
Annual financial statements

for the year ended 31 March 2011

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Approval of annual financial statements

The directors of Illovo Sugar Limited are responsible for overseeing the preparation and the integrity of the annual financial statements of the group and the company and the objectivity of other information presented in this report.

In order to fulfil this responsibility, the group maintains internal accounting and administrative control systems designed to provide assurance that assets are safeguarded and that transactions are executed and recorded in accordance with the group's policies and procedures.

The annual financial statements, prepared in terms of International Financial Reporting Standards and the Companies Act, 1973, as amended, are examined by independent auditors in conformity with International Standards on Auditing.

An audit committee of the board of directors, chaired by a non-executive, independent director, meets periodically with the auditors and management to discuss internal accounting controls and auditing and financial reporting matters. The auditors have unrestricted access to the Audit Committee.

The annual financial statements of the group and the company which were prepared on the going concern basis, including the Directors' Report and the Audit Committee Report, and which appear on pages 93 to 144, were approved by the board of directors on 27 May 2011 and are signed on its behalf by:

R A Williams
Chairman

G J Clark
Managing Director

Lodgement of returns with the Registrar of Companies

I hereby certify that for the year ended 31 March 2011, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, 1973, as amended, and that all such returns are true, correct and up-to-date.

G D Knox
Company Secretary

Mount Edgecombe
27 May 2011

Independent Auditors' Report

to the members of Illovo Sugar Limited

Report on the financial statements

We have audited the annual financial statements and group annual financial statements of Illovo Sugar Limited, which comprise the Directors' Report, the Audit Committee Report, the income statement and consolidated income statement, the statement of financial position and consolidated statement of financial position at 31 March 2011, the statement of cash flows and consolidated statement of cash flows, the statement of changes in equity and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 93 to 144.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1973, as amended, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and the group at 31 March 2011, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 1973, as amended.

Deloitte & Touche

Registered Auditors

Per **C A Sagar**

Partner

Mount Edgecombe
27 May 2011

2 Pencarrow Crescent, Pencarrow Park, La Lucia Ridge Office Estate, La Lucia

National Executive: GG Gelink (*Chief Executive*); AE Swiegers (*Chief Operating Officer*); GM Pinnock (*Audit*); DL Kennedy (*Risk Advisory*); NB Kader (*Tax & Legal Services*); L Geeringh (*Consulting*); L Bam (*Corporate Finance*); JK Mazzacco (*Human Resources*); CR Beukman (*Finance*); TJ Brown (*Clients*), NT Mtoba (*Chairman of the Board*); MJ Comber (*Deputy Chairman of the Board*).

Regional Leader: GC Brazier

Directors' Report

The directors have pleasure in presenting their report which forms part of the annual financial statements of the company and the group, for the year ended 31 March 2011.

Nature of business

The nature of business of the company and its subsidiaries is fully described under the Business Overview section of this report; pages 2 to 11.

Review of operations

Detailed commentary is given under the Commentaries section of this report; pages 22 to 47.

Acquisitions and disposals

During the year under review:

- with effect from 1 April 2010, the company's South African business was transferred, as a going concern, to a wholly-owned subsidiary, Illovo Sugar (South Africa) Limited (Illovo SA);
- the group increased its shareholding in Maragra Açúcar SA, in Mozambique, from 74.1% to 90.0%; and
- Illovo SA disposed of its investment in Castaneous Trading 38 (Pty) Limited, a property-holding company, with agricultural land holdings on the north coast of KwaZulu-Natal.

Share capital

Full details of the current authorised and issued share capital are set out in note 24 to the financial statements on page 129.

During the year under review, the issued ordinary share capital of the company decreased by 396 281 shares to 459 763 357 shares as a result of:

- the company purchasing 968 105 shares from shareholders in terms of odd-lot and specific offers made to the relevant shareholders on 22 June 2010; and
- options being exercised in respect of 571 824 shares in terms of the Illovo Sugar 1992 Share Option Scheme.

Shareholders

An analysis of shareholders and their shareholdings is given on page 145.

Pursuant to the provisions of Section 140A of the Companies Act, 1973, as amended, an analysis of the relevant disclosures by nominee shareholders as at 31 March 2011 revealed three beneficial shareholdings equal to or exceeding 5% of the issued ordinary share capital. Details are given on page 145.

Illovo Sugar 1992 Share Option Scheme

During the financial year ended 31 March 2006, the introduction of the Illovo Sugar Phantom Share Scheme, which is more fully explained on pages 94 and 95, replaced the further granting of share options in terms of the Illovo Sugar 1992 Share Option Scheme (the option scheme). The option scheme, however, although closed, continues to operate relative to share options previously granted.

The Remuneration/Nomination Committee previously approved the granting of all share options in terms of the option scheme. Vesting periods for the share options are one-third after three years, two-thirds after four years, and the full allocation after five years, with the maximum period for the exercising of options being ten years. In terms of the rules of the option scheme, all share options were granted at the closing market price of the shares on the JSE Limited on the trading day immediately preceding the day on which the relevant options were granted.

As approved at the annual general meeting of shareholders held on 17 July 2002, a total of 33 000 000 ordinary shares were reserved and placed under the control of the directors for the purpose of the option scheme.

Options granted to executive directors and senior managers as at 31 March 2011 comprise:

	Number of shares
Options granted and unexpired as at 1 April 2010	27 805 900
Less: Options forfeited during the year under review	(68 900)
Options granted and unexpired as at 31 March 2011	27 737 000

During the year under review, options were exercised in respect of 571 824 shares which were allotted and issued by the directors, bringing the aggregate number of shares allotted and issued since the inception of the option scheme to 26 746 200.

The options granted, and unexpired and unexercised as at 31 March 2011, are categorised as:

Number of shares	Expiry date	Option price (cents)
53 000	6 June 2011	650
179 800	20 May 2012	805
406 000	20 May 2013	680
352 000	1 June 2014	770
990 800		

All these options have fully vested.

Details of options previously granted to executive directors, any options exercised during the year, and options unexpired and unexercised as at 31 March 2011, are provided in the Remuneration Report on page 66.

Illovo Sugar Phantom Share Scheme

The board approved the adoption of the Illovo Sugar Phantom Share Scheme (the phantom scheme) in 2005, and in 2007 introduced certain performance hurdles related to the future earnings of the company.

Whilst the rules of the phantom scheme are modelled on those of the option scheme, the important difference is that options under the phantom scheme are "cash settled" rather than "equity settled". As a consequence, the phantom scheme does not fall to be classified as a share incentive scheme in terms of the JSE Listings Requirements. The vesting periods are the same as those applicable to the option scheme; one-third becoming vested on each of the third, fourth and fifth anniversaries of the relevant grant date, with the maximum period for the exercising of options being ten years.

In terms of the rules of the phantom scheme, the grant price of an option is determined as being equal to the average of the closing market prices of Illovo shares on the JSE Limited for the 30 trading days immediately preceding the grant date of the relevant option. The cash settlement amount of an option is equal to the difference between the closing market price of Illovo shares on the trading day immediately preceding that on which an option is exercised and the grant price. The participants receive the equivalent net proceeds as under the option scheme, but without incurring broking fees which are payable under the option scheme upon the disposal of shares.

The advantages to the company in adopting the phantom scheme include:

- there being no necessity to issue new shares when options are exercised, i.e. no share dilution;
- ease of administration; and
- tax effectiveness of the expense in the hands of the company; expensing of conventional options not being tax deductible.

The Remuneration/Nomination Committee approves the granting of all share options in terms of the phantom scheme.

Options granted to executive directors and senior managers as at 31 March 2011 comprise:

	Number of shares
Options granted and unexpired as at 1 April 2010	7 487 550
New options granted during the year under review	1 579 500
Less: Options forfeited during the year under review	(152 850)
Options granted and unexpired as at 31 March 2011	8 914 200

During the year under review, 744 850 options were exercised, bringing the aggregate number of options exercised since the inception of the phantom scheme to 1 758 150.

The options granted, and unexpired and unexercised as at 31 March 2011 are categorised as:

Number of shares	Expiry date	Option price (cents)
627 950	12 July 2015	829
578 200	29 October 2016	1 634
961 400	23 July 2017	2 364
1 316 000	9 July 2018	2 867
2 128 000	13 July 2019	2 808
1 544 500	20 July 2020	2 856
7 156 050		

Details of options granted to executive directors, any options exercised during the year, and options unexpired and unexercised as at 31 March 2011, are provided in the Remuneration Report on page 67.

Illovo Sugar Employees' Share Purchase Scheme

The Illovo Sugar Employees' Share Purchase Scheme (the purchase scheme) was established in 1996 to give employees the opportunity of sharing directly in the profitability and growth of the company by assisting them to acquire shares in the company. Subject to exchange control regulations, the purchase scheme is available to all permanent employees, except directors and those employees who are participants in the option scheme or the phantom scheme.

Any contribution made by an employee for the purchase of shares is enhanced by a 10% company contribution, and the company pays for any trading costs. Either by means of regular salary deductions or once-off payments, employees may acquire up to 5 000 shares in the aggregate and 1 000 shares in a continuous 12-month period.

The purchase scheme is administered by a trust, the trustees of which are appointed by the board.

During the year under review, the trustees of the purchase scheme undertook net purchases of 19 256 shares in the company, thereby increasing the total number of shares held to 160 466. Of these shares, which are all registered in the name of the trustees, 160 431 are held on behalf of 470 participants. All such shares have been fully paid for by the participants.

A similar purchase scheme is operated in Malawi in respect of shares in Illovo Sugar (Malawi) Limited.

Capital distributions

An interim capital distribution (Number 38) of 22.0 cents per share was declared on 17 November 2010, and a final capital distribution (Number 39) of 34.0 cents per share was declared on 27 May 2011, making the total distribution for the year 56.0 cents per share.

In respect of the final capital distribution declared on 27 May 2011, and pursuant to the requirements of Section 46 of the Companies Act, 2008, as amended, after due consideration, the board concluded that the company would satisfy the relevant solvency and liquidity test immediately after completing the proposed distribution.

The interim capital distribution was paid on 10 January 2011 and the final capital distribution will be paid on 11 July 2011.

Subsidiary companies

The names and financial information concerning the subsidiaries of the company are set out in note 14 to the financial statements on pages 124 and 125.

Directorate and secretary

The names of the directors in office at the date of this report are set out on pages 12 and 13 of this report, whilst the name of the company secretary along with the company's business and postal addresses are set out on the inside of the back cover.

Messrs B P Connellan and M J Shaw retired as directors at the annual general meeting held on 21 July 2010.

Ms K Zarnack has resigned as Financial Director with effect from 31 May 2011, and she will be succeeded by Mr M Abdool-Samad, effective 1 September 2011.

Mr R A Williams, having attained the age of 70, will retire as a director and Chairman of the company at the forthcoming annual general meeting, from which date Mr D G MacLeod, who is currently Deputy Chairman, will succeed Mr Williams as Chairman of the company.

As Mr MacLeod retired as chief executive of the Illovo group on 1 April 2009, and therefore a period of three years will not have elapsed prior to his appointment as Chairman, in compliance with the JSE Listings Requirements and in accordance with the King Code of Governance for South Africa 2009 (the King III Code), Mr M J Hankinson will be appointed lead independent director of the company from the date of the annual general meeting.

As a consequence of and at the same time of Mr MacLeod's appointment as Chairman of the company, Mr R N Pike will replace Mr MacLeod as chairman of the Risk Management Committee.

In terms of the company's articles of association, Dr M I Carr and Messrs G J Clark, P A Lister, L W Riddle and B M Stuart retire by rotation at the forthcoming annual general meeting. All these directors are eligible and offer themselves for re-election.

The Remuneration/Nomination Committee having conducted an assessment of and being satisfied with the performance of each of the retiring directors, the board, having accepted the recommendation of this Committee, recommends the re-election of these directors to shareholders.

The executive directors, including those proposed for re-election, are employed in terms of appointment letters, with notice periods of not more than three months.

The beneficial interests of the directors holding office at the end of the year under review in the issued ordinary share capital of the company as at 31 March 2011 were as follows:

	2011		2010	
	Direct	Indirect	Direct	Indirect
Clark G J	100 000		100 000	
Hankinson M J	3 925		3 925	
MacLeod D G	450 000		450 000	
Stuart B M	80 000		80 000	
Williams R A	18 223	3 479	18 223	3 479
	652 148	3 479	652 148	3 479
Total		655 627	655 627	

No non-beneficial interests were held by any of the directors.

There have been no changes in the above interests since the end of the year under review.

The register of interests of directors in the shares of the company is available for inspection at the registered office.

Directors' remuneration

At the forthcoming annual general meeting:

- with due regard to the King III Code, shareholders will be requested to pass a non-binding advisory vote, approving the company's remuneration policy; and
- pursuant to the requirements of Section 66(9) of the Companies Act, 2008, as amended, shareholders will be requested to pass a special resolution to approve increases in the fees payable to non-executive directors with effect from 1 April 2011 as follows:

	Rands per annum	
	Current	Proposed
Board		
Chairman*	1 930 000	2 065 000
Deputy Chairman*#	1 275 000	1 365 000
Other members	190 000	205 000
Audit Committee		
Chairman	145 000	175 000
Other members	80 000	85 000
Remuneration/Nomination Committee		
Chairman	115 000	125 000
Other members	80 000	85 000
Risk Management Committee		
Chairman‡	90 000	100 000
Other members	70 000	75 000

* Fees inclusive of committee membership fees and payable monthly in arrears. All other fees are paid quarterly in arrears.

This position will fall away upon Mr D G MacLeod succeeding Mr R A Williams as Chairman of the company.

‡ This fee has not been paid to the current chairman of the Risk Management Committee, Mr D G MacLeod, due to the inclusive nature of his Deputy Chairman's fee.

Given the generally high level of attendance at meetings, the board does not consider it appropriate for non-executive directors' fees to comprise a meeting attendance fee as well as a base fee.

Having taken appropriate advice, the directors are of the view that Section 66(9) does not apply to the remuneration of the executive directors.

Audit Committee

At the forthcoming annual general meeting, pursuant to the requirements of Section 94(2) of the Companies Act, 2008, as amended, shareholders will be requested to pass an ordinary resolution appointing the members of the Audit Committee, as indicated on page 12 of this report, but excluding Mr R A Williams who will retire at that meeting, until the next annual general meeting.

Financial assistance to related or inter-related companies or other legal entities

At the forthcoming annual general meeting, pursuant to the requirements of Section 45 of the Companies Act, 2008, as amended, shareholders will be requested to pass a special resolution authorising the directors, by way of a general authority, to allow the company to provide direct or indirect financial assistance to any company or other legal entity which is related or inter-related to the company, subject to the relevant provisions of Section 45.

Holding company

ABF Overseas Limited is the holding company of Illovo Sugar Limited with a 51.5% interest in its issued share capital. ABF Overseas Limited is a wholly-owned subsidiary of Associated British Foods plc which is therefore the ultimate holding company of Illovo Sugar Limited. Associated British Foods plc is listed on the London Stock Exchange.

Auditors

At the forthcoming annual general meeting, pursuant to the requirements of Section 90(1), read with Section 61(8)(c) of the Companies Act, 2008, as amended, shareholders will be requested to pass an ordinary resolution re-appointing Deloitte & Touche as the company's independent registered auditors for the financial year ending 31 March 2012.

Special resolutions passed by subsidiary companies

No special resolutions were passed by any subsidiary companies during the year under review.

Subsequent events

There have been no material changes in the affairs or financial position of the company and its subsidiaries since the end of the period under review.

Audit Committee Report

This report incorporates the requirements of the statutory responsibilities of audit committees, as contained in Section 270A of the Companies Act, 1973, as amended (the 1973 Act), which was applicable as at the financial year-end of the company, and, to the extent relevant, such responsibilities as contained in Section 94 of the Companies Act, 2008, as amended (the 2008 Act), which came into effect on 1 May 2011.

Composition of the Committee

In terms of its terms of reference, the group Audit Committee comprises at least three non-executive, independent directors, who are required to have the necessary financial expertise in order to properly assist and advise the Committee in the execution of its duties.

For the year under review, the Committee initially comprised five non-executive, independent directors, reducing to four upon the retirement of Mr M J Shaw on 21 July 2010. The members of the Committee, appointed by the board for the year ending 31 March 2012 in terms of Section 269A(1) of the 1973 Act, are indicated on page 12 of this report.

In terms of Section 94 of the 2008 Act, which requires that a public company must elect an audit committee at each annual general meeting, it is proposed in the notice of meeting for the forthcoming annual general meeting of the company, that Dr D Konar, Messrs M J Hankinson and T S Munday, and Mrs C W N Molohe be appointed as members of the Audit Committee, until the next annual general meeting.

In addition, Mr D G MacLeod and one of the non-executive directors nominated by the holding company, Mr R N Pike, being precluded from membership in terms of the Section 269A of the 1973 Act and Section 94(4) of the 2008 Act, attend the meetings of the Committee on a regular basis.

The Committee is chaired by Dr D Konar.

The chairman of the Committee is available at annual general meetings.

Meetings

The Committee has three regular meetings a year which are also attended by the independent and internal auditors, the two non-executive directors identified above, and appropriate members of executive and senior management. In the past year, three meetings were held, attendance at which is reflected in a table on page 59 of this report.

Terms of reference

The Committee has formal terms of reference approved by the board. The main objectives of the Committee, as incorporated in the terms of reference and applicable for the year ended 31 March 2011, include:

- promoting the overall effectiveness of corporate governance within the Illovo group;
- acting as an effective means of communication between the board, and the independent auditors and the internal auditors;
- satisfying the board that adequate internal and financial controls are in place, and that material financial risks have been identified and are being effectively managed and monitored; and
- assessing the impact of the general control environment on the statutory audit, and reporting to management any areas of perceived control weaknesses.

Pursuant to satisfying these objectives, the Committee's responsibilities, as also incorporated in the terms of reference, include:

- the review and approval of the scope of independent and internal audits;
- the review of the level of effectiveness of both the independent and internal auditors;
- the review and approval of the internal audit charter;
- in conjunction with executive management, the consideration of the appointment of the group internal audit manager;
- being satisfied with the performance of the internal audit function;
- recommending the appointment of the independent auditors to the board for approval by the shareholders, and approving their remuneration;
- establishing a policy in respect of and approving the extent of non-audit services undertaken by the independent auditors;
- the review of reports from both the independent and internal auditors, including management's responses thereto;
- assessing the effectiveness of internal policies and procedures;
- ensuring that all material financial risks are identified, assessed, monitored and managed;

- being satisfied that no material breakdown in internal controls occurs;
- considering the company's accounting policies and reviewing their compliance with International Financial Reporting Standards and other relevant regulatory requirements;
- the review of and recording going concern assumptions;
- the review of the company's interim reports, results announcements, and annual reports;
- being satisfied that management suitably addresses information technology risks and information security;
- being satisfied that the company complies with the JSE's Listings Requirements; and
- receiving and dealing with any complaints relating to accounting practices, independent and internal audits, and the content or auditing of financial statements or any related matter.

For the year under review, the Committee satisfied its responsibilities in compliance with its terms of reference.

Access

The independent and internal auditors have unrestricted access to the Committee and the chairman of the Committee.

Statutory duties

Pursuant to the requirements of Section 270(A) of the 1973 Act, for the year under review, the Committee:

- confirmed the appointment of both Deloitte & Touche as the independent auditors and Mr C A Sagar as the registered auditor responsible for the audit;
- satisfied itself that the independent auditors were independent of the company;
- agreed the terms of engagement of and determined the fees payable to the independent auditors;
- ensured that the appointment of the independent auditors and the registered auditor complied with the provisions of the 1973 Act;
- pre-approved the non-audit services provided by the independent auditors, in terms of a policy in this regard previously adopted by the Committee;
- noted that it had not received any complaints, either from within or outside the company, relating either to the accounting practices, the independent and internal audits of the company, or to the content or auditing of its financial statements or any related matter; and
- performed its other functions as determined by the board in terms of its terms of reference.

Pursuant to the requirements of Section 61 of the 2008 Act, requiring that shareholders approve the appointment of the independent auditors on an annual basis, the Committee has recommended to the board, which in turn has recommended to the shareholders, for consideration at the forthcoming annual general meeting, that Deloitte & Touche be appointed as the company's independent registered auditors for the year ending 31 March 2012.

Regulatory requirements

Pursuant to the provisions of the JSE's Listings Requirements, the Committee:

- confirmed that it had previously adopted a policy with regard to non-audit services provided by the independent auditors;
- satisfied itself of the appropriateness of the expertise and experience of the Financial Director, Ms K Zarnack; and
- satisfied itself that the appointed independent auditors and registered auditor were duly accredited as such on the JSE's list of auditors.

Corporate Governance requirements

Pursuant to the King Code of Governance for South Africa 2009, and based on specific procedures performed by the independent auditors, the Committee satisfied itself with the expertise, resources and experience of the company's finance function.

Annual financial statements

Having reviewed the audited annual financial statements included in the annual report, particularly to ensure that disclosure was adequate and fair presentation had been achieved, the Committee has recommended the approval of the annual financial statements by the board.

On behalf of the Audit Committee

Dr D Konar

Audit Committee Chairman

27 May 2011

Income statements

for the year ended 31 March 2011

	Notes	Group		Company	
		March 2011 Rm	March 2010 Rm	March 2011 Rm	March 2010 Rm
Revenue	4	8 107.9	8 467.9	5.6	3 355.5
Cost of sales		5 312.9	5 313.9	10.6	2 769.5
Gross profit		2 795.0	3 154.0	(5.0)	586.0
Distribution expenses		631.4	596.7	-	196.3
Administrative expenses		829.6	787.1	77.3	235.7
Other operating expenses/(income)		304.7	271.6	(9.1)	(27.9)
Operating profit	5	1 029.3	1 498.6	(73.2)	181.9
Dividend income		2.1	3.9	139.7	209.0
Net financing costs/(income)	6	95.5	139.0	(87.7)	49.0
Interest paid		117.9	293.4	32.0	87.7
Interest received		(25.0)	(30.5)	(114.6)	(46.3)
Foreign exchange losses/(gains)		2.6	(123.9)	(5.1)	7.6
Profit before taxation and non-trading items		935.9	1 363.5	154.2	341.9
Share of loss from associates	16	(3.6)	(8.4)		
Material items	7	30.2	(52.4)	0.1	(40.0)
Profit before taxation		962.5	1 302.7	154.3	301.9
Taxation	8	248.6	411.5	2.5	62.9
Profit for the year		713.9	891.2	151.8	239.0
Attributable to:					
Shareholders of Illovo Sugar Limited		546.2	662.0	151.8	239.0
Non-controlling interest		167.7	229.2		
		713.9	891.2	151.8	239.0
Earnings per share (cents)*					
Basic		118.8	161.4		
Diluted		118.6	160.9		

* See note 10 for headline earnings per share

Statements of financial position

at 31 March 2011

	Notes	Group		Company	
		March 2011 Rm	March 2010 Rm	March 2011 Rm	March 2010 Rm
ASSETS					
Non-current assets		6 440.3	5 750.9	2 764.9	2 930.1
Property, plant and equipment	11	4 984.5	4 262.7	18.3	544.2
Cane roots	12	1 087.9	1 100.2	–	103.1
Intangible assets	13	174.0	179.1	76.3	72.9
Investment in subsidiaries	14			2 631.3	2 131.8
Investment in joint ventures	15			–	0.6
Investment in associates	16	34.8	38.3	–	45.0
Investments	17	6.9	8.0	1.6	1.6
Loans	18	121.3	134.5	13.1	30.9
Deferred taxation asset	30	30.9	28.1	24.3	–
Current assets		3 396.3	3 925.1	1 736.4	2 035.2
Inventories	19	525.0	457.4	10.7	107.3
Growing cane	20	1 155.8	1 260.7	–	114.2
Trade and other receivables	21	768.5	639.0	61.6	383.4
Factory overhaul costs	22	214.1	221.7	–	82.0
Derivative financial instruments	23	15.1	0.9	12.7	–
Amounts due by subsidiaries	14			1 406.3	471.8
Cash and cash equivalents		717.8	1 345.4	245.1	876.5
Total assets		9 836.6	9 676.0	4 501.3	4 965.3
EQUITY AND LIABILITIES					
Equity attributable to shareholders of Illovo Sugar Limited		5 191.2	5 502.6	3 683.1	3 897.1
Share capital and premium	24	2 791.5	3 075.7	2 791.5	3 075.7
Share-based payment reserve	25	13.1	13.1	13.1	13.1
Non-distributable reserves	26	154.0	224.7	325.2	317.4
Distribution reserve	27	156.3	248.5	156.3	248.5
Retained earnings	28	2 076.3	1 940.6	397.0	242.4
Non-controlling interest		784.1	812.1		
Total equity		5 975.3	6 314.7	3 683.1	3 897.1
Non-current liabilities		991.1	1 146.0	–	104.0
Long-term borrowings	29	235.3	432.1	–	–
Deferred taxation liability	30	718.5	713.9	–	104.0
Deferred income	31	37.3	–	–	–
Current liabilities		2 870.2	2 215.3	818.2	964.2
Short-term borrowings	32	933.9	612.2	405.0	–
Trade and other payables	33	1 556.0	1 168.4	256.6	581.9
Bank overdraft		60.8	87.9	–	–
Taxation		97.1	68.6	–	–
Provisions	34	218.4	276.4	125.5	182.3
Amounts due to subsidiaries	14			30.2	199.9
Derivative financial instruments	23	4.0	1.8	0.9	0.1
Total liabilities		3 861.3	3 361.3	818.2	1 068.2
Total equity and liabilities		9 836.6	9 676.0	4 501.3	4 965.3

Statements of cash flows

for the year ended 31 March 2011

Notes	Group		Company		
	March 2011 Rm	March 2010 Rm	March 2011 Rm	March 2010 Rm	
Cash flows from operating activities					
Operating profit before working capital movements	a	1 132.9	1 419.9	(68.6)	197.6
Working capital movements	b	146.3	(183.2)	(791.3)	(175.5)
Cash generated from operations		1 279.2	1 236.7	(859.9)	22.1
Net financing (costs)/income		(95.5)	(139.0)	87.7	(49.0)
Taxation paid	c	(186.4)	(304.2)	(12.3)	(68.8)
Dividend income		2.1	3.9	139.7	209.0
Deferred income		40.0	–	–	–
Distributions/dividends paid	d	(455.9)	(490.2)	(349.7)	(373.7)
Net cash inflows/(outflows) from operating activities		583.5	307.2	(994.5)	(260.4)
Cash flows from investing activities					
Replacement of property, plant and equipment		(199.8)	(181.1)	(4.6)	(52.2)
Expansion capital expenditure		(1 262.9)	(845.6)	–	(31.2)
Net expansion of area under cane		(8.2)	(40.9)	–	–
Capitalisation of product registrations		(3.4)	(11.1)	(3.4)	(11.1)
Proceeds on disposal of plant and equipment		6.4	19.5	1.0	0.7
Proceeds on disposal of property		13.3	0.1	0.1	0.1
Additional investment in subsidiary		–	–	–	(966.7)
Acquisition of non-controlling interest		(99.2)	(17.4)	–	–
Acquisition of business	e	–	(249.9)	–	–
Proceeds on disposal of businesses	f	130.9	118.7	–	118.7
Net movement on investments and loans		0.9	(84.8)	(6.8)	(51.8)
Net cash outflows from investing activities		(1 422.0)	(1 292.5)	(13.7)	(993.5)
Net cash outflows before financing activities		(838.5)	(985.3)	(1 008.2)	(1 253.9)
Cash flows from financing activities					
Long-term borrowings repaid		(366.9)	(200.0)	–	–
Short-term borrowings raised/(repaid)		629.9	(1 226.6)	403.5	(977.2)
Rights issue proceeds from Zambian non-controlling shareholders		–	255.8	–	–
(Repurchase)/issue of share capital net of associated costs	g	(26.7)	2 956.7	(26.7)	2 956.7
Net cash inflows from financing activities		236.3	1 785.9	376.8	1 979.5
Net (decrease)/increase in cash and cash equivalents		(602.2)	800.6	(631.4)	725.6
Cash and cash equivalents					
– at beginning of year	h	1 320.0	544.8	876.5	150.9
– at end of year		717.8	1 345.4	245.1	876.5

Notes to the statements of cash flows

	Group		Company	
	March 2011 Rm	March 2010 Rm	March 2011 Rm	March 2010 Rm
a. Operating profit movements are calculated as follows:				
Operating profit	1 029.3	1 498.6	(73.2)	181.9
Material items	30.2	(52.4)	0.1	(40.0)
Total income	1 059.5	1 446.2	(73.1)	141.9
Add back:				
(Profit)/loss on disposal of business	(19.8)	37.3	–	37.3
Impairment of investment in agricultural joint venture	–	15.0	–	2.6
Depreciation	188.1	250.4	5.5	45.3
Change in fair value of cane roots	(84.1)	(109.9)	–	(6.5)
Change in fair value of growing cane	0.5	(216.3)	–	(24.0)
(Profit)/loss on disposal of property	(10.4)	0.1	(0.1)	0.1
(Profit)/loss on disposal of plant and equipment	(0.9)	(2.9)	(0.9)	0.9
Operating profit before working capital movements	1 132.9	1 419.9	(68.6)	197.6
b. Working capital movements comprise the following:				
Inventories	(99.1)	(49.8)	(6.9)	7.5
Trade and other receivables	(141.4)	23.7	(373.6)	(214.6)
Factory overhaul costs	(1.2)	(46.1)	–	(11.0)
Trade and other payables	388.0	(111.0)	(410.8)	42.6
Working capital movements	146.3	(183.2)	(791.3)	(175.5)
c. Taxation paid is reconciled to the amounts disclosed in the income statements as follows:				
Amounts (unpaid)/overpaid at beginning of year	(63.0)	(85.3)	3.8	17.0
Exchange rate translation	6.3	27.5	–	–
Per income statements (excluding deferred taxation)	(206.2)	(309.4)	(0.1)	(82.0)
Amounts unpaid/(overpaid) at end of year	76.5	63.0	(16.0)	(3.8)
Total taxation paid	(186.4)	(304.2)	(12.3)	(68.8)
d. Distributions/dividends paid are reconciled as follows:				
Distributions/dividends paid to shareholders of Illovo Sugar Limited (refer to note 9 of the financial statements)	(349.7)	(373.7)	(349.7)	(373.7)
Distributions/dividends paid to non-controlling shareholders of subsidiaries	(106.2)	(116.5)	–	–
Total distributions/dividends paid	(455.9)	(490.2)	(349.7)	(373.7)

	Group		Company	
	March 2011 Rm	March 2010 Rm	March 2011 Rm	March 2010 Rm
e. Acquisition of business				
The fair value of the assets acquired and liabilities assumed of the business acquired was as follows:				
Property, plant and equipment	–	167.3	–	–
Cane roots	–	59.5	–	–
Intangible asset	–	109.8	–	–
Inventories	–	7.8	–	–
Growing cane	–	49.0	–	–
Trade and other receivables	–	11.6	–	–
Long-term borrowings	–	(37.9)	–	–
Deferred taxation	–	(52.3)	–	–
Bank overdraft	–	(13.0)	–	–
Trade and other payables	–	(10.0)	–	–
Net asset value acquired	–	291.8	–	–
Non-controlling interest's share of net asset value	–	(41.9)	–	–
Cash cost of acquisition	–	249.9	–	–
f. Proceeds on disposal of businesses				
The fair value of the assets and liabilities of the businesses disposed of was as follows:				
Property, plant and equipment	149.4	165.7	524.9	165.7
Cane roots	22.2	–	103.1	–
Investment in subsidiaries	–	–	21.5	–
Investment in joint ventures	–	–	0.6	–
Investment in associates	–	–	45.0	–
Loans	–	–	24.6	–
Inventories	–	22.4	103.5	22.4
Growing cane	15.1	–	114.2	–
Trade and other receivables	–	7.0	327.7	7.0
Factory overhaul costs	–	23.8	82.0	23.8
Deferred taxation	–	–	(134.7)	–
Short-term borrowings	(75.6)	–	–	–
Trade and other payables	–	(57.5)	(100.8)	(57.5)
Provisions	–	(5.4)	(36.0)	(5.4)
Net asset value disposed of	111.1	156.0	1 075.6	156.0
Equity investment in Illovo Sugar (South Africa) Limited	–	–	(521.0)	–
Loan to Illovo Sugar (South Africa) Limited	–	–	(554.6)	–
Profit/(loss) on disposal of businesses	19.8	(37.3)	–	(37.3)
Proceeds on disposal of businesses	130.9	118.7	–	118.7

	Group		Company	
	March 2011 Rm	March 2010 Rm	March 2011 Rm	March 2010 Rm
g. (Repurchase)/issue of share capital net of associated costs				
In terms of the share option scheme, the company issued 571 824 (2010: 893 374) new shares	3.8	6.2	3.8	6.2
In terms of the odd-lot and specific offers, the company repurchased 968 105 shares	(30.5)	–	(30.5)	–
In terms of the rights issue, the company issued 108 342 362 new shares	–	2 950.5	–	2 950.5
	(26.7)	2 956.7	(26.7)	2 956.7
h. Cash and cash equivalents at beginning of year				
Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instruments.				
Cash and cash equivalents at beginning of year	1 345.4	655.6	876.5	150.9
Per the statements of financial position	(25.4)	(110.8)		
Exchange rate translation				
Per the statements of cash flows	1 320.0	544.8	876.5	150.9

Statements of comprehensive income for the year ended 31 March 2011

	Group		Company	
	March 2011 Rm	March 2010 Rm	March 2011 Rm	March 2010 Rm
Profit for the year	713.9	891.2	151.8	239.0
Other comprehensive income				
Adjustments in respect of cash flow hedges	13.1	(23.6)	10.4	(17.0)
Tax effect of cash flow hedges	(3.0)	6.4	(2.8)	6.4
Actuarial gains/(losses) on post-retirement obligations	4.6	(3.7)	4.2	(3.7)
Tax effect of actuarial (gains)/losses on post-retirement obligations	(1.4)	1.0	(1.2)	1.0
Hedge of net investment in foreign subsidiary	(2.1)	–		
Foreign currency translation differences	(482.7)	(748.4)		
Total comprehensive income for the year	242.4	122.9	162.4	225.7
Attributable to:				
Shareholders of Illovo Sugar Limited	155.0	24.6	162.4	225.7
Non-controlling interest	87.4	98.3		
	242.4	122.9	162.4	225.7

Statements of changes in equity

at 31 March 2011

	Share capital and premium Rm	Share-based payment reserve Rm
GROUP		
Balance at 31 March 2009	367.5	13.1
Total comprehensive income for the year:	–	–
Profit for the year		
Actuarial losses on post-retirement obligations		
Cash flow hedges		
Foreign currency translation		
Issue of share capital	2 956.7	
Acquisition of business		
Change in non-controlling shareholding		
Realised loss on disposal of property		
Distributions/dividends paid		
Transfer to distribution reserve	(248.5)	
Transfer of debit foreign currency translation reserve to retained earnings		
Balance at 31 March 2010	3 075.7	13.1
Total comprehensive income for the year:	–	–
Profit for the year		
Actuarial gains on post-retirement obligations		
Cash flow hedges		
Hedge of net investment in foreign subsidiary		
Foreign currency translation		
Issue of share capital	3.8	
Repurchase of share capital	(30.5)	
Change in non-controlling shareholding		
Realised profit on disposal of property		
Distributions/dividends paid		
Transfer to distribution reserve	(257.5)	
Transfer of debit foreign currency translation reserve to retained earnings		
Balance at 31 March 2011	2 791.5	13.1
COMPANY		
Balance at 31 March 2009	367.5	13.1
Total comprehensive income for the year:	–	–
Profit for the year		
Actuarial losses on post-retirement obligations		
Cash flow hedges		
Issue of share capital	2 956.7	
Realised loss on disposal of property		
Distributions/dividends paid		
Transfer to distribution reserve	(248.5)	
Balance at 31 March 2010	3 075.7	13.1
Total comprehensive income for the year:	–	–
Profit for the year		
Actuarial gains on post-retirement obligations		
Cash flow hedges		
Issue of share capital	3.8	
Repurchase of share capital	(30.5)	
Realised profit on disposal of property		
Distributions/dividends paid		
Transfer to distribution reserve	(257.5)	
Balance at 31 March 2011	2 791.5	13.1

Translation reserve Rm	Other non-distributable reserves Rm	Distribution reserve Rm	Retained earnings Rm	Attributable to the shareholders of Illovo Sugar Limited Rm	Non-controlling interest Rm	Total Rm
276.3 (618.1)	120.2 (16.6)	226.3 –	1 770.4 659.3	2 773.8 24.6	671.2 98.3	3 445.0 122.9
			662.0 (2.7)	662.0 (2.7)	229.2	891.2 (2.7)
(618.1)	(16.6)			(16.6) (618.1)	(0.6) (130.3)	(17.2) (748.4)
				2 956.7 –		2 956.7 41.9
	121.2 (0.1)		0.1	121.2 –	41.9 117.2	41.9 238.4
		(373.7)		(373.7)	(116.5)	(490.2)
341.8		395.9	(147.4) (341.8)	– –		– –
– (403.8)	224.7 9.4	248.5 –	1 940.6 549.4	5 502.6 155.0	812.1 87.4	6 314.7 242.4
			546.2 3.2	546.2 3.2	167.7	713.9 3.2
(2.1) (401.7)	9.4			9.4 (2.1) (401.7)	0.7 (81.0)	10.1 (2.1) (482.7)
				3.8 (30.5)		3.8 (30.5)
	(90.0) 9.9		(9.9)	(90.0) –	(9.2)	(99.2) –
		(349.7)		(349.7)	(106.2)	(455.9)
403.8		257.5	(403.8)	– –		– –
–	154.0	156.3	2 076.3	5 191.2	784.1	5 975.3
–	328.1 (10.6)	226.3 –	153.4 236.3	1 088.4 225.7		
			239.0 (2.7)	239.0 (2.7)		
	(10.6)			(10.6)		
	(0.1)		0.1	2 956.7 –		
		(373.7)		(373.7)		
		395.9	(147.4)	–		
–	317.4 7.6	248.5 –	242.4 154.8	3 897.1 162.4		
			151.8 3.0	151.8 3.0		
	7.6			7.6		
				3.8 (30.5)		
	0.2		(0.2)	–		
		(349.7)		(349.7)		
		257.5		–		
–	325.2	156.3	397.0	3 683.1		

Notes to the annual financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) on a basis consistent with the prior year, except for the adoption of the revised accounting standards which have been described in note 2. The adoption of these standards has resulted in certain disclosure reclassifications but has had no other impact on the consolidated financial statements.

The principal accounting policies adopted are set out below.

1.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement and consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the group.

All material inter-company balances and transactions are eliminated.

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. On acquisition, the non-controlling interests are entitled to a proportionate share of the entity's identifiable net assets. Subsequent to acquisition, the non-controlling interest consists of the amount of those interests at acquisition plus the non-controlling interests' share of changes in equity in the subsidiary. Non-controlling interests are allocated their proportionate share of total comprehensive income even if this results in the non-controlling interest having a deficit, unless there is doubt as to the recoverability of the deficit.

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

1.2 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the group, the liabilities incurred by the group to the former owners of the acquiree and the equity interests issued by the group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except for: non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held For Sale and Discontinued Operations; liabilities or equity instruments related to share-based payments that are accounted for in accordance with IFRS 2 Share-based Payments; deferred taxation assets or liabilities that are measured in accordance with IAS 12 Income Taxes; and assets or liabilities related to employee benefit arrangements that are recognised and measured in accordance with IAS 19 Employee Benefits.

Goodwill represents the future economic benefits arising from assets that are not capable of being individually identified and separately recognised in a business combination and is determined as the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. An impairment loss recognised for goodwill is not reversed in a subsequent period.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.3 Interests in joint ventures

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control: that is, when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The group reports its interests in jointly-controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Where the group transacts with its jointly-controlled entities, unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture.

1.4 Investments in associates

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate. Losses of an associate in excess of the group's interest in that associate are not recognised unless there is a commitment or guarantee that requires further funding from the group.

Goodwill arising on the acquisition of the group's interest in a jointly controlled entity is accounted for in accordance with the group's accounting policy for goodwill on the acquisition of a subsidiary, as set out above, but is included in the carrying amount of the associate. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associate.

1.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

1.6 Material items

Material items cover those amounts that are not considered to be of an operating or trading nature and generally include impairments of goodwill; impairments of non-current assets; profits and losses on the disposal of properties; and profits and losses on the disposal of businesses.

1.7 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on the straight-line basis over the term of the relevant lease.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.8 Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in South African rand, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

The assets and liabilities of the group's foreign operations are expressed in South African rand using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and transferred to the group's foreign currency translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rates prevailing at the reporting date.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss in the period they arise except for: exchange differences on foreign currency borrowings relating to assets under construction which are included in the cost of those assets in terms of the group's borrowing costs policy; exchange differences on transactions entered into in order to hedge certain foreign currency risks to which the group's hedge accounting policy applies; and exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation) which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

1.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.10 Retirement benefit costs

The group provides retirement benefits for its employees through a number of defined contribution and defined benefit plans.

Contributions to defined contribution retirement benefit plans are expensed as they fall due. Contributions made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out every three years. Actuarial gains and losses are recognised immediately in other comprehensive income. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on the straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan. Surpluses on defined benefit plans are recognised only to the extent that they are recoverable.

All plans are funded. Funding shortfalls arising in defined benefit plans are met by group companies through lump sum payments or increased future contributions.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.10 Retirement benefit costs continued

Additional severance liabilities in terms of legislative regulations are assessed annually and provided for.

Historically, qualifying employees have been granted certain post-retirement medical benefits. Although the post-retirement medical benefit option is now closed, a liability still exists in respect of current and retired employees to whom the benefit was granted. These costs are provided on the accrual basis, determined actuarially.

1.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

1.12 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy.

Depreciation is charged so as to write off the cost of assets to their residual value over their estimated useful lives, using the straight-line method. Depreciation commences when the assets are ready for their intended use and is calculated at rates appropriate in terms of management's current assessment of useful lives and residual values. Freehold land is not depreciated.

Management reviews the residual values annually, considering market conditions and projected disposal values. In the annual assessment of useful lives, maintenance programmes and technological innovations are considered.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1.13 Factory overhaul costs

Factory overhaul costs represent expenditure actually incurred on plant and equipment for the overhaul of the factory in preparation for the new sugar season commencing after the year-end. This expenditure is written off in full over its expected useful life, being the duration of one sugar season.

1.14 Cane roots and growing cane

Cane roots and growing cane are valued at fair value determined on the following basis:

Cane roots: the escalated average cost, using appropriate inflation related indices, of each year of planting adjusted for the remaining expected life.

Growing cane: the estimated sucrose content at 31 March valued at the estimated sucrose price for the following season, less the estimated costs of harvesting and transport.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.15 Research and development expenditure

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the group has sufficient resources to complete development. The expenditure capitalised includes the costs of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment charges.

1.16 Intangible assets

Product registrations

Expenditure incurred in obtaining the registration of a product to enable sales to be made in specific markets, is capitalised and amortised over the expected useful life of the registration on the straight-line basis.

Subsequent expenditure, which increases the life of the registration or increases future economic benefits, is capitalised in the year in which it is incurred. Expenditure to maintain the registration is expensed in the year in which it is incurred.

Other intangible assets

Intangible assets acquired separately are initially recognised at cost. If the intangible asset is acquired as part of a business combination, it is recognised separately from goodwill at fair value on the acquisition date.

Intangible assets assessed as having an indefinite useful life are not amortised but tested for impairment annually and impaired, if necessary. Intangible assets assessed as having a finite useful life are amortised over their useful lives using a straight-line basis and are tested for impairment if there is an indication that it may be impaired.

1.17 Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.18 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method, except in the case of downstream products where the first-in first-out basis is used. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Redundant and slow-moving inventories are identified and written down to their net realisable values.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.19 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the group will be required to settle that obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, where the effect of the time value of money is material.

1.20 Deferred income

Deferred income is recognised in profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the deferred income is intended to compensate.

1.21 Non-current assets held for sale

Non-current assets or disposal groups are classified as held for sale if the carrying amount will be recovered principally through sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the assets or disposal groups are available for immediate sale in their present condition and management is committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of the classification.

Immediately prior to being classified as held for sale, the carrying amount of assets and liabilities are measured in accordance with the applicable standard. After classification as held for sale, the assets or disposal groups are measured at the lower of the carrying amount and fair value less costs to sell. An impairment loss is recognised in profit or loss for any initial and subsequent write-down of the assets or disposal groups to fair value less costs to sell. A gain for any subsequent increase in fair value less costs to sell is recognised in profit or loss to the extent that it is not in excess of the cumulative impairment loss previously recognised. Non-current assets or disposal groups that are classified as held for sale are not depreciated.

1.22 Financial instruments

Financial assets and financial liabilities are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

A financial asset is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Financial assets are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial assets designated as held "at fair value through profit or loss" are expensed.

Financial assets are accounted for "at fair value through profit or loss" where the financial asset is either held for trading or is designated as "at fair value through profit or loss."

Trade and other receivables are classified as "loans and receivables" and are measured at amortised cost, using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are classified as "loans and receivables" and measured at fair value.

Investments are classified as "held to maturity" where the group has the expressed intention and ability to hold the investment to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest rate method, less any impairment losses recognised to reflect irrecoverable amounts. Other investments are classified as "available for sale" and are measured at fair value with any gains or losses being recognised through other comprehensive income and accumulated in the investments' revaluation reserve. Where the investment is disposed of, or is determined to be impaired, the cumulative gain or loss accumulated in equity is reclassified to profit or loss. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.22 Financial instruments continued

Financial liabilities

A financial liability is a contractual obligation to deliver cash, or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Financial liabilities are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial liabilities designated as held "at fair value through profit or loss" are expensed.

Financial liabilities are accounted for "at fair value through profit or loss" where the financial asset is either held for trading or is designated as "at fair value through profit or loss."

Interest-bearing bank loans and overdrafts are measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of the borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised costs, using the effective interest rate method.

Equity

Debt and equity instruments are classified as either financial liabilities or as equity based on the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Equity instruments issued by the company are recorded at the value of the proceeds received, net of direct issue costs.

Derivative financial instruments

The group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

The use of financial derivatives is governed by the group's policies, which provide written principles on the use of financial derivatives consistent with the group's risk management strategy. The group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date, and are subsequently remeasured to fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivative financial instruments embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

Hedge accounting

The group designates certain hedging instruments as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as hedges of future cash flows is recognised directly in other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. A hedge of the foreign currency risk of a firm commitment is designated and accounted for as a cash flow hedge.

Gains or losses on the cash flow hedge of a forecast transaction or firm commitment, previously recognised in other comprehensive income and accumulated in equity, are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss. However, if the cash flow hedge results in the recognition of a non-financial asset or a non-financial liability, then the associated gains or losses accumulated in equity are included in the initial measurement of that asset or liability.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.22 Financial instruments continued

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any gain or loss recognised in other comprehensive income and accumulated in equity remains in equity until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the gains or losses are recognised immediately in profit or loss.

The effective portion of any gains or losses on hedging instruments designated as hedges of net investments in foreign operations is recognised in other comprehensive income and accumulated in the foreign currency translation reserve. The gains or losses relating to the ineffective portion are recognised immediately in profit or loss. On disposal of the foreign operation, the gains or losses are reclassified to profit or loss.

1.23 Share-based payments

The group issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on the straight-line basis over the vesting period, based on the group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

1.24 Segmental analysis

Segment reporting is presented in respect of the group's business and geographic segments. The primary format, business segments, is based on the group's management and internal reporting structure and combines businesses with common characteristics. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segmental capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one year.

The group is comprised of the following business segments:

- cane growing: the growing of sugar cane for use in the sugar production process;
- sugar production: the manufacture of sugar from sugar cane;
- downstream operations: the manufacture and sale of downstream products including syrup, furfural and alcohol; and
- co-generation: the supply of surplus electricity generated from the sugar production process.

The secondary format presents the revenues, profits and assets for the countries in which the group operates.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 International Financial Reporting Standards adopted during the year

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year, except for the adoption of the following revised accounting standards:

IFRS 2 Share-based Payments

The amendment to this standard clarifies the accounting for group cash-settled share-based payment transactions in the separate financial statements of an entity receiving the services when another group entity has the obligation to settle the award. The application of this amendment by the group has had no impact on the consolidated financial statements.

IFRS 3 Business Combinations

The significant revisions to this standard relate to the treatment of acquisition costs (now to be expensed), contingent consideration, goodwill where non-controlling shareholders are involved, step acquisitions and partial disposals. Consequential amendments were also made to IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures. Amendments to these standards have been applied prospectively and have had no impact on the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS continued

2.1 International Financial Reporting Standards adopted during the year continued

IAS 7 Statement of Cash Flows

The amendment requires that only expenditure that results in a recognised asset in the statement of financial position is eligible for classification as an investing activity. The application of this amendment by the group has resulted in a change in the disclosure of cash flows in respect of research and development costs that do not meet the criteria in IAS 38 Intangible Assets for capitalisation. This change has been applied retrospectively.

Specifically, research and development costs paid in the current year of R28.4 million are included in cash flows from operating activities in the consolidated statement of cash flows. Research and development costs paid in the prior year of R23.2 million have been reclassified from investing activities to operating activities in the consolidated statements of cash flows for consistent presentation. There has been no other impact on the consolidated financial statements.

IAS 17 Leases

The amended standard requires that leases of land are classified as either finance or operating using the general principles of the standards. Previously, leases of land were considered to be operating leases. The application of this amendment by the group has had no impact on the consolidated financial statements.

2.2 International Financial Reporting Standards in issue, but not yet effective

At the date of approval of these financial statements, the following relevant standards and interpretations were in issue, but not yet effective:

IFRS 3 Business Combinations

The amendments provide guidance on whether to measure non-controlling interests at fair value or at the proportionate share of the net assets of the acquiree. The amendment to this standard is effective for the year ending 31 March 2012.

IFRS 7 Financial Instruments: Disclosures

The amendments increase the disclosure requirements for transactions where a financial asset is transferred but the transferor retains some level of continuing exposure to the asset. The amendment to this standard is effective for the year ending 31 March 2013.

IFRS 9 Financial Instruments: Classification and Measurement

The standard introduces new requirements for classifying and measuring financial instruments. Under the new classification requirements, all financial assets will be recognised at either amortised cost or fair value as determined by the contractual cash flows of the assets. In terms of the new measurement requirements, changes in fair value of financial liabilities measured "at fair value through profit or loss" that are attributable to changes in credit risk of the liability will be recognised in other comprehensive income. The standard will be effective for the year ending 31 March 2014.

IAS 24 Related Party Disclosures

The amendment to the standard has simplified the definition of a related party, as well as eliminated some inconsistencies that existed in the previous definition. The amendment to this standard is effective for the year ending 31 March 2012.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The interpretation provides guidance regarding the accounting for the extinguishment of a financial liability through the issue of equity instruments. The interpretation is effective for the year ending 31 March 2012.

The group is in the process of evaluating the effects of these standards and interpretations, and whilst they are not expected to have a significant impact on the group's results, additional disclosures may be required.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

3.1 Critical accounting judgements made by management

In the process of applying the group's accounting policies, management has made the following judgement, apart from those involving estimations, that affect the amounts recognised in the financial statements and related disclosure:

Impairment of assets

In making its judgement, management has assessed at each reporting date whether there is any indication that its tangible and intangible assets may be impaired. If any such indication exists, the recoverable amount of the asset is assessed in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use.

3.2 Key sources of estimation uncertainty

In the process of applying the group's accounting policies, management has made the following key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date:

Property, plant and equipment residual values and useful lives

These assets are written down to their estimated residual values over their anticipated useful lives using the straight-line basis. Management reviews the residual values annually considering market conditions and projected disposal values. In assessing useful lives, maintenance programmes and technological innovations are considered. The carrying value of property, plant and equipment is disclosed in note 11 to the financial statements.

Cane roots valuation

The escalated average costs of planting cane roots are adjusted for the remaining expected life. This requires an estimation by management of the average number of ratoons expected from the crop. The key assumptions and carrying value of cane roots are disclosed in note 12 to the financial statements.

Growing cane valuation

Growing cane is valued at the estimated sucrose content valued at the estimated sucrose price for the following season, less the estimated costs for harvesting and transport. The estimated sucrose content requires management to assess the expected cane and sucrose yields for the following season considering weather conditions and harvesting programmes. In assessing the estimated sucrose price, management is required to assess into which markets the forthcoming crop will be sold and assess domestic and export prices as well as the related foreign currency exchange rates. The key assumptions and carrying value of growing cane are disclosed in note 20 to the financial statements.

There are no other key assumptions concerning the future, or key sources of estimation uncertainty at the reporting date, that management have assessed as having a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

	Group		Company	
	2011 Rm	2010 Rm	2011 Rm	2010 Rm
4. REVENUE				
Revenue represents the proceeds from:				
Sugar production	5 543.9	5 962.2	–	2 683.4
Cane growing	1 779.3	1 910.8	–	102.6
Downstream	784.7	594.9	5.6	569.5
	8 107.9	8 467.9	5.6	3 355.5
Includes revenue from exports outside country of origin	2 480.9	2 723.0	1.3	1 015.5
Interest income is disclosed in note 6 and dividend income is disclosed on the face of the income statement.				
5. OPERATING PROFIT				
Operating profit has been determined after taking into account the following items:				
Depreciation	188.1	250.4	5.5	45.3
– buildings	5.4	5.9	–	4.1
– leasehold properties	17.8	23.0	–	–
– plant, machinery and other	164.9	221.5	5.5	41.2
(Profit)/loss on disposal of plant and equipment	(0.9)	(2.9)	(0.9)	0.9
Amortisation of factory overhaul costs	221.7	188.2	–	71.0
Fair value adjustments				
– cane roots	84.1	109.9	–	6.5
– growing cane	(0.5)	216.3	–	24.0
Operating lease charges				
– property	61.9	61.6	9.5	55.3
– plant and equipment	46.4	33.8	0.4	6.4
Auditors' remuneration	13.6	13.4	4.2	5.8
– audit fees	8.5	8.3	2.2	3.5
– fees for other services	4.6	4.2	1.8	2.0
– expenses	0.5	0.9	0.2	0.3
Research costs	28.4	23.2	10.4	23.2
Retirement benefit costs	71.5	70.3	8.3	34.7
Staff costs	1 327.4	1 310.0	97.1	540.1
6. NET FINANCING COSTS/(INCOME)				
Interest paid on:				
Long-term borrowings	16.1	93.1	–	–
Bank and short-term borrowings	115.0	199.6	24.7	71.7
Other	12.9	14.9	7.3	16.0
Total interest paid	144.0	307.6	32.0	87.7
Less: Capitalised	(26.1)	(14.2)	–	–
	117.9	293.4	32.0	87.7
Interest received on loans and deposits	(25.0)	(30.5)	(114.6)	(46.3)
Foreign exchange losses/(gains)	2.6	(123.9)	(5.1)	7.6
	95.5	139.0	(87.7)	49.0

	Group		Company	
	2011 Rm	2010 Rm	2011 Rm	2010 Rm
7. MATERIAL ITEMS				
Profit/(loss) arising on disposal of property	10.4	(0.1)	0.1	(0.1)
Profit/(loss) on disposal of businesses	19.8	(37.3)	–	(37.3)
Impairment of investment in agricultural joint venture	–	(15.0)	–	(2.6)
Per income statement	30.2	(52.4)	0.1	(40.0)
Taxation	(0.7)	10.2	–	10.2
	29.5	(42.2)	0.1	(29.8)
8. TAXATION				
South African normal taxation				
Current taxation				
– current year	24.1	50.8	2.0	44.9
– prior year	(0.8)	4.4	(1.9)	(0.3)
Deferred taxation				
– current year	11.1	(22.3)	2.4	(22.2)
– prior year	0.1	3.1	–	3.1
Secondary tax on companies	–	37.4	–	37.4
Foreign taxation				
Current taxation				
– current year	184.4	214.4		
– prior year	(1.5)	2.4		
Deferred taxation				
– current year	85.2	133.0		
– prior year	(14.0)	11.3		
– rate change	(40.0)	(23.0)		
	248.6	411.5	2.5	62.9
Reconciliation of rate of taxation	%	%	%	%
South African normal rate of taxation	28.0	28.0	28.0	28.0
(Decrease)/increase in charge for year due to:	(1.4)	2.2	(26.4)	(9.6)
Adjustment from prior years	(1.7)	1.6	(1.2)	0.8
Adjustment in respect of material items	0.1	(0.7)	–	(3.0)
Exempt income	(0.4)	(2.3)	(25.4)	(17.1)
Disallowable expenditure	0.8	3.5	0.6	1.6
Secondary tax on companies	–	2.7	–	10.9
Withholding tax	6.2	2.3	–	–
Unprovided tax losses	–	0.3	–	–
Taxation rate differentials: foreign subsidiaries	(0.7)	(2.1)	–	–
Change of tax rate	(4.3)	(1.7)	–	–
Other	(1.4)	(1.4)	(0.4)	(2.8)
Effective rate of taxation	26.6	30.2	1.6	18.4
	Rm	Rm	Rm	Rm
The estimated tax losses at the end of the year aggregate	219.5	296.9	–	–

9. DISTRIBUTIONS/DIVIDENDS PAID

Dividend number 35 of 64.5 cents per share (final 2009)
 – paid 13 July 2009
 Dividend number 36 of 32.0 cents per share (interim 2010)
 – paid 11 January 2010
 Distribution number 37 of 54.0 cents per share (final 2010)
 – paid 10 August 2010
 Distribution number 38 of 22.0 cents per share (interim 2011)
 – paid 10 January 2011

Group and Company	
2011	2010
Rm	Rm
	226.5
	147.2
248.6	
101.1	
349.7	373.7

In respect of the year under review, the directors declared a final capital distribution of 34.0 cents per share which will be paid to shareholders on 11 July 2011. The distribution will be regarded as a return of capital and shareholders will be liable for any potential capital gains tax consequences. No liability has been raised for this distribution in these financial statements.

The total estimated distribution to be paid of R156.3 million has been transferred out of share premium to a separate distribution reserve (refer notes 24 and 27).

10. EARNINGS AND HEADLINE EARNINGS PER SHARE

Earnings

Earnings for the purpose of basic earnings per share
 Dilutive effect of potential ordinary shares
 – share options

Earnings for the purpose of diluted earnings per share

Number of shares

Weighted average number of ordinary shares for the purpose
 of basic earnings per share
 Dilutive effect of potential ordinary shares
 – share options

Weighted average number of ordinary shares for the purpose
 of diluted earnings per share

Reconciliation of headline earnings:

Profit attributable to shareholders of Illovo Sugar Limited

Adjusted for:

(Profit)/loss arising on disposal of property
 (Profit)/loss on disposal of businesses
 Impairment of investment in agricultural joint venture
 Profit on disposal of plant and equipment
 Total tax effect of adjustments
 Total non-controlling interest effect of adjustments

Headline earnings

Headline earnings per share

Basic
 Diluted

Group	
2011	2010
Rm	Rm
546.2	662.0
0.5	0.7
546.7	662.7
Shares	Shares
459 787 328	410 278 716
990 800	1 631 524
460 778 128	411 910 240
Rm	Rm
546.2	662.0
(10.4)	0.1
(19.8)	37.3
–	15.0
(0.9)	(2.9)
1.0	(10.0)
–	1.0
516.1	702.5
Cents	Cents
112.2	171.2
112.1	170.7

	2011		2010	
	Cost Rm	Accumulated depreciation Rm	Cost Rm	Accumulated depreciation Rm
11. PROPERTY, PLANT AND EQUIPMENT				
Group				
Freehold land and buildings	446.7	107.1	539.1	78.6
Leasehold properties	967.5	94.4	1 093.9	100.3
Plant, machinery and other	5 300.2	1 528.4	4 381.8	1 573.2
	6 714.4	1 729.9	6 014.8	1 752.1
Net book value	4 984.5		4 262.7	
Company				
Freehold land and buildings	1.0	0.2	240.5	50.1
Plant, machinery and other	65.7	48.2	930.7	576.9
	66.7	48.4	1 171.2	627.0
Net book value	18.3		544.2	

With the exception of land and motor vehicles, the group's property, plant and equipment are insured at cost of replacement amounting to R18 079 million (2010: R18 966 million). Motor vehicles are insured at market value.

Certain of the group's property, plant and equipment with a book value totalling R2 346 million (2010: R1 951 million) has been pledged by way of a mortgage debenture as security for the long-term borrowings referred to in note 29.

The group's properties are wide-ranging, amounting to approximately 120 018 hectares (2010: 125 049 hectares) in extent, comprising largely the land on which the group's sugar milling and cane growing activities are situated. As the number of individual properties is extensive, a list is not published with these statements, but registers of land and buildings are available for inspection at the relevant registered offices of the group by members of the company or their representatives.

	Freehold land and buildings Rm	Leasehold properties Rm	Plant, machinery and other Rm	2011 Total Rm	2010 Total Rm
Group					
The movement of the group's property, plant and equipment comprises:					
Net book value at beginning of year	460.5	993.6	2 808.6	4 262.7	4 025.9
Acquisition of business	–	–	–	–	167.3
Additions	20.6	32.2	1 409.9	1 462.7	1 026.7
Disposal of business	(149.4)	–	–	(149.4)	(165.7)
Disposals	(2.9)	–	(5.5)	(8.4)	(16.8)
Reclassifications	22.1	2.1	(24.2)	–	–
Exchange rate translation	(5.9)	(137.0)	(252.1)	(395.0)	(524.3)
	345.0	890.9	3 936.7	5 172.6	4 513.1
Depreciation	(5.4)	(17.8)	(164.9)	(188.1)	(250.4)
Net book value at end of year	339.6	873.1	3 771.8	4 984.5	4 262.7

	Freehold land and buildings Rm	Plant, machinery and other Rm	Total 2011 Rm	Total 2010 Rm
11. PROPERTY, PLANT AND EQUIPMENT continued				
Company				
The carrying amount of the company's property, plant and equipment comprises:				
Net book value at beginning of year	190.4	353.8	544.2	673.6
Additions	–	4.6	4.6	83.4
Disposal of businesses	(189.6)	(335.3)	(524.9)	(165.7)
Disposals	–	(0.1)	(0.1)	(1.8)
	0.8	23.0	23.8	589.5
Depreciation	–	(5.5)	(5.5)	(45.3)
Net book value at end of year	0.8	17.5	18.3	544.2

	Group		Company	
	2011 Rm	2010 Rm	2011 Rm	2010 Rm
12. CANE ROOTS				
The carrying value of cane roots comprises:				
Carrying value at beginning of year	1 100.2	1 132.3	103.1	96.6
Change in fair value	84.1	109.9	–	6.5
Expansion of area under cane	11.1	3.0	–	–
Acquisition of business	–	59.5	–	–
Acquisition of farms	–	22.5	–	–
Disposal of businesses	(22.2)	–	(103.1)	–
Disposal of farms	(1.7)	–	–	–
Exchange rate translation	(83.6)	(227.0)	–	–
Carrying value at end of year	1 087.9	1 100.2	–	103.1
Area under cane at 31 March (hectares):				
South Africa	7 980	12 681	–	9 665
Malawi	20 483	20 466	–	–
Zambia	17 162	16 830	–	–
Swaziland	8 657	8 175	–	–
Tanzania	9 605	9 715	–	–
Mozambique	5 570	5 572	–	–
	69 457	73 439	–	–

The average remaining expected lives of cane roots, for both the current and the previous years, are 10 years in South Africa; 7 years in Zambia; and 8 years in each of the other countries of operation.

13. INTANGIBLE ASSETS

Intangible assets comprise product registrations and a strategic cane supply arrangement.

Product registrations

Strategic cane supply arrangement

The carrying value of intangible assets comprises:

Balance at beginning of year

Acquisition of business

Disposal of businesses

Current year expenditure

Exchange rate translation

Balance at end of year

	Group		Company	
	2011 Rm	2010 Rm	2011 Rm	2010 Rm
	76.3	72.9	76.3	72.9
	97.7	106.2	–	–
	174.0	179.1	76.3	72.9
	179.1	61.8	72.9	61.8
	–	109.8	–	–
	–	–	–	–
	3.4	11.1	3.4	11.1
	(8.5)	(3.6)		
	174.0	179.1	76.3	72.9

Product registrations represent the cost of registering the group's exclusive right to sell MultiGuard Protect, a furfural-based nematicide developed by the group, in the United States of America. The product registrations will be amortised over their useful lives from the 2012 financial year.

The strategic cane supply arrangement represents the security over the cane for Zambia Sugar Plc that arose from the acquisition of Nanga Farms PLC. The strategic cane supply arrangement is considered to have an indefinite useful life and is tested for impairment annually.

14. INVESTMENT IN SUBSIDIARIES

The principal subsidiaries of Illovo Sugar Limited are as follows:

2011

Direct investment

	Issued capital Rm	Effective percentage holding %	Shares at cost Rm	Amounts due by subsidiaries Rm	Amounts due to subsidiaries Rm
CGS Investments (Pty) Limited	–	100	0.9	–	(1.5)
East African Supply (Pty) Limited	–	100	–	–	(25.4)
Illovo Group Holdings Limited – ordinary	–	100	–	6.7	–
Illovo Group Holdings Limited – preference	2 014.8	100	2 091.9	–	–
Illovo Project Services Limited	–	100	–	0.5	–
Illovo Sugar (South Africa) Limited	521.0	100	521.0	424.4	–
Monitor Holdings Limited	250.0	100	17.5	2.9	–

Indirect investment

Glendale Sugar Limited	5.6	100	–	–	(3.3)
Illovo Distributors (Pty) Limited	–	100	–	–	–
Illovo Group Marketing Services Limited	–	100	–	40.8	–
Illovo Sugar (Malawi) Limited	34.9	76	–	41.6	–
Illovo Sugar Coöperatief U.A.	–	100	–	–	–
Illovo Sugar España, S.L.	–	100	–	1.9	–
Illovo Sugar Ireland	–	100	–	3.0	–
Illovo Tanzania Limited	–	100	–	–	–
Ilprop (Pty) Limited	1.3	100	–	–	–
Kilombero Sugar Company Limited	1.1	55	–	21.0	–
Maragra Açúcar SA	367.5	90	–	13.0	–
Palaa Consultores Marketing E Servicos Lda	–	100	–	4.2	–
Reynolds Brothers Limited	–	100	–	–	–
Sucoma Holdings Limited	426.2	100	–	–	–
Ubombo Sugar Limited	49.5	60	–	810.0	–
Zambia Sugar Plc	355.9	82	–	36.3	–

2 631.3 1 406.3 (30.2)

14. INVESTMENT IN SUBSIDIARIES continued 2010

Direct investment

	Issued capital Rm	Effective percentage holding %	Shares at cost Rm	Amounts due by subsidiaries Rm	Amounts due to subsidiaries Rm
Castaneous Trading 38 (Pty) Limited	–	100	–	127.3	–
CGS Investments (Pty) Limited	–	100	0.9	–	(1.5)
East African Supply (Pty) Limited	–	100	–	–	(25.8)
Glendale Sugar Limited	5.6	100	20.9	–	(21.1)
Illovo Distributors (Pty) Limited	–	100	0.4	–	(20.0)
Illovo Group Holdings Limited – ordinary	–	100	–	33.4	–
Illovo Group Holdings Limited – preference	2 179.8	100	2 091.9	–	–
Illovo Project Services Limited	–	100	–	1.9	–
Illprop (Pty) Limited	1.3	100	0.2	–	(0.1)
Monitor Holdings Limited	250.0	100	17.5	1.8	–
Reynolds Brothers Limited	–	100	–	3.4	–

Indirect investment

Illovo Group Marketing Services Limited	–	100	–	20.2	–
Illovo Sugar (Malawi) Limited	37.9	76	–	29.3	(0.3)
Illovo Sugar Coöperatief U.A.	–	100	–	–	–
Illovo Sugar España, S.L.	–	100	–	1.7	–
Illovo Sugar Ireland	–	100	–	15.9	–
Illovo Tanzania Limited	–	100	–	–	–
Kilombero Sugar Company Limited	1.3	55	–	21.0	–
Maragra Açúcar SA	270.7	74	–	31.7	–
Palaa Consultores Marketing E Servicos Lda	–	100	–	4.0	–
Sucoma Holdings Limited	461.1	100	–	–	–
Ubombo Sugar Limited	49.5	60	–	150.9	(131.1)
Zambia Sugar Plc	386.8	82	–	29.3	–
			2 131.8	471.8	(199.9)

On 1 April 2010, net assets of the company's South African operations totalling R1 075.6 million were transferred from the company to Illovo Sugar (South Africa) Limited, a wholly-owned subsidiary of the company. The assets transferred included investments in Castaneous Trading 38 (Pty) Limited, Glendale Sugar Limited, Illprop (Pty) Limited, Illovo Distributors (Pty) Limited and Reynolds Brothers Limited.

On 31 May 2010, Illovo Sugar (South Africa) Limited disposed of its investment in Castaneous Trading 38 (Pty) Limited, a property holding company, for a consideration of R130.9 million, recognising a profit of R19.8 million.

All subsidiaries have a 31 March year-end. A full list of subsidiaries is available on request from the Company Secretary.

15. INVESTMENT IN JOINT VENTURES

Principal joint ventures of the group	Year-end	Nature of business	% Holding	
			2011	2010
Glendale Distilling Company	31 March	Alcohol distillers	50.0	50.0
Lacsa (Pty) Limited	31 March	Lactulose producer	50.0	50.0
Relax Limited	31 March	Lactulose agents	50.0	50.0

The assets, liabilities and profits of the above joint ventures are proportionately consolidated into the group's financial statements.

The joint ventures of the group had the following capital commitments which have been included in note 37:

- contracted
- approved but not contracted

	2011 Rm	2010 Rm
– contracted	1.3	–
– approved but not contracted	15.6	7.8
	16.9	7.8

16. INVESTMENT IN ASSOCIATES

Principal associates of the group	Year-end	Nature of business	% Holding	
			2011	2010
Gledhow Sugar Company (Pty) Limited	31 March	Sugar milling	30.0	30.0
Mitra Sugar Limited	30 September	Sugar export agents	49.0	49.0
Kilombero Sugar Distributors Limited	30 September	Distribution agents	20.0	20.0

	Group		Company	
	2011 Rm	2010 Rm	2011 Rm	2010 Rm
Investment in associate companies				
Balance at beginning of year	38.3	–	45.0	–
Acquisition of investment in associate	–	47.7	–	45.0
Disposal of business	–	–	(45.0)	–
Share of post acquisition loss	(3.6)	(8.4)		
Exchange rate translation	0.1	(1.0)		
	34.8	38.3	–	45.0
Included in the group financial statements are the following items that represent the group's share of the assets, liabilities and profits of associates:				
Non-current assets	47.3	45.8		
Current assets	81.1	27.2		
Current liabilities	(93.6)	(34.7)		
Net assets	34.8	38.3		
Revenue	129.0	164.2		
Net loss after taxation	(3.6)	(8.4)		
Directors' valuation of:				
Shares and loans in unlisted associate companies	46.6	46.7	–	45.0

With effect from 1 October 2009, an agency agreement has been concluded with Mitra Sugar Limited, a United Kingdom-based venture with fellow subsidiary, AB Sugar, which provides an effective route to the European Union market for the group's export sugars.

	Group		Company	
	2011 Rm	2010 Rm	2011 Rm	2010 Rm
17. INVESTMENTS				
Investment in Mali project	5.3	5.7	–	–
Other investments	1.6	2.3	1.6	1.6
	6.9	8.0	1.6	1.6
18. LOANS				
Long-term promissory note receivable	10.2	13.7	–	–
Loan to Mali project	60.6	51.7	–	–
Other loans	50.5	69.1	13.1	30.9
	121.3	134.5	13.1	30.9

The long-term promissory note receivable is unsecured and is denominated in US dollars with the interest calculated at 6% per annum, payable monthly in arrears. The principal is payable in equal monthly instalments with the final payment due on 1 October 2014.

The loan to the Mali project represents the underlying net assets of the project and will be converted to an equity contribution and the operation consolidated once the project has been completed.

The other loans bear interest at varying rates and have varying terms of repayment.

	Group		Company	
	2011 Rm	2010 Rm	2011 Rm	2010 Rm
19. INVENTORIES				
Finished goods	190.8	142.0	3.6	36.9
Consumables and components	334.2	315.4	7.1	70.4
	525.0	457.4	10.7	107.3
20. GROWING CANE				
The carrying value of growing cane comprises:				
Carrying value at beginning of year	1 260.7	1 222.9	114.2	90.2
Change in fair value	(0.5)	216.3	–	24.0
Acquisition of business	–	49.0	–	–
Acquisition of farms	–	15.4	–	–
Disposal of businesses	(15.1)	–	(114.2)	–
Disposal of farms	(1.2)	–	–	–
Exchange rate translation	(88.1)	(242.9)	–	–
Carrying value at end of year	1 155.8	1 260.7	–	114.2

20. GROWING CANE continued

The following assumptions have been used in the determination of the estimated sucrose tonnage at 31 March:

	South Africa	Malawi	Zambia	Swaziland	Tanzania	Mozambique
2011						
Expected area to harvest (hectares)	4 572.0	20 240.0	16 896.0	8 095.0	9 386.0	5 476.0
Estimated yield (tons cane/hectare)	53.5	109.6	118.4	103.0	80.4	96.7
Average maturity of cane at 31 March (%)	57.00	66.67	68.80	66.67	50.00	70.81
2010						
Expected area to harvest (hectares)	5 320.0	20 015.0	16 773.0	7 612.0	9 390.0	5 316.0
Estimated yield (tons cane/hectare)	72.0	111.3	130.5	105.7	74.1	97.0
Average maturity of cane at 31 March (%)	57.00	66.67	76.00	66.67	50.00	66.67

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 Rm	2010 Rm	2011 Rm	2010 Rm
Trade receivables	559.3	372.3	0.3	270.7
Prepayments	32.0	34.6	0.2	16.1
Taxation	20.6	5.6	16.0	3.8
Other receivables	156.6	226.5	45.1	92.8
	768.5	639.0	61.6	383.4

The directors consider that the carrying amount of trade and other receivables approximates their fair value. Additional disclosures concerning the management of credit risk have been provided in note 41.

An allowance has been made for impairment of receivables amounting to R3.0 million (2010: R5.4 million) in the group. No allowance for impairment of receivables has been provided for in the company (2010: 2.2 million).

22. FACTORY OVERHAUL COSTS

	Group		Company	
	2011 Rm	2010 Rm	2011 Rm	2010 Rm
Balance at beginning of year	221.7	212.0	82.0	94.8
Capitalised during the year	222.9	234.3	–	82.0
Amortised during the year	(221.7)	(188.2)	–	(71.0)
Disposal of business	–	(23.8)	(82.0)	(23.8)
Exchange rate translation	(8.8)	(12.6)	–	–
Balance at end of year	214.1	221.7	–	82.0

	Group		Company	
	2011 Rm	2010 Rm	2011 Rm	2010 Rm
23. DERIVATIVE FINANCIAL INSTRUMENTS				
Forward exchange contracts: recognised in profit and loss	10.9	0.9	9.9	–
Forward exchange contracts: designated as cash flow hedges	0.2	(1.8)	1.9	(0.1)
	11.1	(0.9)	11.8	(0.1)
Comprising:				
Assets	15.1	0.9	12.7	–
Liabilities	(4.0)	(1.8)	(0.9)	(0.1)
	11.1	(0.9)	11.8	(0.1)

The fair value of derivative financial instruments is determined by reference to quoted market prices in an active market for similar financial instruments. Additional disclosures concerning the derivative financial instruments used to manage currency risk have been provided in note 41.

	Group and Company	
	2011 Rm	2010 Rm
24. SHARE CAPITAL AND PREMIUM		
Authorised:		
900 000 000 (2010: 900 000 000) ordinary shares of 4 cents each	36.0	36.0
Issued and fully paid:		
459 763 357 (2010: 460 159 638) ordinary shares of 4 cents each	18.4	18.4
Share premium	2 773.1	3 057.3
	2 791.5	3 075.7
The movement for the year was as follows:		
Balance at beginning of year	3 075.7	367.5
Rights issue net of share issue expenses	–	2 950.5
Repurchase of shares in issue	(30.5)	–
Share options exercised	3.8	6.2
Transfer to distribution reserve (refer note 27)	(257.5)	(248.5)
Balance at end of year	2 791.5	3 075.7
25. SHARE-BASED PAYMENT RESERVE		
Balance at beginning and end of year	13.1	13.1

All outstanding share options are fully vested and as a result, no further expense is required to be recognised in respect of the equity-settled share option scheme.

26. NON-DISTRIBUTABLE RESERVES

Comprises:

Realised surpluses on sales of property and investments

Capital redemption reserve fund

Hedging reserve

Transactions with non-controlling shareholders

Foreign currency translation reserve

Total non-distributable reserves

Movement for the year:

Balance at beginning of year

Realised profit/(loss) on disposal of property (refer note 28)

Transfer of debit foreign currency translation reserve to retained earnings (refer note 28)

Dilution of interest in Zambian Sugar Plc

Increase of interest in Maragra Açúcar SA

Total comprehensive income for the year:

Cash flow hedges

Hedge of net investment in foreign subsidiary

Foreign currency translation

Balance at end of year

	Group		Company	
	2011 Rm	2010 Rm	2011 Rm	2010 Rm
Realised surpluses on sales of property and investments	77.8	67.9	282.5	282.3
Capital redemption reserve fund	37.1	37.1	35.6	35.6
Hedging reserve	7.9	(1.5)	7.1	(0.5)
Transactions with non-controlling shareholders	31.2	121.2		
Foreign currency translation reserve	–	–		
Total non-distributable reserves	154.0	224.7	325.2	317.4
Movement for the year:				
Balance at beginning of year	224.7	396.5	317.4	328.1
Realised profit/(loss) on disposal of property (refer note 28)	9.9	(0.1)	0.2	(0.1)
Transfer of debit foreign currency translation reserve to retained earnings (refer note 28)	403.8	341.8		
Dilution of interest in Zambian Sugar Plc	–	131.3		
Increase of interest in Maragra Açúcar SA	(90.0)	(10.1)		
Total comprehensive income for the year:				
Cash flow hedges	9.4	(16.6)	7.6	(10.6)
Hedge of net investment in foreign subsidiary	(2.1)			
Foreign currency translation	(401.7)	(618.1)		
Balance at end of year	154.0	224.7	325.2	317.4

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as the gains and losses on instruments that hedge the group's net investment in foreign subsidiaries.

On 1 April 2010, the group increased its shareholding in Maragra Açúcar SA from 74.0% to 80.2% by converting a R238.4 million loan into equity. As a result of this transaction, the group's proportionate share of the carrying value of the net assets of Maragra Açúcar SA increased by R203.8 million, while the non-controlling interest's share increased by R34.6 million without an additional equity contribution. An amount of R34.6 million, representing the increase in the non-controlling interest for no consideration, has been debited to non-distributable reserves.

Following the debt to equity conversion, the group acquired a further interest of 9.8% in Maragra Açúcar SA for a consideration of R99.2 million, increasing its shareholding to 90.0%. As a result of this transaction, the non-controlling interest's proportionate share of the carrying value of the net assets of Maragra Açúcar SA decreased by R43.8 million. An amount of R55.4 million, representing the difference between the consideration paid and the decrease in the non-controlling interest, has been debited to non-distributable reserves.

27. DISTRIBUTION RESERVE

Balance at beginning of year

Transfer from retained earnings (refer note 28)

Transfer from share premium (refer note 24)

Less distributions/dividends paid (refer note 9)

Balance at end of year

	Group		Company	
	2011 Rm	2010 Rm	2011 Rm	2010 Rm
Balance at beginning of year	248.5	226.3	248.5	226.3
Transfer from retained earnings (refer note 28)	–	147.4	–	147.4
Transfer from share premium (refer note 24)	257.5	248.5	257.5	248.5
Less distributions/dividends paid (refer note 9)	(349.7)	(373.7)	(349.7)	(373.7)
Balance at end of year	156.3	248.5	156.3	248.5

	Group		Company	
	2011 Rm	2010 Rm	2011 Rm	2010 Rm
28. RETAINED EARNINGS				
Balance at beginning of year	1 940.6	1 770.4	242.4	153.4
Total comprehensive income for the year:				
Profit for the year	546.2	662.0	151.8	239.0
Actuarial gains/(losses) on post-retirement obligations	3.2	(2.7)	3.0	(2.7)
Realised (profit)/loss on disposal of property (refer note 26)	(9.9)	0.1	(0.2)	0.1
Transfer to distribution reserve (refer note 27)	–	(147.4)	–	(147.4)
Transfer of debit foreign currency translation reserve from non-distributable reserves (refer note 26)	(403.8)	(341.8)		
Balance at end of year	2 076.3	1 940.6	397.0	242.4
29. LONG-TERM BORROWINGS				
South African borrowings	–	–	–	–
Foreign borrowings	540.5	969.2	–	–
Total borrowings	540.5	969.2	–	–
Less: Current portion redeemable and repayable within one year (refer note 32)	(305.2)	(537.1)	–	–
	235.3	432.1	–	–
The above borrowings are due for repayment in the following years ending 31 March:				
2011		537.1		–
2012	305.2	305.4	–	–
2013	125.7	119.6	–	–
2014	39.0	4.2	–	–
2015 and thereafter	70.6	2.9	–	–
	540.5	969.2	–	–

	Foreign currency million	Years of repayment	Interest rate %	Group 2011 Rm	2010 Rm
Foreign borrowings					
Unsecured loans:					
Euro	4.6	2011-2015	3.0-7.1	19.9	33.1
US dollar	7.0	2011-2012	1.7	47.5	102.7
Secured loans:					
US dollar*	2.1	2011-2014	4.9	13.9	26.4
US dollar+	15.0	2014-2016	5.4	101.7	–
Zambian kwacha#	235 852.0	2011-2013	6.8-18.1	326.1	807.0
Tanzanian shilling^	6 944.0	2011-2014	7.6	31.4	–
Total foreign borrowings				540.5	969.2
Total borrowings				540.5	969.2

* These loans are secured by property, plant and equipment of Nanga Farms PLC

+ These loans are secured by property, plant and equipment of Maragra Açúcar SA

These loans are secured by property, plant and equipment of Zambia Sugar Plc

^ These loans are secured by property, plant and equipment of Kilombero Sugar Company Limited

	Group		Company	
	2011 Rm	2010 Rm	2011 Rm	2010 Rm
30. DEFERRED TAXATION				
Balance at beginning of year	685.8	701.1	104.0	130.5
Current year income statement charge/(relief)	96.3	110.7	2.4	(22.2)
Prior year income statement (relief)/charge	(13.9)	14.4	–	3.1
Current year comprehensive income charge/(relief)	4.4	(7.4)	4.0	(7.4)
Rate change adjustment	(40.0)	(23.0)	–	–
Acquisition of business	–	52.3	–	–
Disposal of business	–	–	(134.7)	–
Exchange rate translation	(45.0)	(162.3)	–	–
Balance at end of year	687.6	685.8	(24.3)	104.0
Analysis of provision				
– property, plant and equipment	403.9	412.1	2.3	49.0
– growing cane and cane roots	483.4	546.4	–	60.8
– tax losses	(218.8)	(292.7)	–	–
– other	19.1	20.0	(26.6)	(5.8)
Balance at end of year	687.6	685.8	(24.3)	104.0
– asset	(30.9)	(28.1)	(24.3)	–
– liability	718.5	713.9	–	104.0
31. DEFERRED INCOME				
Co-generation electricity supply	40.0	–	–	–
Less: Portion to be recognised within one year (refer note 33)	(2.7)	–	–	–
	37.3	–	–	–

Deferred income represents an amount received for the exclusive right to purchase all surplus electricity. The deferred income will be amortised to profit over the duration of the supply agreement.

	Group		Company	
	2011 Rm	2010 Rm	2011 Rm	2010 Rm
32. SHORT-TERM BORROWINGS				
Amounts due to bankers	628.7	75.1	405.0	–
Current portion of long-term borrowings (refer note 29)	305.2	537.1	–	–
	933.9	612.2	405.0	–

The amounts due to bankers have no fixed terms of repayment and bear interest at variable market related interest rates.

	Group		Company	
	2011 Rm	2010 Rm	2011 Rm	2010 Rm
33. TRADE AND OTHER PAYABLES				
Trade payables	627.1	582.2	220.0	373.0
Accruals and other accounts payable	875.1	586.2	29.9	208.9
Leave pay (refer note 34)	51.1	–	6.7	–
Deferred income (refer note 31)	2.7	–	–	–
	1 556.0	1 168.4	256.6	581.9

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amount of trade payables approximate their fair value.

	Group		Company	
	2011 Rm	2010 Rm	2011 Rm	2010 Rm
34. PROVISIONS				
Leave pay				
Balance at beginning of year	53.0	53.1	27.5	30.3
(Utilised)/raised during the year	(0.4)	7.5	(0.2)	0.5
Disposal of business	–	(3.3)	(20.6)	(3.3)
Reallocation to other payables (refer note 33)	(51.1)	–	(6.7)	–
Exchange rate translation	(1.5)	(4.3)	–	–
Balance at end of year	–	53.0	–	27.5
Post-retirement benefits				
Balance at beginning of year	140.5	147.7	102.1	97.3
Raised during the year	14.9	6.1	2.1	3.2
Disposal of business	–	(2.1)	(15.4)	(2.1)
Actuarial (gains)/losses	(4.6)	3.7	(4.2)	3.7
Reallocation from other provisions	30.2	–	–	–
Exchange rate translation	(3.5)	(14.9)	–	–
Balance at end of year	177.5	140.5	84.6	102.1
Other				
Balance at beginning of year	82.9	75.8	52.7	45.2
(Utilised)/raised during the year	(11.8)	7.1	(11.8)	7.5
Reallocation to post-retirement benefits	(30.2)	–	–	–
Balance at end of year	40.9	82.9	40.9	52.7
Total provisions				
Balance at beginning of year	276.4	276.6	182.3	172.8
Raised/(utilised) during the year	2.7	20.7	(9.9)	11.2
Disposal of business	–	(5.4)	(36.0)	(5.4)
Actuarial (gains)/losses	(4.6)	3.7	(4.2)	3.7
Reallocation to other payables (refer note 33)	(51.1)	–	(6.7)	–
Exchange rate translation	(5.0)	(19.2)	–	–
Balance at end of year	218.4	276.4	125.5	182.3

35. RETIREMENT BENEFITS

A total of three defined benefit pension funds and a number of defined contribution funds cover the large majority of employees, other than those covered by membership of various service-based retirement arrangements.

During the year, an amount of R4.1 million (2010: R5.2 million) was expensed in respect of defined benefit plans, and R67.4 million (2010: R65.1 million) in respect of defined contribution plans and statutory retirement arrangements.

South Africa

All South African plans are funded, with their assets held in administered trust funds which are governed by the Pension Funds Act, 1956. Plan assets primarily consist of listed shares, fixed income securities and investments in the money market.

Following the conversion in 1998, on a voluntary basis, of a large number of members from defined benefit plans to defined contribution plans, the remaining defined benefit plans operate as closed funds and cover 98 employees (2010: 109).

The defined benefit plans are actuarially valued for statutory purposes at intervals of not more than three years. Any deficits that are identified are funded by the company by way of increased future contributions or by the payment of an actuarially determined lump sum.

The statutory actuarial valuations of the defined benefit plans as at 1 January 2009 are complete and have been approved by the Financial Services Board (FSB). The independent consulting actuary found the plans to be in a sound financial position. The statutory valuations indicate surpluses aggregating R48.6 million (2006: R124.7 million). The surplus apportionment schemes of the funds as at 1 January 2003 were approved by the FSB, and the administrators are in the process of making payments to the affected pensioners and former members. The distribution of the surplus arising from the Illovo Sugar Pension Fund valuation as at 1 January 2009 has been completed, and the administrator is in the process of making payments to pensioners and former members.

The accounting actuarial valuations of the defined benefit plans were carried out as at 31 March 2011 in accordance with IAS 19. The combined fair value of the benefit plan assets amounted to R998.9 million (2010: R951.5 million), whilst the present value of promised retirement benefits totalled R826.3 million (2010: R756.5 million). In arriving at these findings, the actuary took into account a discount rate of 9.25% (2010: 9.00%), an expected rate of return on the assets of 9.25% (2010: 8.50%), an expected rate of salary increase of 7.00% (2010: 6.25%), an expected rate of pension increase of 5.40% (2010: 4.73%) and an expected rate of inflation of 6.00% (2010: 5.25%). As at 31 March 2011, the company is not unconditionally entitled to the surplus in the plans and as a result the surplus has not been recognised as an asset.

The assumptions and methods used in the accounting valuations are consistent with the requirements of IAS 19, but not necessarily consistent with the assumptions and methods used in the statutory valuations used for assessing funding requirements. The statutory valuations also make allowance for solvency and contingency reserves which are not incorporated into the accounting valuations in terms of the accounting standards.

A total of R4.1 million (2010: R4.2 million) has been recognised as an expense in the financial period relating to the two defined benefit plans. The current year contribution to the three defined contribution plans totalled R31.9 million (2010: R30.5 million).

Malawi

Pensions are provided for all senior employees through the Sucoma Group Defined Contribution Fund and the Sucoma Non-contributory Defined Contribution Fund. The assets are held in independently administered funds. The pension cost of R3.5 million (2010: R4.0 million) is recognised in the year in which it is incurred.

Retirement benefits for other staff are provided for by the Employment Act regulations.

Zambia

Zambia Sugar provides retirement benefits for its employees through a defined contribution pension scheme and statutory severance pay schemes. Contributions to the defined contribution pension scheme are recognised in the year in which the related services are rendered by the employees. An amount of R10.2 million (2010: R9.4 million) was expensed during the year in respect of the defined contribution pension scheme.

Membership of the National Pension Authority is compulsory for all employees of Zambia Sugar and Nanga Farms with the exception of expatriate employees. Monthly contributions are made by both the employer and the employee, and in the current year the employer's contribution totalled R9.1 million (2010: R9.4 million).

35. RETIREMENT BENEFITS continued

Swaziland

The group provides retirement benefits for all its permanent employees through a defined contribution fund and a provident fund. The company contributions of R4.1 million (2010: R 3.2 million) to these funds are treated as an expense in the financial period.

A defined benefit fund exists consisting of employees who retired prior to October 2004. The accounting actuarial valuation of the defined benefit plan was carried out as at 31 March 2011 in accordance with IAS 19. The fair value of the benefit plan assets amounted to R9.8 million (2010: R10.1 million) whilst the actuarial present value of promised retirement benefits totalled R10.8 million (2010: R11.1 million) resulting in a deficit of R1.0 million (2010: R1.0 million). In arriving at the valuation, the actuary took into account a discount rate of 9.25% (2010: 9.25%), an expected rate of return of 9.75% (2010: 6.75%) and an expected rate of pension increase of 1.16% (2010: 1.16%). The group has raised a provision for the actuarial deficit.

Tanzania and Mozambique

There are no group retirement plans in Tanzania and Mozambique, however, employees are covered for retirement purposes by statutory social security arrangements established by the respective governments. The group contributes a percentage of the payroll in terms of the statutory requirements, and in the current year R7.7 million (2010: R7.5 million) and R0.9 million (2010: R1.1 million) was expensed in respect of these arrangements in Tanzania and Mozambique respectively.

Service-based retirement arrangements

The group has an obligation to provide severance pay to members of service-based retirement arrangements in Malawi, Swaziland and Tanzania based on the length of permanent employment service. At 31 March 2011, the total provision amounted to R75.4 million (2010: R68.6 million).

Post-retirement medical benefits

The obligation of the company to pay medical aid contributions after retirement is no longer part of the conditions of employment for employees engaged after 1 December 1995. A number of pensioners and current employees, however, remain entitled to this benefit. The entitlement to this benefit for current employees is dependent upon the employees remaining in service until retirement age and completing a minimum service period.

The unfunded liability for post-retirement medical benefits is provided on the projected unit credit method, determined actuarially. At 31 March 2011, the total provision amounted to R101.1 million (2010: R102.1 million). During the current year, R3.6 million (2010: R3.2 million) was expensed to the income statement whilst actuarial gains of R4.6 million (2010: actuarial losses R3.7 of million) were recognised in full in other comprehensive income.

A valuation of this provision was performed as at 31 March 2011. In arriving at his finding, the actuary took into account a discount rate of 9.00% (2010: 9.75%), an expected rate of health care inflation of 7.75% (2010: 9.00%) and an expected retirement age of 58 (2010: 58).

36. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The company has a share option scheme for certain employees of the group. Options are exercisable at a price equal to the closing price of the company's shares on the JSE Limited on the day preceding the date of grant. Vesting periods for the share options are one-third after three years, two-thirds after four years, and the full allocation after five years. Details of the share option movements during the year are as follows:

	2011		Company		2010	
	Number of share options	Weighted average option price Rand	Number of share options	Weighted average option price Rand	Number of share options	Weighted average option price Rand
Outstanding at beginning of year	1 631 524		2 544 098			
Forfeited	(68 900)	7.11	(19 200)	6.56		
Exercised	(571 824)	6.71	(893 374)	6.89		
Outstanding at end of year	990 800		1 631 524			
Exercisable at end of year	990 800		1 631 524			

All outstanding share options are fully vested and as a result, no further expense is required to be recognised in respect of the equity-settled share option scheme.

The independent actuaries made use of the following assumptions in arriving at their valuation:

Grant date	Vesting date	Expected option lifetime	Rolling volatility	Dividend yield	Risk-free rate
21/05/2003	21/05/2006	4	33.91	5.70	9.42
21/05/2003	21/05/2007	5	33.14	5.70	9.42
21/05/2003	21/05/2008	6	33.14	5.70	9.44
02/06/2004	02/06/2007	4	33.91	5.94	9.88
02/06/2004	02/06/2008	5	33.14	5.94	9.88
02/06/2004	02/06/2009	6	33.14	5.94	9.91

Cash-settled equity instrument scheme

During the year, the company issued cash-settled equity instruments to certain employees that require the company to pay the intrinsic value of the cash-settled equity instrument at the date of exercise. The grant price of the instrument is based on the average of the closing market price of the company's shares on the JSE Limited for the 30 trading days immediately preceding the date of grant.

At 31 March 2011, the fair value of the obligation in respect of the cash-settled equity instrument scheme was determined actuarially to be R40.9 million (2010: R52.7 million) and an amount of R11.8 million recognised as income (2010: R7.5 million recognised as an expense). The vesting periods for the scheme are the same as those applicable to the share equity-settled share options scheme.

36. SHARE-BASED PAYMENTS continued

The independent actuaries made use of the following assumptions in arriving at their valuation:

		Company	
		2011	2010
Share price	(cents)	2 735	3 090
Expected option lifetime			
– vesting period three	(years)	3	3
– vesting period four	(years)	4	4
– vesting period five	(years)	5	5
Expected rolling volatility			
– one-year expected option lifetime	(%)	22.62	30.70
– two-year expected option lifetime	(%)	27.67	34.36
– three-year expected option lifetime	(%)	31.10	33.09
– four-year expected option lifetime	(%)	30.96	31.18
– five-year expected option lifetime	(%)	29.88	29.75
Risk-free interest rate			
– one-year expected option lifetime	(%)	6.62	7.08
– two-year expected option lifetime	(%)	6.82	7.41
– three-year expected option lifetime	(%)	7.14	7.80
– four-year expected option lifetime	(%)	7.39	8.09
– five-year expected option lifetime	(%)	7.51	8.03
Expected dividend yield	(%)	3.22	3.39
Forfeiture rate per annum	(%)	5.00	5.00

Illovo Sugar Employees' Share Purchase Scheme

Under the Illovo Sugar Employees' Share Purchase Scheme, all employees, except directors and employees who are participants in the equity-settled share option scheme and the cash-settled equity instrument scheme, may purchase the company's shares. Contributions made by employees are enhanced by a 10% contribution from the company, and the company pays for the trading costs. Employees may acquire up to 5 000 shares in the aggregate and 1 000 shares in a continuous 12-month period.

37. CAPITAL EXPENDITURE COMMITMENTS

	Group	
	2011	2010
	Rm	Rm
South Africa		
– contracted	22.5	5.2
– approved but not contracted	135.2	196.2
Malawi		
– contracted	2.1	4.5
– approved but not contracted	61.7	59.2
Zambia		
– contracted	1.7	10.7
– approved but not contracted	44.4	27.5
Swaziland		
– contracted	6.1	596.9
– approved but not contracted	95.6	853.9
Tanzania		
– contracted	17.2	1.9
– approved but not contracted	69.6	78.4
Mozambique		
– contracted	6.0	21.3
– approved but not contracted	21.7	75.7
Mali		
– contracted	7.6	–
– approved but not contracted	2 060.8	1 439.9
Corporate		
– contracted	–	–
– approved but not contracted	54.2	43.2
Contracted	63.2	640.5
Approved but not contracted	2 543.2	2 774.0
	2 606.4	3 414.5

With the exception of Mali and Swaziland, the capital expenditure will be financed from cash resources and facilities negotiated and not yet utilised. In respect of Mali and Swaziland, negotiations for financing facilities are at an advanced stage.

38. CONTINGENT LIABILITIES

	Group		Company	
	2011	2010	2011	2010
	Rm	Rm	Rm	Rm
Guarantees in respect of liabilities of third parties and claims against the group	175.0	48.7	–	–
Guarantees in respect of liabilities of subsidiary companies			289.2	271.7
	175.0	48.7	289.2	271.7

The group has guaranteed certain obligations of its associate company, Gledhow Sugar Company (Pty) Limited, to the extent of R100 million. The group has arrangements to recover any outflows associated with this guarantee from the other shareholders of the associate in proportion to their shareholding.

39. OPERATING LEASE COMMITMENTS

The group's commitments in respect of operating leases are as follows:

	2012	2013	2014	2015	2016 onwards	2011	2010
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Property	45.2	19.2	19.4	8.3	136.0	228.1	151.1
Plant and equipment	25.2	20.1	12.9	9.3	4.7	72.2	90.1
Total lease commitments	70.4	39.3	32.3	17.6	140.7	300.3	241.2

40. RELATED PARTY TRANSACTIONS**40.1 Compensation of key management personnel**

The remuneration of key management personnel for the year ended 31 March 2011 has been disclosed in the Remuneration Report on page 65.

40.2 Subsidiaries, joint ventures and associates

Details of investments in principal subsidiaries, joint ventures and associates are disclosed in notes 14, 15 and 16 respectively.

40.3 Shareholders

Details of the major shareholders of the company and a summary of the categories of shareholders are disclosed on page 145.

40.4 Interests of directors in contracts

All directors of the company have confirmed that they were not materially interested in any contract of significance with the company or any of its subsidiary companies which could have resulted in a conflict of interest during the year.

40.5 Shareholders and related interests of directors and officers in share capital

Details have been included in the Directors' Report on page 96.

40.6 Recovery of management services

Operational support fees are charged to all operating subsidiaries in order to recover the company's management time and effort.

	Group		Company	
	2011 Rm	2010 Rm	2011 Rm	2010 Rm
41. FINANCIAL RISK MANAGEMENT				
Financial instruments consist primarily of cash deposits with banks, investments and loans, trade and other receivables and payables, derivative instruments and bank borrowings. Financial instruments are carried at fair value or amounts that approximate fair value.				
Categories of financial instruments				
Financial assets				
Loans and receivables	1 607.6	2 118.9	319.8	1 290.8
Investments	6.9	8.0	1.6	1.6
Derivative financial instruments recognised in profit and loss	2.8	0.9	1.9	–
Derivative financial instruments designated as cash flow hedges	12.3	–	10.8	–
Financial liabilities				
Derivative financial instruments recognised in profit and loss	2.6	–	–	–
Derivative financial instruments designated as cash flow hedges	1.4	1.8	0.9	0.1
Financial liabilities measured at amortised cost	2 883.1	2 369.2	661.6	581.9
Reconciliation to the statement of financial position				
Loans	121.3	134.5	13.1	30.9
Trade and other receivables	768.5	639.0	61.6	383.4
Cash and cash equivalents	717.8	1 345.4	245.1	876.5
Loans and receivables	1 607.6	2 118.9	319.8	1 290.8
Trade and other payables	1 556.0	1 168.4	256.6	581.9
Taxation payable	97.1	68.6	–	–
Long-term borrowings	235.3	432.1	–	–
Short-term borrowings	994.7	700.1	405.0	–
Financial liabilities measured at amortised cost	2 883.1	2 369.2	661.6	581.9

41.1 Treasury risk management

A treasury risk management committee, consisting of senior executives in the group, meets periodically to analyse currency and interest rate exposures and formulate treasury management strategies in light of prevailing market conditions and current economic forecasts. This committee operates within group policies approved by the board.

The derivative instruments used by the group, which are used solely for hedging purposes (i.e. to offset foreign exchange, price and interest rate risks), comprise interest rate swaps, cross currency interest rate swaps, and forward exchange contracts. Such derivative instruments are used to alter the risk profile of an existing underlying exposure of the group, and forecast future transactions in line with the group's risk management policies.

It is the policy of the group not to trade in derivative financial instruments for speculative purposes.

41. FINANCIAL RISK MANAGEMENT continued

41.2 Interest rate risk management

Taking cognisance of the seasonality of the group's cash flow and long-term interest rate forecasts, the treasury risk management committee positions the group's interest rate exposures according to expected movements in interest rates internationally as well as in the countries in which the group operates.

The interest rate profile at 31 March 2011 is as follows:

	Floating rate		Group Fixed rate		Total borrowings
	Less than one year	Greater than one year	Less than one year	Greater than one year	
Borrowings (Rm)	913.2	227.0	81.5	8.3	1 230.0
Total borrowings (%)	74	18	7	1	100

Interest rate sensitivity

The group is exposed to interest rate cash flow risk in respect of its variable rate loans, which can impact on the cash flows of these instruments. The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year.

	Group	
	2011 Rm	2010 Rm
If interest rates had been 50 basis points higher/lower and all other variables held constant, the group's profit before tax for the year would decrease/increase by	5.7	3.7

41.3 Commodity price risk management

Commodity price risk arises from the fluctuations in the world sugar price and the impact this may have on current or future earnings. In order to minimise this risk, management attempt to maximise the sale of sugar into each operating country's domestic market as well as the regional, European and American markets where premiums are sought. The South African operation, however, does not have access to the preferential European markets and its excess sugar is sold on the world market. The sale of sugar on the world market, as well as the related hedging activities, is undertaken by the South African Sugar Association (SASA). The company partakes in all decisions made by SASA relative to its pricing and hedging activities.

The quantities of sugar sold into the various markets are managed so as to ensure that the group realises the best possible return.

41.4 Currency risk management

In the normal course of business, the group enters into transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts.

The carrying amount of the group's unhedged and uncovered foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Group			
	Assets		Liabilities	
	2011 Rm	2010 Rm	2011 Rm	2010 Rm
US dollar	365.8	294.8	173.9	2.3
Euro	191.3	16.9	0.6	0.2
Other	2.4	0.5	9.4	3.2

41. FINANCIAL RISK MANAGEMENT continued

41.4 Currency risk management continued

Unhedged and uncovered foreign currency monetary items which are repayable within twelve months comprise:

	Group			
	2011		2010	
	Foreign currency millions	Amount in Rm	Foreign currency millions	Amount in Rm
Assets				
US dollar	52.9	358.5	40.2	294.8
Euro	19.9	191.3	1.7	16.9
Other		2.4		0.5
		552.2		312.2
Liabilities				
US dollar	10.2	68.9	0.3	2.3
Euro	0.1	0.6	0.1	0.2
Other		9.4		3.2
		78.9		5.7

Foreign currency sensitivity

The group's exchange rate exposure relates mainly to the US dollar and the euro. The sensitivity analysis below indicates the impact on the group's profit before tax resulting from the revaluation of unhedged and uncovered foreign currency denominated monetary items, outstanding on the reporting date, for an assumed 10% movement in the US dollar and the euro. A positive/(negative) number below indicates an increase/(decrease) in profit before tax where the rand strengthens by 10% against the relevant currency. For a 10% weakening of the rand against the relevant currency, there would be an equal and opposite impact on profit before tax.

	Group			
	US dollar		Euro	
	2011 Rm	2010 Rm	2011 Rm	2010 Rm
10% foreign currency sensitivity	(19.2)	(29.2)	(19.1)	(1.7)

The group has entered into certain forward exchange contracts which relate to specific items appearing on the statement of financial position or were entered into to cover forecast foreign currency proceeds not yet receivable and foreign currency purchases not yet delivered.

The contracts will be utilised for purposes of trade during the 2012 financial year.

	Group					
	Foreign currency million	2011 Average rate	Amount in million	Foreign currency million	2010 Average rate	Amount in Rm
Foreign currency sold						
US dollar	36.5	7.21	263.3	–	–	–
Euro	25.5	9.66	246.3	–	–	–
Foreign currency purchased						
US dollar	36.7	6.96	255.6	4.7	7.92	37.0
Euro	1.3	9.15	11.9	2.0	9.46	18.7
Other			0.7			5.1

41. FINANCIAL RISK MANAGEMENT continued

41.5 Credit risk management

Credit risk consists mainly of short-term cash deposits and cash equivalent investments, trade receivables and loans. The group only deposits short-term cash with major banks of high quality credit standing and limits the amount of credit exposure to any one counter-party. Trade receivables and loans comprise a widespread base, and group companies undertake ongoing credit evaluations of the financial condition of the other parties. Where appropriate, credit guarantee insurance cover is purchased. At 31 March 2011, the group does not consider there to be any material credit risk that has not been insured or adequately provided for.

The group grants various credit terms to its customers. The analysis of trade receivables at reporting date is as follows:

	Group		Company	
	2011 Rm	2010 Rm	2011 Rm	2010 Rm
Not past due	521.3	340.4	0.3	253.0
Past due by 30 days	16.1	23.0	–	17.6
Past due by 60 days	4.0	5.4	–	1.7
Past due by 90 days	2.8	2.5	–	–
Past due by 120 days and over	18.1	6.4	–	0.6
	562.3	377.7	0.3	272.9
Less: Allowance for doubtful debts	(3.0)	(5.4)	–	(2.2)
Trade receivables	559.3	372.3	0.3	270.7
No specific trade receivables have been placed under liquidation in either the current or the prior year.				
Allowance for doubtful debts				
Set out below is a summary of the movement in the allowance for doubtful debts for the year:				
Balance at beginning of year	5.4	21.0	2.2	18.8
Amounts written off during the year	(3.4)	(2.9)	–	–
Amounts recovered during the year	–	(0.5)	(0.1)	–
Increase/(decrease) in allowance	1.2	(11.5)	0.1	(16.6)
Disposal of business	–	–	(2.2)	–
Exchange rate translation	(0.2)	(0.7)	–	–
Balance at end of year	3.0	5.4	–	2.2

41.6 Liquidity risk management

In terms of the company's Articles of Association, the directors may from time to time, at their discretion, raise or borrow for the purpose of the company as they think fit.

The group treasury has access to the following local and foreign banking facilities at 31 March 2011:

	Rm
Local, fixed and flexible term, general banking facilities	1 750.0
Foreign, fixed and flexible term, general banking facilities	1 667.0
	3 417.0

41.7 Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the group consists of equity and debt, which includes borrowings net of cash and cash equivalents.

42. SEGMENTAL ANALYSIS

Business segments

	Revenue Rm	Operating profit Rm	Total assets Rm	Capital expenditure Rm	Depreciation Rm
Year to 31 March 2011					
Sugar production	5 543.9	742.8	4 595.7	864.7	125.1
Cane growing	1 779.3	193.9	3 708.1	176.4	52.2
Downstream	784.7	92.6	360.8	21.6	10.8
Co-generation	–	–	408.2	408.2	–
	8 107.9	1 029.3	9 072.8	1 470.9	188.1
Year to 31 March 2010					
Sugar production	5 962.2	890.3	4 037.9	698.0	176.3
Cane growing	1 910.8	505.2	3 949.9	366.5	63.2
Downstream	594.9	103.1	313.8	3.1	10.9
	8 467.9	1 498.6	8 301.6	1 067.6	250.4

Geographical segments

	Revenue Rm	Operating profit Rm	Total assets Rm	Capital expenditure Rm
Year to 31 March 2011				
Malawi	1 447.8	430.1	1 456.9	59.2
Zambia	1 829.9	242.4	2 925.7	26.4
South Africa	3 219.2	148.0	1 672.7	130.8
Tanzania	626.1	128.0	528.2	61.5
Swaziland	738.0	78.2	1 922.3	1 147.5
Mozambique	246.9	2.6	567.0	45.5
	8 107.9	1 029.3	9 072.8	1 470.9
Year to 31 March 2010				
Malawi	1 711.3	637.5	1 388.1	103.4
Zambia	1 468.1	264.3	3 207.2	257.0
South Africa	3 447.0	255.3	1 804.4	271.3
Tanzania	682.1	166.8	497.4	33.6
Swaziland	799.5	119.7	732.4	194.2
Mozambique	359.9	55.0	672.1	208.1
	8 467.9	1 498.6	8 301.6	1 067.6

Note: Total assets exclude cash and cash equivalents, deferred tax and derivative financial instruments.