

Features

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Operating profit exceeds R1 billion

Headline earnings exceed R500 million

Headline earnings per share increase by 43%

Further reduction in borrowings and gearing

Major expansion in Zambia

	Year ended 31 March		
	2007	2006	% change
Results (Rm)			
Revenue	6 263.6	5 468.8	15
Operating profit	1 034.3	751.5	38
Net financing costs	96.4	100.9	(4)
Headline earnings	515.3	352.4	46
Share performance (cents per share)			
Headline earnings	149.1	104.2	43
Dividend (interim - paid; final - declared)	75.0	62.5	20
Year-end market price	1 900	1 660	
Balance sheet and cash flow (Rm)			
Total assets	4 468.2	3 996.1	
Ordinary shareholders' funds	1 771.7	1 425.5	
Net borrowings	271.7	441.0	
Cash generated from operations	997.7	827.7	
Financial ratios			
Operating margin (%)	16.5	13.7	
Gearing (%)	12.2	24.3	
Interest cover (times)	10.7	7.4	
Return on net assets (%)	28.5	25.2	
Net asset value per share (cents)	638.7	533.2	
Dividend cover (times)	2.0	1.7	
Price : headline earnings ratio	12.7	15.9	

Group profile

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Illovo Sugar is a leading, global, low-cost sugar producer and a significant manufacturer of high-value downstream products. The group is Africa's biggest sugar producer and has extensive agricultural and manufacturing operations in six African countries. Downstream products include furfural (used mainly in lube oil refineries for the purification of oils), furfuryl alcohol (used mainly to produce a resin in the foundry industry as a binder for foundry sands), Crop Guard (an agricultural nematicide), diacetyl and 2,3-pentanedione (both used as butter flavouring), ethyl alcohol and lactulose (a natural laxative). Illovo is listed on the JSE Limited. It is a subsidiary of Associated British Foods plc which holds 51% of the issued share capital.

Excellent climatic and soil conditions in the group's countries of operation, accompanied by irrigation from secure water sources, are ideal for the cultivation of high-yielding and excellent quality sugar cane. Annual cane production of approximately 5.5 million tons is produced on agricultural estates in South Africa, Malawi, Zambia, Swaziland, Tanzania and Mozambique. Annual sugar output amounts to approximately 1.9 million tons comprising 900 000 tons produced in South Africa, Malawi 290 000 tons, Zambia 250 000 tons, Swaziland 230 000 tons, Tanzania 140 000 tons and Mozambique 75 000 tons.

The most recent independent survey of international sugar production costs covering in excess of 100 sugar producing countries indicated that, of the six countries in which Illovo operates, three are in the top fifteen lowest-cost cane sugar producers in the world, and all six are within the top 25.

The group is a major supplier of sugar to African consumer and industrial markets, particularly in its own countries of operation. In Malawi, Illovo is that country's sole sugar producer and in Zambia, manufactures 91% of all local production. The group's share of industry production in South Africa is 36%, Swaziland 33%, Tanzania 55% and Mozambique 28%. Illovo has significant and increasing access to preferential markets

in the European Union (EU) and the United States of America (US), whilst the operations outside South Africa also have access to the South African Customs Union (SACU) market in terms of the Southern African Development Community (SADC) Sugar Protocol on Trade. Pre-packed and bagged sugar is supplied into other regional markets within Africa. The group, through the South African and to a lesser extent, the Swaziland industry, also exports sugar into the world free market.

Syrup and speciality sugars are produced in South Africa and Zambia mainly for domestic consumption, whilst speciality sugars made in Malawi and Zambia are produced for preferential markets in the EU and US.

The majority of downstream products are sold internationally into high-value, niche markets. Furfural and its derivatives are produced at the Sezela mill complex on the south coast of KwaZulu-Natal. High quality ethyl alcohol, from which various grades of alcohol are made, is produced at the Merebank plant near Durban and at the Glendale distillery on the north coast. Lactulose is also manufactured at Merebank.

In recognition of the group's interdependence with the communities in which it operates, Illovo co-ordinates a wide-range of social investment-related programmes focusing on basic needs such as the provision of water and sanitation, access to health care, education delivery and involvement in community outreach programmes. Illovo also provides considerable extension, training and other support to Black farmers in order to promote sustainable agriculture and economic development activities. Total cane supplies from small and medium-scale growers, including community-based co-operative schemes, amount to two million tons annually, generating revenue of approximately R430 million. Particular attention is given to preferential procurement with the aim of promoting and supporting the development of small and medium-sized businesses which supply goods and services to both cane growing communities and the group.

Goals and objectives

Primary objective

- To enhance the wealth of shareholders by optimising the long-term returns and growth of the business.
- To be a world-class organisation and amongst the most efficient and lowest-cost producers in the world.
- To achieve a balanced and integrated economic, social and environmental performance.

Growth

- To expand the group's sugar and cane production.
- To consolidate and improve the profitability of downstream products and further develop new applications where appropriate.
- To maximise usage of bagasse and biomass to generate electricity for own operations and to supply power into national grids.
- To seek new opportunities for sugar and downstream products nationally and internationally.

Profitability

- To achieve a competitive rate of return on shareholders' funds and increase profits on an ongoing basis in real terms.
- To maintain a dividend cover of between two and three times.

Asset management

- To manage investments in fixed assets and working capital so as to achieve the most efficient usage of funds employed with the objective of achieving gearing of 40% over the long term and an interest cover of not less than five times.

Product development

- To be proactive in identifying the needs of our customers.
- To consistently deliver quality products and services to our customers.
- To undertake research and development to improve returns, and develop new products and applications, from its core commodity products using every stick of cane.

Human resources

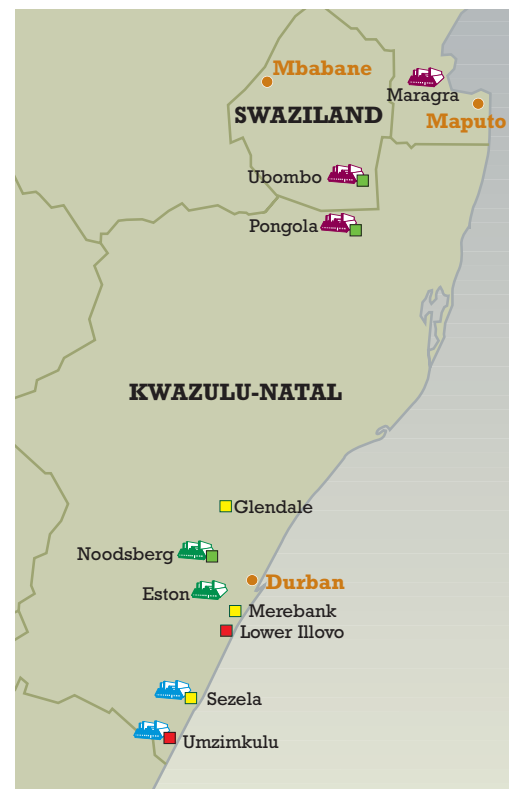
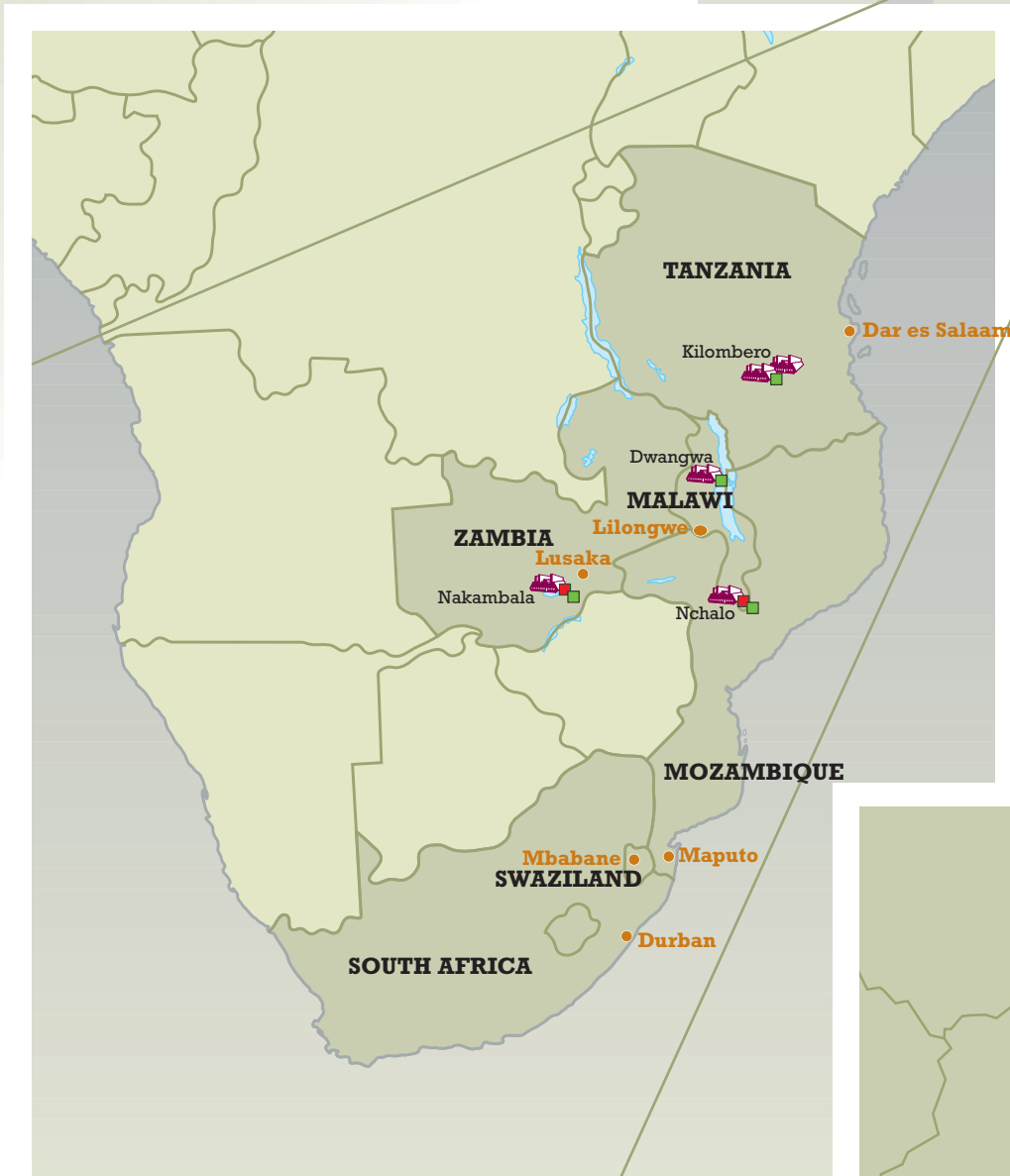
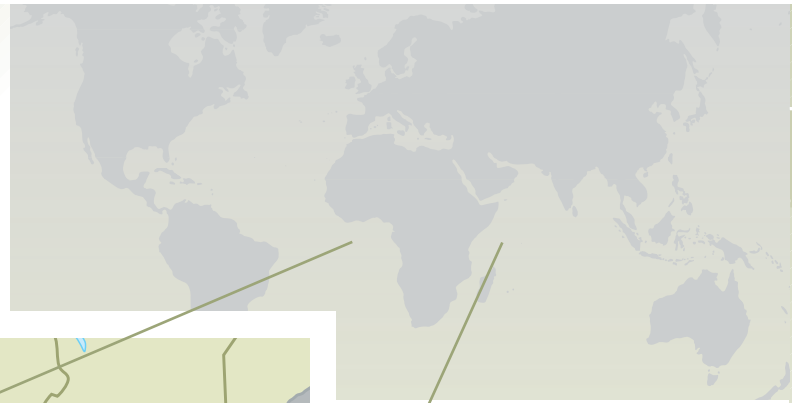
- To promote the ongoing development of all our employees in order that they reach their maximum level of competence and participate fully in achieving the group's primary objective.
- To offer equal opportunity to all employees.

Corporate governance

- To ensure that the company is managed in an efficient, accountable, responsible and moral manner.
- To be socially responsible, and maintain and develop appropriate ethical, environmental and risk management standards as an integral part of the business.
- To take cognisance of all stakeholders' interests in the group's business.

Group locations

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Factories and cane supply regions

Irrigated	
Rainfed/coastal	
Rainfed/inland	
Sugar factories with refineries	
Downstream plants	
Speciality sugar / syrup plants	

Group structure

Associated British Foods
51%



South Africa Operations 100%	Malawi Illovo Sugar 76%	Zambia Zambia Sugar 90%	Swaziland Ubombo Sugar 60%	Tanzania Kilombero Sugar 55%	Mozambique Maragra Açúcar 74%

ILLOVO

Operations

	Operation	Cane growing	Sugar manufacturing	Sugar refining	Speciality sugar / syrup	Downstream production
<u>SOUTH AFRICA</u>	Pongola		■	■		
	Noodsberg		■	■		
	Eston	■	■		■	
	Sezela	■	■			■
	Umzimkulu	■	■		■	
	Merebank					■
	Glendale					■
<u>MALAWI</u>	Nchalo	■	■	■	■	
	Dwangwa	■	■	■		
<u>ZAMBIA</u>	Nakambala	■	■	■	■	
<u>SWAZILAND</u>	Ubombo	■	■	■		
<u>TANZANIA</u>	Kilombero	■	■	■		
<u>MOZAMBIQUE</u>	Maragra	■	■			

Directorate

EXECUTIVE DIRECTORS



Don MacLeod

MANAGING DIRECTOR

D G MacLeod (60) * ^ +

B.Com., A.M.P.

Joined the sugar industry 1971

Appointed to the Board 1983



Graham Clark

G J Clark (Australian) (51) ^ +

B.Acct.(Hons.), A.C.A.

Operations Director

Joined the sugar industry 1980

Appointed to the Board 1997

NON-EXECUTIVE AND INDEPENDENT DIRECTORS



Robbie Williams

CHAIRMAN

R A Williams (66) * #

B.A., L.L.B.

Chairman of Nomination Committee

Director of companies

Appointed to the Board 1985



Brian Connellan

B P Connellan (66)

C.A.(S.A.)

Director of companies

Appointed to the Board 1993



Tony Norton

M J Shaw (68) * # ^

C.A.(S.A.), S.E.P.

Chairman of Risk Management Committee

Director of companies

Appointed to the Board 2001

R A Norton (68) * #

M.A.

Chairman of Remuneration Committee

Director of companies

Appointed to the Board 1997



Martin Shaw

* Member of Audit Committee

Member of Remuneration/Nomination Committee

^ Member of Risk Management Committee

+ Member of Group Executive Committee



John Russell

J T Russell (58) +
A.C.M.A.
New Projects Director
Joined the sugar industry 1978
Appointed to the Board 1993

K Zarnack (34) ^ +
C.A.(S.A.)
Financial Director
Joined the sugar industry 2005
Appointed to the Board 2005



Karin Zarnack



Barry Stuart

B M Stuart (59) ^ +
B.Com., Dip. Sugar Tech., S.E.P.
Technical Director
Joined the sugar industry 1968
Appointed to the Board 1994



Len Konar

D Konar (Dr) (53) *
C.A.(S.A.), M.A.S., D.Com.
Chairman of Audit Committee
Director of companies
Appointed to the Board 1995



Phinda Madi

P M Madi (43) #
B.Proc., E.D.P.
Director of companies
Appointed to the Board 2002



Imogen Mkhize

I N Mkhize (44) ^
B.Sc.I.S., M.B.A.
Director of companies
Appointed to the Board 2005

NON-EXECUTIVE DIRECTORS



Mark Carr

D R Langlands (41) * ^
B.Sc.Maths, A.C.A.
Financial Director - British Sugar
Appointed to the Board 2006



David Langlands

M I Carr (Dr) (44) # +
B.Sc., Ph.D., M.B.A., C.Eng.M.I.Mech.Eng.
Chief Executive Officer - British Sugar
Appointed to the Board 2006



Paul Lister

P A Lister (43)
L.L.B.
Director of Legal Services and Company Secretary - Associated British Foods
Appointed to the Board 2006

Senior management

Name	Qualifications	Joined the group	Operational responsibility
GROUP			
P H Canter (Dr) (60) ^	MB.Ch.B, D.T.M.&H.	1990	Medical services
R J de Allende (48)	B.A.	1999	EU/regional marketing
N M Hawley (50) +	B.Com.(Hons.)	1978	Human resources
M I Hlatshwayo (Swazi) (49) +	B.A.(Law)	1987	Corporate affairs
D E Howells (43)	C.A.(S.A.)	1995	Finance
G D Knox (58) ^ +	B.Com.	1984	Administration
A Koen (62)	Cert.Eng., E.M.P.	1982	Operations
J M Moulton (58)	B.Sc.Eng., Nat.Dip.Tech.	1995	New projects
A E Oosthuizen (40) ^	B.Com., M.B.L.	2003	Internal audit
D A Schaller (43)	B.Com., A.C.M.A.	1999	Information technology
G S Trott (39)	B.Sc.Agric.Eng.	1992	Agriculture
SOUTH AFRICA OPERATIONS			
L W Riddle + (47)	B.Com., C.A.(S.A.)	1986	General Manager
W M A Buchanan (57)	B.Tech.Mkt., S.E.P., C.M.(S.A.)	1981	Marketing
H R Hackmann (48)	B.Com.	2000	Finance
C H Kyle (57)	B.Com., H.D.P.M.	1998	Human resources
S D Langton (46)	Pr.Eng., B.Sc.Eng.	1996	Raw sugar production
G F Mann (53)	Dip.Sugar Tech.	1979	Refined sugar production
L Bachan (53)	B.Sc., M.B.L., Dip.Sugar Tech.	1978	Umzimkulu
B R Cornish (53)	B.Com., H.N.Dip.Mech.Eng.	1983	Merebank
G B Dalglish (41)	M.Sc.Chem.Eng.	1990	Noodsberg
B V Holmes (52)	G.C.O.C., M.D.P.	1999	Pongola
S S Munsamy (52)	B.Tech.Mgt., P.M.D.	1982	Sezela
V Pillay (52)	B.Sc., B.Com., Dip.Sugar Tech.	1978	Eston
S Rau (55)	B.Sc.Agric.	1981	Gledhow / Umfolozi
MALAWI OPERATIONS			
D L Haworth (58) +	B.Sc.(Hons.)	1999	Managing director
D H Carter-Brown (57)	B.Sc.Agric.Eng.	1978	Dwangwa
D P R Davies (52)	Dip.Mkt.Mgt.(I.M.M.)	2003	Marketing
G M Mkandawire (60)	B.Sc.Econ., M.Com.Mkt.	2003	Commercial
I G Parrott (40)	B.Com., C.I.A.	1997	Finance
T C Wormald (61)	Dip.Sugar Tech.	1968	Nchalo
ZAMBIA OPERATIONS			
J P M De Robillard (60) +	Dip.Sugar Tech.	1974	Managing director
J A Blumberg (47)	B.Compt., M.B.L.	1996	Finance
D Kabunda (44)	B.A.Pub.Admin., M.B.A.	1986	Human resources
R M L Katowa (46)	B.A., M.B.A.	1997	Marketing
L M Sievu (44)	A.C.M.A., A.C.I.S.	2004	Corporate affairs
P J Van Greunen (42)	H.N.D.Mech.Eng., G.C.O.C.	1983	Factory
H Veenstra (50)	M.Agric.Mgt.	1990	Agriculture

^ Member of the Risk Management Committee

+ Member of Group Executive Committee

Name	Qualifications	Joined the group	Operational responsibility
SWAZILAND OPERATIONS			
E I Williams (60) ⁺	Cert.Eng., S.M.S.A.I.E.E.	1984	Managing director
C R Crebo (53)	B.Com., Dip.Sugar Tech.	1984	Factory
D W H Cousens (58)	M.Sc.Eng., M.B.L.	1988	General manager
A H Domleo (47)	B.Com.	1983	Agriculture
J Mashwama (44)	M.Sc.Soil Science, Dip.I.R.	1993	Human resources
K Rowney (59)	B.Com.	1992	Administration
G H Williams (39)	C.A.(S.A.)	1996	Finance
TANZANIA OPERATIONS			
D G Coates (56) ⁺	H.N.Dip.Mech.Eng., G.C.O.C.	1983	Managing director
C M Bennie (57)	C.A.(S.A.)	2006	Commercial
S Cloete (52)	G.C.O.C.	1980	Factory
A Maenda (54)	B.A.(Hons.), M.A.	2005	Human resources
Z E Mshechu (55)	M.Sc.Agric.	1998	Agriculture
V R Suchak (31)	C.I.M.A., A.C.C.A.	2000	Finance
MOZAMBIQUE OPERATIONS			
A F Currie (54) ⁺	B.Com., Dip.Sugar Tech.	1998	General manager
M Cotter (51)	R.C.E., G.C.O.C.	1989	Factory
L A Elkington (57)	B.Compt.	1984	Finance
R Giblot-Ducray (51)	Cert.Labour, Cert.Sugar Cane Agric.	2002	Agriculture
P Streng (57)	B.A.Law, F.I.P.M.	2001	Human resources

Corporate information

Company Secretary:	G D Knox
Business address and registered office:	Illovo Sugar Park, 1 Montgomery Drive, Mount Edgecombe, KwaZulu-Natal
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Telephone:	+27 31 508-4300
Telefax:	+27 31 508-4525
E-mail:	gdknox@illovo.co.za
Website:	www.illovosugar.com
Transfer Secretaries:	Link Market Services South Africa (Proprietary) Limited
Business address:	5th Floor, 11 Diagonal Street, Johannesburg, 2001
Postal address:	P O Box 4844, Johannesburg, 2000
Telephone:	+27 11 834-2266
Telefax:	+27 11 834-4398
E-mail:	info@linkmarketservices.co.za

Auditors:	Deloitte & Touche
Attorneys:	Garlicke & Bousfield Incorporated
Principal Bankers:	The Standard Bank Group Limited and First Rand Bank Limited
Sponsor:	J P Morgan Equities Limited
Financial adviser:	The Standard Bank Group Limited
Company Registration No:	1906/000622/06
Share Code:	ILV
International Security Identification No:	ZAE000083846