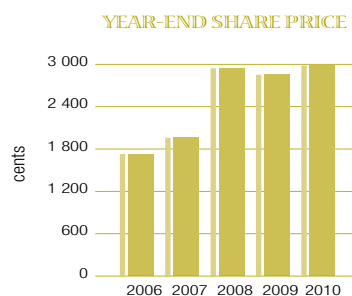
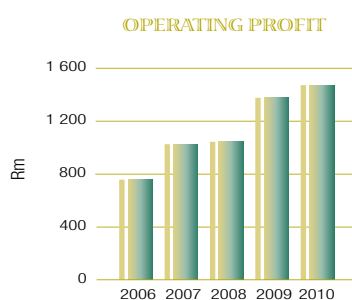


Features



	Year ended 31 March		
	2010	2009	% change
Results (Rm)			
Revenue	8 467.9	8 601.7	(2)
Operating profit	1 498.6	1 386.2	8
Net financing costs	139.0	185.4	(25)
Headline earnings	702.5	741.8	(5)
Share performance (cents per share)			
Headline earnings	171.2	211.6	(19)
Distribution/dividend (interim - paid; final - declared)	86.0	106.0	(19)
Year-end market price	2 970	2 849	
Statement of financial position and cash flow (Rm)			
Total assets	9 647.9	8 920.0	
Ordinary shareholders' funds	5 502.6	2 773.8	
Net cash/(borrowings)	213.2	(2 411.1)	
Cash operating profit	1 443.1	1 206.9	
Financial ratios			
Operating margin (%)	17.7	16.1	
Interest cover (times)	10.8	7.5	
Effective tax rate (%)	30.2	19.9	
Net debt : equity ratio	(3.4)	70.0	
Return on net assets (%)	21.9	22.0	
Net asset value per share (cents)	1 372.3	981.7	
Dividend cover (times)	2.0	2.0	
Price : headline earnings ratio	17.3	13.5	

- Operating profit increased by 8%
- Good domestic market sales growth
- Strong operational cash generation
- Rand strength negatively impacts earnings
- Ongoing major capacity expansions
- Successful rights issues

Group profile

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), diacetyl and 2,3-pentanedione (both used as high-quality natural flavourants), Agriguard (an agricultural nematicide), BioMass Sugar (a sugar cane-based fertiliser), 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 good quality sugar cane. The group manages agricultural estates in each of the countries in which it operates and in the past season these estates produced an aggregate of 6.1 million tons of cane. In addition, independent growers supplied an aggregate of approximately eight million tons of cane to Illovo's sugar factories, mainly to those in South Africa. Sugar production in 2009/10 amounted to 1.685 million tons, comprising 663 000 tons produced in South Africa, Malawi 295 000 tons, Zambia 315 000 tons, Swaziland 210 000 tons, Tanzania 121 000 tons and Mozambique 81 000 tons. The group also has a 30% equity investment in Gledhow Sugar Company (Pty) Limited which produced 132 000 tons of sugar in 2009/10.

The most recent independent survey of international sugar production costs covering in excess of 100 sugar producing countries, for the period to 2006/07 to 2009/10 indicated that, of the six countries in which Illovo operates, three are in the top ten lowest-cost cane sugar producers in the world and all six are within the top 30.

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, it manufactures 94% of all local production. The group's share of industry production in South Africa is 30%, Swaziland 35%, Tanzania 46% and Mozambique 32%. 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 sugar industry 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 in the case of Malawi also in the US.

The majority of downstream production is 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 in 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, across six African countries, 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 training and other support to local indigenous growers in order to promote sustainable agriculture and economic development activities. Total cane supplies from these growers, including community-based co-operative schemes, amount to 2.0 million tons annually, generating revenue of approximately R645 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 growers and neighbouring communities, and to the group.

Group history

- | | | | |
|-------------|--|-------------|---|
| 1891 | Reynolds Brothers Limited is listed as a public company and Charles George Smith appointed as its agent in Durban; | 1992 | CG Smith Sugar is listed on The Johannesburg Stock Exchange, and the company acquires the Umfolozi sugar mill; |
| 1893 | CG Smith, entrepreneur and sugar agent, becomes a shareholder in Reynolds Brothers; | 1994 | The company name is changed to Illovo Sugar Limited to identify with the Illovo brand of sugars and syrups; |
| 1904 | CG Smith and associates buy the Umzimkulu mill and estates; | 1995 | As a purely South African sugar company with five agricultural estates and seven factories, Illovo cultivates around one million tons of sugar cane and produces an equal amount of sugar. Turnover amounts to R1.6 billion and the share price trades at R6.70 (year-end); |
| 1915 | Reynolds Brothers opens the Sezela mill; and The Natal Cane By-Products Limited (now Illovo Merebank) is listed as a public company; | 1996 | Illovo acquires a 50% stake in Maragra Açúcar SA in Mozambique; |
| 1952 | Reynolds Brothers moves the Esperanza mill to Pongola; | 1997 | Illovo acquires Lonrho Sugar Corporation Limited, with sugar assets in Malawi, Swaziland, Mauritius and South Africa; |
| 1975 | The sugar-related assets of CG Smith & Company, together with the Gledhow Sugar Company, are amalgamated with Reynolds Brothers into a single new entity under the name of CG Smith Sugar Limited; | 1998 | Illovo acquires a 55% stake in Kilombero Sugar Company in Tanzania; |
| 1977 | CG Smith Sugar acquires the Illovo and Noodsberg sugar mills and estates from Tate & Lyle; | | |
| 1991 | The company celebrates its Centenary year; | | |

Goals and objectives

PRIMARY OBJECTIVE	<ul style="list-style-type: none"> ● 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 sustainable, balanced and integrated economic, social and environmental performance. ● To provide all employees with a working environment that is safe and without risk to their health.
GROWTH	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● 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 at least two-times.
ASSET MANAGEMENT	<ul style="list-style-type: none"> ● To manage investments in fixed assets and working capital so as to achieve the most efficient usage of funds employed, with the objective of not exceeding gearing of 40% over the long term and achieving an interest cover of not less than five times.
PRODUCT DEVELOPMENT	<ul style="list-style-type: none"> ● To be proactive in identifying the needs of customers. ● To consistently deliver quality products and services to 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	<ul style="list-style-type: none"> ● To promote the ongoing development of all 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	<ul style="list-style-type: none"> ● To ensure that the company is managed in an efficient, accountable, responsible, transparent 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.

1999 The company acquires Monitor Sugar Company in the United States;

2001 Illovo sells its Mauritian interests and acquires a controlling interest in Zambia Sugar Plc;

2004 The Gledhow sugar mill and estates are sold to a Black economic empowerment company, and the company sells its interests in Monitor Sugar Company;

2006 Associated British Foods plc, a company listed on the London Stock Exchange, acquires a 51% controlling stake in Illovo;

2009 A major expansion of the Zambia Sugar operation is completed, as planned, on 1 April 2009, increasing annual cane production by 50%, and sugar production capacity to 450 000 tons; and Illovo sells its Umfolozi and Pongola sugar mills and acquires a 30% shareholding in and provides technical services to Gledhow Sugar, previously wholly-owned by Ushukela Milling (Pty) Limited; and








2009 (cont) Illovo undertakes a successful rights issue to raise R3 billion in support of the group's drive to increase significantly its cane and sugar production capacity. US\$50 million is raised in a rights issue undertaken by Zambia Sugar to fund the acquisition of a large cane growing company, Nanga Farms, and its own capacity expansion project.

2010 The South African business is re-structured and its relevant assets transferred into a wholly-owned subsidiary, Illovo Sugar (South Africa) Limited;

Today, Illovo is Africa's largest sugar producer and has extensive agricultural and manufacturing assets in six Southern African countries, producing more than six million tons of cane and two million tons of sugar per annum. Revenue amounts to R8.5 billion and the share price trades at R29.70 (year-end).

Group locations







Factories and cane supply regions

- Irrigated 
- Rainfed/coastal 
- Rainfed/inland 
- Sugar factories with refineries 
- Managed operation (M) 
- Downstream plants 
- Speciality sugar / syrup plants 



Group structure



<p>South Africa Illovo Sugar SA 100%</p> 	<p>Malawi Illovo Sugar 76%</p> 	<p>Zambia Zambia Sugar 82%</p> 
<p>Swaziland Ubombo Sugar 60%</p> 	<p>Tanzania Kilombero Sugar 55%</p> 	<p>Mozambique Maragra Açúcar 74%</p> 

British Sugar plc, a subsidiary of Associated British Foods plc (ABF), takes responsibility for all ABF's sugar interests, including Illovo.

Operations

	Operation	Cane growing	Sugar manufacturing	Sugar refining	Speciality sugar / syrup	Downstream production	Internal electricity generation
SOUTH AFRICA	Noodsberg		●	●			●
	Eston	●	●		●		●
	Sezela	●	●			●	●
	Umzimkulu	●	●		●		●
	Merebank					●	
	Glendale					●	
	Gledhow (managed operation)	●	●	●			●
MALAWI	Nchalo	●	●	●	●		●
	Dwangwa	●	●	●			●
ZAMBIA	Nakambala	●	●	●	●		●
SWAZILAND	Ubombo	●	●	●			●
TANZANIA	Kilombero	●	●	●			●
MOZAMBIQUE	Maragra	●	●				●

Directorate

NON-EXECUTIVE, INDEPENDENT CHAIRMAN



Robbie Williams (69) * #
BA, LLB
Chairman of Nomination Committee
Director of companies
Appointed to the Board 1985

NON-EXECUTIVE, DEPUTY CHAIRMAN



Don MacLeod (63) # ^
BCom, AMP
Previous Managing Director of Ilovo Sugar
Joined the sugar industry 1971
Appointed to the Board 1983

EXECUTIVE DIRECTORS

MANAGING DIRECTOR



Graham Clark (Australian) (54) ^ + ∅ ≈
BAcct(Hons), FCA(Aust)
Joined the sugar industry 1980
Appointed to the Board 1997



David Haworth (British) (61) + ∅ ≈
BSc(Hons)
Business Development Director
Joined the sugar industry 1999
Appointed to the Board 2009
To retire on 31 May 2010



Larry Riddle (50) + ∅ ≈
BCom, CA(SA)
Commercial Director
Joined the sugar industry 1986
Appointed to the Board 2009



Karin Zarnack (37) ^ + ∅ ≈
BCom, CA(SA)
Financial Director
Joined the sugar industry 2005
Appointed to the Board 2005



Barry Stuart (62) ^ + ∅ ≈
BCom, DipSugarTech, SEP
Operations Director
Joined the sugar industry 1968
Appointed to the Board 1994

- * Member of Audit Committee
- # Member of Remuneration / Nomination Committee
- ^ Member of Risk Management Committee
- + Member of Executive Committee
- ∅ Member of Group Executive Committee
- ≈ Member of Executive Committee

NON-EXECUTIVE, INDEPENDENT DIRECTORS



Brian Connellan (69)
CA(SA)
Director of companies
Appointed to the Board 1993



Mike Hankinson (61) * # ^
BCom, CA(SA)
Director of companies
Appointed to the Board 2008



Len Konar (Dr) (56) *
CA(SA), MAS, DCom
Chairman of Audit Committee
Director of companies
Appointed to the Board 1995



Phinda Madi (46) #
BProc, EDP
Director of companies
Appointed to the Board 2002



Nosipho Molope (45) *
BSc, BCompt(Hons), CA(SA)
Director of companies
Appointed to the Board 2008



Ami Mpungwe (Tanzanian) (59) ^
BA(Hons)
Director of companies
Appointed to the Board 2009



Trevor Munday (60) ^
BCom
Director of companies
Appointed to the Board 2010



Martin Shaw (71) * # ^
CA(SA), SEP
Chairman of Remuneration and
Risk Management Committees
Director of companies
Appointed to the Board 2001

NON-EXECUTIVE DIRECTORS



Mark Carr (Dr) (British) (47) # ∅
BSc, PhD, MBA,
CEng, MIMechE
**Chief Executive Officer -
British Sugar**
Appointed to the Board 2006



Paul Lister (British) (46)
LLB
**Director of Legal Services and
Company Secretary -
Associated British Foods**
Appointed to the Board 2006



Richard Pike (British) (40) ^
LLB, ACA, ATII, AMCT
**Financial Director -
British Sugar**
Appointed to the Board 2010

Senior management

Name	Qualifications	Joined the group	Operational responsibility
GROUP			
R Botha (Mrs) (41) ^	BCom, BCompt(Hons), CA(SA)	2003	Internal audit
G R Brown (45) ≈	BScAgricEcon	2008	Procurement
P H Canter (Dr) (63) ^	MBChB, DTM&H	1990	Medical services
D G Coates (59) ∅ ≈	HNDipMechEng, GCOC	1983	Operations
S J M Collet-Serret (55) ≈	HNDipElecEng	1978	Project management
M S Edwards (58) ≈	GCOC, ABP	2007	Export sugar marketing
N M Hawley (53) + ∅ ≈	BCom(Hons)	1978	Human resources
W L Jackson (Ms) (36) ≈	BCom, DipAcc, CA(SA)	2005	Corporate finance
G D Knox (61) ^ + ∅ ≈	BCom	1984	Administration
X Magojo (47)	BJourn, MBL	2008	Sustainability & corporate citizenship
N T Moor (Ms) (38) ≈	BCompt(Hons), BCom(Hons)	1998	Financial management
N C Morris (49) ∅	BAMaths&CompSc, DipCorpFin	2009	Project evaluation
J M Moul (61) ^ ≈	BScEng, NatDipTech	1995	Technical services
D A Schaller (46)	BCom, ACMA	1999	Information technology
G S Trott (42) ≈	BScAgricEng	2007	Agriculture
G W van Schoor (42)	PrEng, BScMechEng, GCOC	1997	Technical services (projects)
G H Williams (42) ∅ ≈	BCom, CA(SA)	1996	Operational finance
N Zwane (50) ∅	MScAgricSc, BScChem&Bot	2010	Agricultural development
SOUTH AFRICA OPERATIONS			
D E Howells (46) ∅	BCom, CA(SA)	1997	Managing director
H R Hackmann (51)	BCom	2000	Marketing
S B Hlela (51)	BA	1995	Human resources
J J R Lyall (35)	BCom, DipAcc, CA(SA)	2006	Finance
G F Mann (56)	DipSugarTech	1979	Refined sugar production
S Rau (58)	BScAgric	1981	Raw sugar production
L Bachan (56)	BSc, MBL, DipSugarTech	1978	Sezela
B R Cornish (56)	BCom, HNDipMechEng	1983	Merebank/Glendale
J P M de Robillard (64)	DipSugarTech	1974	Gledhow (managed operation)
B V Holmes (55)	GCOC, MDP	1999	Umzimkulu
E W Lucht (44)	GCOCMechEng, MBA	1985	Noodsberg
V Pillay (55)	BSc, BCom, DipSugarTech	1978	Eston
MALAWI OPERATIONS			
I G Parrott (43) ∅	BCom, CIA	1997	Managing director
D W H Cousens (61)	MScEng, MBL	1988	Expansion project
W A Cowden (31)	BAcct(Hons), CA(SA)	2006	Finance
D P R Davies (55)	DipMktMgt(IMM)	2003	Marketing
C H Kyle (60)	BCom, HDPM	1998	Human resources
G M Mkandawire (63)	BScEcon, MComMkt	2003	Commercial
K M J Tembo (47)	DipIndustrialEng	1992	Dwangwa
E I Williams (63)	CertEng, SMSAIEE	1984	Nchalo

Name	Qualifications	Joined the group	Operational responsibility
ZAMBIA OPERATIONS			
S D Langton (49) [∅]	PrEng, BScEng	1996	Managing director
D Kabunda (Mrs) (47)	BAPubAdmin, MBA	1986	Human resources
R M L Katowa (Mrs) (49)	BA, MBA, MCIM	1997	Marketing
J Mukukwa (45)	MScChemEng	1990	Factory
S S Munsamy (55)	BTechMgt, MDP	1982	Operations director
L M Sievu (47)	BAcc, ACMA, ACIS	2004	Corporate affairs/administration
H Veenstra (53)	MAgricMgt	1990	Agriculture
M D Wellington (54)	BAcc, CA(Zim)	2008	Finance
SWAZILAND OPERATIONS			
S J M Cleasby (51) [∅]	BScEng(Chem), MBA	2009	Managing director
J A Blumberg (50)	BCompt, MBL	1996	Finance
C R Crebo (56)	BCom, DipSugarTech	1984	Factory
A H Domleo (50)	BCom	1983	Agriculture
J P Hulley (50)	DipMechEng, MDP	2007	Operations
J Mashwama (47)	MScSoilSc, DiplR	1993	Human resources
D S Watson (48)	BScElecEng, DipBusMgt	2006	Expansion project
TANZANIA OPERATIONS			
D H Carter-Brown (60) [∅]	BScAgricEng	1978	Managing director
C M Bennie (61)	BCom, CA(SA)	2006	Commercial
L A Elkington (60)	BCompt	1984	Finance
Z E Mshechu (58)	MSc Agric	1998	Agriculture
C J van den Berg (60)	BA(Law)	1974	Human resources
P J van Greunen (45)	HNDipMechEng, GCOC	1983	Factory
MOZAMBIQUE OPERATIONS			
W M A Buchanan (60) [∅]	BTechMkt, SEP	1981	General manager
M Cotter (54)	RCE, GCOC	1989	Factory
R Giblot-Ducray (54)	CertLabour, CertSugarCaneAgric	2002	Agriculture
D J Main (60)	MCom(Mgt&OrgSys), MHRP	1974	Human resources
M A Walsh (62)	BCom, CA(SA)	1988	Finance

[^] Member of Risk Management Committee

⁺ Member of Executive Committee

[∅] Member of Group Executive Committee

[≈] Member of Corporate Executive Committee