



Annual General Meeting - 14 July 2009

Chairman's Address presented by Robbie Williams

In respect of the year ended 31 March 2009, as already reported, the group achieved good results with headline earnings increasing by 24% to R742 million and headline earnings per share increasing by 23% to 211,6 cents.

The group has embarked on a major drive to significantly increase its cane and sugar production capacity. The first step was the Zambian expansion project, with the final phase of the project being completed as planned on 1 April 2009. The project increases the capacity of the Nakambala mill to 450 000 tons sugar per annum. The acquisition of a majority stake in Nanga Farms, a cane growing company currently producing 325 000 tons cane with the potential to further increase output, was completed in June 2009 following approval by the Competition Commission in Zambia. The Zambia Sugar rights issue is progressing as planned following approval of the necessary resolutions at the Zambia Sugar Plc Annual General Meeting at the end of June. The share issue will be completed by the end of August.

The expansion of the group's sugar factory at Maragra in Mozambique which will result in output from that operation doubling to 150 000 tons per annum over the next three years is progressing well with phase 1 completed in April 2009. The

group has entered into a joint venture with the local community to develop 4 000 hectares of land to cane. The joint venture will produce 400 000 tons cane per annum and is linked to the factory expansion.

In Malawi the marginal factory expansion and increase in cane area at both the Dwangwa and Nchalo operations, which have been undertaken over the past two years, have been completed. Discussions are presently taking place with the Malawian Government regarding appropriate fiscal incentives which could facilitate further significant expansion of the business in that country.

The Mali project continues to progress, albeit slowly. The environmental and social impact study which is required for the concessional funding of the agricultural development has recently been completed and submitted to the prospective funders. The commercial planting of sugar cane is expected to commence in the first quarter of 2010, with sugar production anticipated to start in December 2011. The Malian operation will ultimately produce 195 000 tons of sugar and 15 000 kilolitres of ethanol for fuel blending, and generate sufficient electricity for the agricultural and factory operations, with additional capacity to export power into the national grid.

The expansion of the Ubombo factory in Swaziland to increase sugar production to in excess of 300 000 tons per annum is being progressed. The expansion is linked to a major new dam and canal system which is likely to result in an increase in area under cane of around 5 000 hectares in the medium term with further potential available in the longer term. Associated with the factory expansion are plans to

increase power generating capacity utilising biomass which will enable the factory and estates to be self-sufficient in electricity whilst also providing the ability to export power into the national grid.

The consolidation of the South African business continues to progress with the sale of the Pongola mill to TSB Sugar RSA Limited having been concluded subject to certain conditions, including Competition Commission approval.

It is the intention of the group to raise fresh capital by way of a rights issue to finance the group's expansion plans, and for this purpose shareholders will be requested later in the meeting to place the unissued ordinary shares of the company under the control of the directors. It is presently anticipated that the relevant Announcement will be released on the JSE's Stock Exchange News Service and published in the daily newspapers in the latter part of July, with the fully documented Circular to shareholders issued towards the end of August.

This shareholders' meeting provides the opportunity to up-date you on the current state of the group's operations.

Generally, climatic conditions have been good across the areas in which the group operates and favourable to crop growth, although unseasonable rainfall was received in Zambia during May 2009. The generally moist field conditions and warm weather to-date in Zambia have been conducive to crop growth but at the expense of sucrose in cane. Group estate cane production is expected to be about 1,5 million

tons above last year at around 6,5 million tons. However, as a result of the exceptional cane yields in Zambia, it is anticipated that a portion of the area under cane in that country will not be able to be harvested prior to the onset of the summer rains and will be carried forward to next season.

The sugar factories' performance in general has been satisfactory, although the factory at Nakambala in Zambia is taking time to settle down and operate consistently following the completion of the expansion project. For the group as a whole, sugar production is expected to be around 1,98 million tons, which is 275 000 tons above last year, excluding the Umfolozi mill which has since been sold. The downstream plant at Sezela continues to perform well with production forecast to be similar to that of last year, whilst the Merebank distillery alcohol output is anticipated to be the same as last season.

The world sugar market continues its upward trend on the back of an all time high global deficit in production, compared to demand. Ongoing production constraints in India and the perceived inability of Brazilian producers to respond to the rising world price with increased production due to restricted financial resources in that country has resulted in another production deficit being forecast for next year which has re-enforced the positive price trend. Futures prices are currently in excess of 17 US cents/lb but fund speculation has once again become a market feature and increased volatility is likely as funds flow in and out the market. The South African sugar industry has priced 60% of its current year's anticipated export availability at 15,5 US cents/lb.

Overall good growth in operating profit is anticipated which will however be offset by an increase in financing costs and the rise in the effective tax rate. In addition the results for the current financial year will be impacted by the level of the rand, which at present is stronger than anticipated compared to other currencies, particularly the US dollar.

Tony Norton who has been on the board, as a non executive independent director, since 1997 is retiring at this Annual General Meeting and I thank him for his contribution to the company. His experience in the sugar industry and the corporate sector generally made him a valuable member of the board over a long period of time.