

ILLOVO SUGAR LIMITED

(Incorporated in the Republic of South Africa)

Company registration number 1906/000622/06

Share Code: ILV

ISIN: ZAE000003547

("Illovo Sugar" or "the Group")

Sale of Monitor Sugar Company and withdrawal of cautionary announcement

1.0 Introduction

Shareholders are advised that Illovo Sugar has entered into a sale agreement with Michigan Sugar Company ("the purchaser"), which is a Michigan based agricultural cooperative which currently owns 4 sugar factories, in terms of which Illovo Sugar will, subject to conditions precedent, sell its 100% shareholding in Monitor Sugar Company ("the transaction").

This announcement sets out the salient terms of the transaction as required by the JSE Securities Exchange South Africa ("JSE") Listings Requirements for a transaction of this nature, being a category three transaction.

2.0 Background and rationale

Illovo Sugar is the largest sugar producer in Africa and has not obtained its desired return on investment from Monitor Sugar Company which is a beet sugar producer based in Michigan, USA. Illovo Sugar intends to utilise the proceeds to strengthen the balance sheet in preparation for future growth.

3.0 Overview of the transaction

The purchaser will acquire the 100% shareholding in Monitor Sugar Company from Illovo Sugar. The consideration payable is US\$ 40 million of which US\$ 36 million will be settled in cash and US\$ 4 million by the delivery of a ten year promissory note. Illovo Sugar has the obligation to immediately upon receipt of the cash settle loans in Monitor Sugar Company amounting to US\$ 20 million. In addition Illovo Sugar has the right to participate in future earnings of the newly merged entity up to a maximum of US\$ 5 million over a ten year period commencing 30 September 2005.

The effective date of the sale is 30 September 2004 and is subject to the following conditions precedent which must be completed by 1 September 2004;

- Approval by the majority of the membership of the purchaser,
- Equity subscription in the purchaser from growers representing no fewer than 50,000 acres, and
- Receipt of irrevocable commitment for firm financing.

Shareholders will be advised once the conditions precedent are fulfilled.

Other than the above, the sale agreement contains the normal terms, conditions and warranties expected for a transaction of this nature.

4.0 Financial effects of the transaction

The proforma financial information has been prepared for illustrative purposes only and may not accurately reflect the financial position of Illovo Sugar subsequent to the implementation of the transaction. The pro forma financial effects of the transaction set out below are based on Illovo Sugar's audited results for the year ended 31 March 2004.

Illovo Sugar results for the year ended 31 March 2004	Audited Before the Transaction (cents)	Proforma After the Transaction (cents)	% Change
Headline earnings per share	76.9	83.0	8
Earnings per share	77.8	83.3	8
Net asset value per share	387.1	312.5	(19)
Tangible net asset value per share	382.7	308.1	(19)
Net borrowings (Rand million)	1 366.2	936.4	

Notes:

1. The headline earnings and earnings per share are calculated using historically published information for Illovo Sugar for the year ended 31 March 2004 as if the transaction had taken place with effect from 1 April 2003.
2. The headline earnings and earnings per share for the year ended 31 March 2004, as set out in the "After" column of the table are based on the assumption that the cash proceeds of US\$ 16 million reduced by transaction costs were used to repay borrowings.
3. The net asset and tangible net asset value per share in the "After" column are calculated as if the transaction occurred on 31 March 2004 based on 333,8 million shares in issue on that date.
4. The Proforma values in the "After" column exclude the effects of the Gledhow transaction announced on 17 May 2004.

Mount Edgecombe

6 August 2004

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