

# Chairman's Statement

Dear Shareholder,

It gives me great pleasure to present to you the Annual Report 2007.

Following the Boston Consulting Group's (BCG) recommendations, a new organisation structure was implemented in January 2007 to group our activities under four sectors, namely Financial Services, Logistics Engineering & Commerce, Retail, and Seafood & Marine, in order to increase synergies, improve productivity and reduce costs. I am pleased to report that, under the leadership of the Chief Executive Officer, Mr Patrice d'Hotman de Villiers, this structure has been operating successfully. As a result, we are meeting the medium-term targets of the Group, along the strategic lines suggested by BCG.

Group turnover has grown to exceed the Rs 11 billion mark. Group profit from operations has, however, decreased from Rs 710m in 2006 to Rs 663m in 2007, a direct consequence of the losses incurred at the level of the seafood hub and Catovair operations during the year under review. The profit before tax stood at Rs 550m in 2007 compared to Rs 515m in 2006, largely due to the much-improved results of most of the other sectors of activity and of our associated company, Sun Resorts Ltd (SRL). The Group profit attributable to the shareholders amounted to Rs 451m for the year under review, compared to Rs 427m in 2006. The earnings per share have increased from Rs 5.98 to Rs 6.32.

After having suffered from a general lack of fish on the market during most of 2007, our main seafood hub operation, Thon des Mascareignes Ltd is in a much more positive situation since the beginning of 2008, thanks to considerable improvement in fish supplies. In addition, the state-of-the-art marine biotechnology plant (in replacement of the current fish meal plant which has reached the end of its life cycle) is being commissioned in May 2008. Based on this, we are expecting a turnaround in the profitability of this sector in 2008.

On the aviation front (ex-Catovair and now Air Mascareignes), both Beechcrafts have been sold. We


have retained our AOC (Aircraft Operating Certificate) and sold 49% of our shareholding to a strategic partner, Air Austral from Reunion Island. IBL has kept 49%, with the remaining 2% being held by an independent Mauritian entity. This strategic partnership allows us to benefit from the airplanes, the technical facilities and the know-how of Air Austral. We are still awaiting a favourable response to our application for permits and for our nomination as the second national carrier from the Mauritian authorities to fly on both regional and long haul routes.

The turnover for the Financial Services sector increased in 2007 but several factors, such as claims arising from cyclone Gamede, impacted on the profits. With the actual boom in the construction industry, 2007 was for Logistics, Engineering & Commerce sector, a year of remarkable results with an increase of 30% - 46% of its turnover and profits. The Retail sector also considerably improved its performance, partially due to a new "Category Management" system and effective promotional activities.

2008 has started reasonably well and prospects look good. Our priority will be to bring value to all our stakeholders. Our strategy will be to consolidate our businesses and investments by focusing our management skills on our core sectors of activity, thus enabling them to be more productive and increase their financial performance.

I would like to thank Mr Thierry Lagesse, past Chairman, and my fellow board members for their advice and support, as well as the CEO, management and staff for their hard work and loyalty during 2007.

For and on behalf of the Directors.



**Arnaud Dalais**  
Chairman

27 March 2008