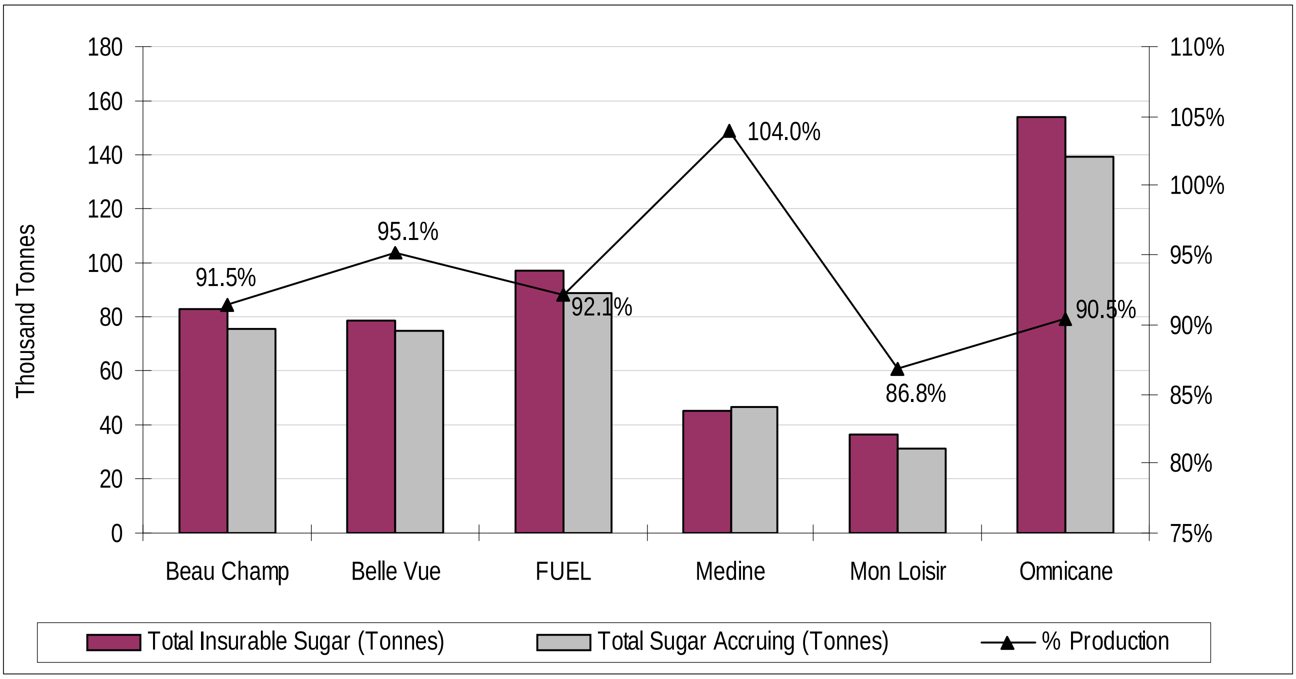
Table 6

Factory Area	Total Insurable Sugar (Tonnes)	Total Sugar Accruing (Tonnes)	% Production
Beau Champ	82,892	75,813	91.5
Belle Vue	78,516	74,688	95.1
FUEL	96,754	89,123	92.1
Medine	45,023	46,828	104.0
Mon Loisir	36,168	31,406	86.8
Omnicane	153,953	139,273	90.5
Total	493,306	457,131	92.7

Chart 6 (page 8) depicts the TIS against the TSA of insureds for each factory area with the respective factory area production percentages being demonstrated as a line chart.

The highest production percentage for crop 2010 was Medine factory area (104%) and the lowest relative percentage production was Mon Loisir (86.8%).

Chart 6



1.6 Premium and Compensation

The gross General Premium Income (GPI) receivable for the year was Rs 505 M from all insureds. A one-off 70% special discount was offered to all insureds on general premium resulting in the GPI claimed of Rs 151 M. A total amount of Rs 354 M was discounted in favour of all insureds for Crop 2010 (Table 7 below).

There was no declaration of event for all the factory areas for crop 2010 and consequently no compensation payable to the insureds.

Table 7

Factory Area	General Premium Receivable (Rs)	General Premium Claimable (After 70% Special Discount) (Rs)
Beau Champ	87,278,047	26,183,414
Belle Vue	85,559,970	25,667,991
FUEL	99,193,259	29,757,978
Medine	42,641,377	12,792,413
Mon Loisir	40,132,030	12,039,609
Omnicane	151,171,202	45,351,360
Total	505,975,885	151,792,765

2.0 FIRE INSURANCE

2.1 Inter-Crop Fire 2010

2.1.1 The total number of compensated intercrop fire cases was more pronounced for crop 2010 with 289 cases, 128 cases more than crop 2009. A total extent of 318 hectares of canes was destroyed island-wide. The number of fire cases was more prominent in the North sector of the island (169 cases) followed equally by the South sector (with 42 cases) and West and Centre sector (with 42 cases). The highest extent damaged by fire was noted in the South sector of the island (138.994 hectares).

2.1.2 The net compensation paid to insureds for loss consequent upon destruction of cane plantations by inter-crop fire amounted to Rs 17.4 M.

2.1.3 Among the factory areas having compensable fire cases, the highest number of compensable hectares destroyed by fire was the former factory area of Riche En Eau (96.868 hectares) and the lowest was in the former factory area of Rose Belle (0.134 hectare).

2.2 Fire during Harvest Season 2010

2.2.1 The number of reported fire occurrences during harvest season came up to 800 cases for crop 2010.The number of fire cases during harvest season was more prominent in the North sector of the island with 549 cases.

2.3 Transport Allowance

2.3.1 The road distance rates applied by the Fund for transport allowance for crop 2010 were Rs 8.23 per tonne of canes per kilometer in excess of 6 kilometers with respect to planters supplying up to 100 tonnes of canes and Rs 7.48 per tonne of canes per kilometer in excess of 6 kilometers with respect to planters supplying more than 100 tonnes during the crop.

2.3.2 A total amount of Rs 1.942 M was disbursed to eligible insureds as road allowance for milling of burnt canes outside the factory area for 167 cases. Table 8 below shows the transport allowance paid and the number of cases by factory area.

Table 8

Factory Area	Transport Allowance (Rs)	Number of Cases
Belle Vue	1,141,750	78
Medine	15,643	1
Mon Loisir	784,914	88
Total	1,942,307	167

2.4 Fire Insurance Loss Ratio

The loss ratio under fire insurance for crop 2010 was 308%, representing an island-wide compensation of Rs 19.356 M (inclusive of transport allowance) against an island-wide premium of Rs 6.192 M.

Premium (Rs)			Compensation (Rs)			Loss Ratio
Fire Premium (Inter-Crop)	Fire Premium (Assessment)	Total Fire Premium	Gross Fire Compensation (Inter-Crop)	Transport Allowance (Crop Season)	Total Fire Compensation	
36,118	6,155,968	6,192,086	17,414,182	1,942,307	19,356,489	308%

2.5 Fire Insurance Account Status

The Fire Insurance Account showed a deficit of Rs 12.3 M for crop 2010, as reported in the financial statements ended 31st December 2010. This has brought down the accumulated Fire Fund from Rs 17.1 M to Rs 4.8 M for the year ended 2010.

3.0 SUMMARY

3.1 GENERAL INSURANCE ACCOUNT

Total Number of Accounts with non zero Cane Weight: 20.311	
Total Harvestable Extent:	57,670 hectares
Cane weight:	4,365,794 tonnes
Total Sugar Accrued:	457,131 tonnes
Total Insurable Sugar:	493,306 tonnes
Sugar Production %:	92.7%
Crop Reduction %:	7.3%
General Premium Claimable	151,792,765 (Rs)

3.2 FIRE INSURANCE ACCOUNT

3.2.1 Inter-Crop Fire
Number of compensated Accounts: 289
Harvest Extent Burnt island-wide for compensated Cases: 318 hectares

3.2.2 Fire during Harvest
Number of compensated Accounts: 800

3.2.3 Fire Insurance Loss Ratio: 308%