INTERIM REPORT

for the six months ended 30 September 2005

Company registration no. 1906/000622/06
Share code ILV ISIN ZAE000003547

Basis of preparation

This report incorporates financial statements which reflect both actual results based on International Financial Reporting Standards ("IFRS") and those determined on a sugar season basis which in the directors' opinion provide a better basis for evaluating the financial performance of the company.

The sugar industry is a seasonal agriculturally based business and the payment processes are such that cash flows throughout the season, which runs from 1 April to 31 March, are derived from the expected tonnages and prices that will be achieved for the season as a whole. The effect of this is that product sales tonnages and prices received, and raw material prices paid are provisional in nature until the conclusion of the season. For this reason the directors consider that profit figures based on actual cash flows may not represent the best basis for evaluating the performance and the results for the period. In respect of the sugar season basis results, operational profits for cane growing and sugar production comprise the company's view of the position at 30 September 2005 as it relates to the season as a whole. All other results are based on actual performance. The amounts disclosed in respect of cane growing and sugar production operations are based on a profit forecast for the year ending 31 March 2006 which has been examined by our auditors, Deloitte & Touche. Their unqualified accountants' report is available for inspection at the company's registered office.

The group has changed its accounting policies to comply with IFRS2 (share-based payments), IAS16 (property, plant and equipment), IAS17 (operating leases) and IAS31 (interest in joint ventures) with effect from 1 April 2004.

These standards have been retrospectively applied, with the comparative figures from the previous year being restated accordingly. The effect of the application of these standards on headline earnings is an increase of R4,1 million for the current six month period, an increase of R2,8 million for the previous comparative six months, and an increase of R10,7 million for the year ended 31 March 2005.

In all other material respects the principal accounting policies have been consistently applied.

Review
On a sugar season basis the group has achieved significantly improved results for the half year with headline earnings of R147,7 million reflecting a 116,6% improvement over the same period in the previous year. Headline earnings per share of 43,8 cents represents a 114,4% increase.

Group operating profits which increased by 46,5% to R315,6 million, benefited from the higher world sugar price, increased sugar and downstream production, the restructuring of operations in South Africa, improved domestic market sales and the sale of the loss-making Monitor Sugar. Net financing costs have decreased by R22,7 million whilst borrowings are R249,1 million lower compared to the same period last year.

The contributions to operating profit were: sugar production 70%, cane growing 22% and downstream 8%. By country contributions were: South Africa 19%, Malawi 34%, Zambia 26%, Swaziland 10%, Tanzania 12% and Mozambique (1%).

The season to date has been characterised by dry conditions in all countries of operation. In South Africa this has impacted negatively on production potential, although output is much improved compared to last year. However elsewhere in the group good irrigation and long sunshine hours have resulted in favourable growing conditions with cane and sugar production forecast to exceed that achieved last year. In general, the sugar factories have performed well. Assuming normal growing and operating conditions for the remainder of the season, group sugar production is expected to be 1 850 000 tons which is 200 000 tons above last year, excluding the Umfolozi operations which were sold at the end of the last season. The sugar production estimates in every country of operation, except South Africa, represent record outputs. Company cane production is anticipated to be 5,45 million tons which is 200 000 tons above last year.

Downstream operations achieved good operating performance and production levels are expected to be better than those achieved last season.

The world sugar price has increased significantly in the past few months although it remains volatile. The price has risen from US8,5 cents/lb in April to over US11,2 cents/lb by the end of September. The South African sugar industry has sold around 85% of anticipated export raw sugar sales at US9,32 cents/lb. Furfural and furfuryl alcohol prices in the Far East and furfuryl alcohol prices in Europe have declined this season due to increased production in China. However furfural prices in Europe and the United States where the majority of Illovo's products are sold have been less affected. Furfural raw material prices in China have recently increased significantly and the prices of both commodities are therefore anticipated to rise to better levels.

Proposals for reform of the European sugar sector could have a material impact on the company in the medium to longer term. The EU sugar price is anticipated to decline substantially over a period of time, but this will be offset by increased access to the European market which will enable the group to expand its operations against a background of known future prices. The European Commission is finalising its reform package for consideration by the European Union Council of Agricultural Ministers at the end of November 2005.

Directorate
Karin Zarnack has been appointed financial director, whilst the executive responsibilities of John Russell have been changed from financial director to new projects director. Robin Hamilton, who has been a director for 17 years, has retired from the Board and we thank him for his valued contribution to the Illovo group. We are pleased to welcome Imogen Mkhize as a non-executive director of the company.

Dividend
An interim dividend of 20,0 cents per share (2004 : 12,0 cents) has been declared. It is anticipated that for the full

year 60% of headline earnings will be paid as a dividend.

Prospects

Operations for the current year are progressing well and good production levels are anticipated. However results for the year will be influenced by the level of the rand compared to other currencies and final sugar production. For the full year to 31 March 2006, subject to the rand continuing at around its present level, and as an up-date to the Trading Statement issued on 14 September 2005, headline earnings are now expected to be between 80% and 100% higher than in the previous financial year. The profit forecast has been examined by our auditors Deloitte & Touche and their unqualified accountants' report is available for inspection at the company's registered office.

On behalf of the Board

R A Williams	**D G MacLeod**	Mount Edgecombe
Chairman	*Managing Director*	16 November 2005

GROUP INCOME STATEMENTS

	Notes	**Actual** Unaudited Six months ended 30 September **2005** **Rm**	2004 Restated Rm	**Sugar season basis** Unaudited Six months ended 30 September **2005** **Rm**	2004 Restated Rm	Change %	Actual Audited Year ended 31 March 2005 Restated Rm
Revenue		**2 367.9**	2 325.5	**2 657.6**	2 759.9	(3.7)	5 102.6
Profit from operations		**367.8**	207.2	**315.6**	215.5	46.5	424.6
Net financing costs	4	**44.1**	66.8	**44.1**	66.8		154.0
Profit before material items		**323.7**	140.4	**271.5**	148.7		270.6
Material items	5	**0.6**	(68.3)	**0.6**	(68.3)		(79.2)
Profit before taxation		**324.3**	72.1	**272.1**	80.4		191.4
Taxation		**94.4**	37.1	**82.6**	43.5		89.2
Profit after taxation		**229.9**	35.0	**189.5**	36.9		102.2
Attributable to outside shareholders in subsidiary companies		**64.4**	44.9	**40.9**	34.6		50.8
Net profit / (loss) attributable to shareholders in Illovo Sugar Limited		**165.5**	(9.9)	**148.6**	2.3		51.4
Determination of headline earnings :							
Net profit / (loss) attributable to shareholders		**165.5**	(9.9)	**148.6**	2.3		51.4
Adjusted for :							
Net loss on sale of businesses		**-**	65.6	**-**	65.6		97.0
(Profit)/loss on disposal of property		**(0.6)**	2.7	**(0.6)**	2.7		6.5
Profit on disposal of plant and equipment		**(0.3)**	(2.4)	**(0.3)**	(2.4)		(1.4)
Headline earnings		**164.6**	56.0	**147.7**	68.2	116.6	153.5
Number of shares in issue (millions)		**337.5**	334.4	**337.5**	334.4		337.2
Weighted average number of shares on which headline earnings per share are based (millions)		**337.4**	334.0	**337.4**	334.0		335.0
Headline earnings per share (cents)		**48.8**	16.8	**43.8**	20.4	114.4	45.8
Diluted headline earnings per share (cents)		**48.0**	16.8	**43.2**	20.2		45.4
Dividend per share (cents)		**20.0**	12.0	**20.0**	12.0	66.7	25.5

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ABRIDGED GROUP BALANCE SHEETS

	Actual Unaudited 30 September **2005** Rm	2004 Restated Rm	**Sugar season basis** Unaudited 30 September **2005** Rm	2004 Restated Rm	Actual Audited 31 March 2005 Restated Rm
Non-current assets	**2 339.1**	2 241.3	**2 339.1**	2 241.3	2 310.1
Property, plant and equipment	**1 700.4**	1 711.8	**1 700.4**	1 711.8	1 679.5
Cane roots	**557.6**	442.1	**557.6**	442.1	543.7
Investments	**81.1**	87.4	**81.1**	87.4	86.9
Current assets	**2 589.8**	2 467.9	**2 589.8**	2 467.9	1 522.5
Inventories	**1 740.1**	1 632.8	**1 740.1**	1 632.8	938.9
Accounts receivable	**849.7**	835.1	**849.7**	835.1	583.6
Current liabilities	**1 282.1**	1 124.0	**1 334.1**	1 115.7	1 122.2
Accounts payable and provisions	**1 210.8**	1 075.4	**1 262.8**	1 067.1	1 030.0
Financial instruments	**71.3**	48.6	**71.3**	48.6	92.2
Net current assets	**1 307.7**	1 343.9	**1 255.7**	1 352.2	400.3
Non-current liabilities					
Deferred taxation	**476.6**	416.0	**465.0**	422.4	436.2
Net borrowings	**1 473.1**	1 722.2	**1 473.1**	1 722.2	800.8
Net assets	**1 697.1**	1 447.0	**1 656.7**	1 448.9	1 473.4
EQUITY					
Equity holders' interest	**1 313.5**	1 100.6	**1 296.6**	1 112.8	1 140.5
Minority shareholders' interest	**383.6**	346.4	**360.1**	336.1	332.9
Total equity	**1 697.1**	1 447.0	**1 656.7**	1 448.9	1 473.4

OTHER SALIENT FEATURES

Operating margin (%)	**15.5**	8.9	**11.9**	7.8	8.3
Gearing (%)	**86.8**	119.0	**88.9**	118.9	54.4
Interest cover (times)	**8.3**	3.1	**7.2**	3.2	2.8
Net asset value per share (cents)	**502.8**	432.7	**490.9**	433.3	437.0
Depreciation	**64.4**	100.8	**64.4**	100.8	154.7
Capital expenditure	**68.9**	104.5	**68.9**	104.5	332.1
- expansion	**27.8**	18.0	**27.8**	18.0	18.5
- product registration costs	**2.0**	1.7	**2.0**	1.7	7.3
- operating leases	**-**	-	**-**	-	172.2
- replacement	**39.1**	84.8	**39.1**	84.8	134.1
Capital commitments	**175.7**	268.9	**175.7**	268.9	245.4
- contracted	**81.3**	35.9	**81.3**	35.9	11.6
- approved but not contracted	**94.4**	233.0	**94.4**	233.0	233.8
Lease commitments	**169.1**	195.4	**169.1**	195.4	182.1
- land and buildings	**88.1**	107.4	**88.1**	107.4	115.2
- other	**81.0**	88.0	**81.0**	88.0	66.9
Contingent liabilities	**11.2**	13.4	**11.2**	13.4	14.4

ABRIDGED GROUP CASH FLOW STATEMENTS

	Actual		Sugar season basis		Actual
	Unaudited		Unaudited		Audited
	Six months ended		Six months ended		Year ended
	30 September		30 September		31 March
	2005	2004	**2005**	2004	2005
		Restated		Restated	Restated
	Rm	Rm	**Rm**	Rm	Rm
Cash flows from operating and investing activities					
Cash operating profit	**575.1**	481.5	**522.9**	489.8	527.6
Working capital requirements	**(980.8)**	(1 055.9)	**(928.6)**	(1 064.2)	128.8
Cash (utilised by)/generated from operations	**(405.7)**	(574.4)	**(405.7)**	(574.4)	656.4
Replacement capital	**(39.1)**	(85.0)	**(39.1)**	(85.0)	(298.0)
Finance costs, taxation and dividend	**(165.1)**	(202.8)	**(165.1)**	(202.8)	(390.1)
Net investment in future operations	**(45.9)**	(34.4)	**(45.9)**	(34.4)	(35.9)
Cash flow from businesses sold	**-**	429.9	**-**	429.9	429.9
Other movements	**2.6**	7.6	**2.6**	7.6	17.5
Net cash (outflow) / inflow before financing activities	**(653.2)**	(459.1)	**(653.2)**	(459.1)	379.8

STATEMENTS OF CHANGES IN EQUITY

Share capital and share premium					
Balance at beginning of the period	**282.5**	264.3	**282.5**	264.3	264.3
Issue of new shares	**1.5**	2.9	**1.5**	2.9	18.2
Balance at end of the period	**284.0**	267.2	**284.0**	267.2	282.5
Share-based payments reserve					
Balance at beginning of the period	**2.8**	-	**2.8**	-	-
Share-based payment expense	**1.5**	1.4	**1.5**	1.4	2.8
Balance at end of the period	**4.3**	1.4	**4.3**	1.4	2.8
Non-distributable reserves					
Balance at beginning of the period	**98.5**	109.4	**98.5**	109.4	109.4
Effect of foreign current translation	**50.0**	(37.8)	**50.0**	(37.8)	(32.5)
Effect of cash flow hedges	**-**	(4.2)	**-**	(4.2)	(9.7)
Transfer (to)/from retained surplus - Foreign Currency Translation Reserve (FCTR)	**(54.8)**	30.4	**(54.8)**	30.4	31.3
Balance at end of the period	**93.7**	97.8	**93.7**	97.8	98.5
Retained surplus					
Balance at beginning of the period	**711.2**	921.3	**711.2**	921.3	921.3
Restatement of opening balance	-	(73.6)	-	(73.6)	(73.6)
Dividend reserve opening balance transfer	-	(93.5)	-	(93.5)	(93.5)
Realised profit on disposal of land	-	-	-	-	1.5
Adjustment for AC133	-	0.2	-	0.2	0.2
Derecognition of negative goodwill	-	20.1	-	20.1	21.0
Transfer to dividend reserve	**(67.5)**	(40.1)	**(67.5)**	(40.1)	(85.8)
Transfer from/(to) non-distributable reserves - FCTR	**54.8**	(30.4)	**54.8**	(30.4)	(31.3)
Net profit / (loss) for the period	**165.5**	(9.9)	**148.6**	2.3	51.4
Balance at end of the period	**864.0**	694.1	**847.1**	706.3	711.2
Dividend reserve					
Balance at beginning of the period	**45.5**	93.5	**45.5**	93.5	93.5
Transfer from retained surplus	**67.5**	40.1	**67.5**	40.1	85.8
Dividends paid	**(45.5)**	(93.5)	**(45.5)**	(93.5)	(133.8)
Balance at end of the period	**67.5**	40.1	**67.5**	40.1	45.5
Equity holders' interest	**1 313.5**	1 100.6	**1 296.6**	1 112.8	1 140.5
Minority shareholders interest					
Balance at beginning of the period	**332.9**	409.9	**332.9**	409.9	409.9
Restatement of opening balance	-	(79.0)	-	(79.0)	(79.0)
Effect of foreign current translation	**1.1**	(7.3)	**1.1**	(7.3)	(6.6)
Dividends paid	**(14.8)**	(22.1)	**(14.8)**	(22.1)	(42.2)
Net profit for the period	**64.4**	44.9	**40.9**	34.6	50.8
Balance at end of the period	**383.6**	346.4	**360.1**	336.1	332.9
Total equity	**1 697.1**	1 447.0	**1 656.7**	1 448.9	1 473.4

BUSINESS SEGMENTAL ANALYSIS

	Actual Unaudited Six months ended 30 September		**Sugar season basis** Unaudited Six months ended 30 September				Actual Audited Year ended 31 March
	2005	2004 Restated	**2005**		2004 Restated		2005 Restated
	Rm	Rm	**Rm**	**%**	Rm	%	Rm
Revenue							
Sugar production	**1 368.2**	1 481.6	**1 933.0**	**73**	2 101.2	76	3 740.3
Cane growing	**787.8**	652.1	**512.7**	**19**	466.9	17	893.6
Downstream	**211.9**	191.8	**211.9**	**8**	191.8	7	468.7
	2 367.9	2 325.5	**2 657.6**		2 759.9		5 102.6
Profit from operations							
Sugar production	**257.0**	152.0	**220.5**	**70**	139.1	64	295.8
Cane growing	**86.1**	25.5	**70.4**	**22**	46.7	22	63.8
Downstream	**24.7**	29.7	**24.7**	**8**	29.7	14	65.0
	367.8	207.2	**315.6**		215.5		424.6

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NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The group has adopted IFRS with a transition date of 1 April 2004. The unaudited actual results for the six months ended 30 September 2005 have been prepared using accounting policies that comply with IFRS and are prepared in accordance with IAS 34, Interim Financial reporting with the comparatives restated accordingly. The group is is reporting under IFRS for the first time for the year ending 31 March 2006.

The accounting policies adopted are consistent with those of the previous financial period, except for those described in note 2.

2. New accounting policies adopted:

2.1 Share-based payments (IFRS 2)

In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity-settled payments after 7 November 2002 that were unvested as at 1 January 2005. The group issued equity-settled instruments to certain qualifying employees under an Employee Share Option Scheme to purchase shares in the company's authorised but unissued share capital. Equity share-based payments are measured at the fair value of the equity instruments at the date of the grant. The deferred share-based compensation is expensed over the vesting period, based on the company's estimate of the shares that are expected to eventually vest with a corresponding credit to a share-based payments reserve in equity.

2.2 Property, plant and equipment (IAS 16)

In accordance with IAS 16, the group has adopted the componentisation approach to property, plant and equipment. This requires amortisation to be determined separately for each significant part of an item of property, plant and equipment. In addition, costs relating to the moving and certain indirect costs relating to the rehabilitation of items of property, plant and equipment which were previously capitalized to the asset, are now written-off in the period in which they are incurred. The group has made an election in terms of IFRS 1 (First-time adoption of IFRS) for certain items of property, plant and equipment whereby their fair value at the date of transition is deemed to be cost.

2.3 Operating leases (IAS 17)

In accordance with Circular 7/2005 of SAICA in respect of the accounting treatment of operating leases, the group now reports all operating leases with fixed rate escalations as an expense on a straight line basis over the period of the lease.

2.4 Interests in Joint Ventures (IAS 31)

In accordance with IAS 31 the group now accounts for investments in jointly controlled entities using the proportionate consolidation method whereas previously the group accounted for these entities using the full consolidation method.

3. Reconciliation of changes in accounting policies

	Actual Unaudited Six months ended 30 September 2004 Rm	Sugar season basis Unaudited Six months ended 30 September 2004 Rm	Actual Audited Year ended 31 March 2005 Rm	IFRS transition date 1 April 2004 Rm
Balance sheet				
Equity holders' interest				
As previously reported	1 174.5	1 186.7	1 200.3	1 295.0
Effect of IAS 16 (note 2.2)	(73.6)	(73.6)	(73.6)	(73.6)
Share-based payments reserve	1.4	1.4	2.8	-
Effect of foreign currency translation	(4.5)	(4.5)	0.3	-
Effect of changes on the income statement	2.8	2.8	10.7	-
As restated	1 100.6	1 112.8	1 140.5	1 221.4
Minority shareholders' interest				
As previously reported	430.3	420.0	408.4	409.9
Effect of IAS 16 (note 2.2)	(58.7)	(58.7)	(58.7)	(58.7)
Effect of IAS 31 (note 2.4)	(20.3)	(20.3)	(20.3)	(20.3)
Effect of foreign currency translation	(4.4)	(4.4)	2.0	-
Effect of changes on the income statement	(0.5)	(0.5)	1.5	-
As restated	346.4	336.1	332.9	330.9
Income Statement				
Net (loss)/profit as previously reported	(12.7)	(0.5)	40.7	
Effect of IFRS 2 (note 2.1)	(1.3)	(1.3)	(2.6)	
Effect of IAS 16 (note 2.2)	4.7	4.7	14.6	
Effect of IAS 17 (note 2.3)	(0.6)	(0.6)	(1.3)	
As restated	(9.9)	2.3	51.4	

	Unaudited Six months ended 30 September **2005** **Rm**	2004 Rm	Audited Year ended 31 March 2005 Rm
4. Net financing costs			
Interest paid	**88.6**	87.2	188.8
Interest received	**(43.7)**	(18.6)	(32.2)
Dividend income	**(0.8)**	(1.8)	(2.6)
	44.1	66.8	154.0
5. Material items			
Net loss on sale of businesses	**-**	(65.6)	(72.7)
Profit / (loss) on disposal of property	**0.6**	(2.7)	(6.5)

Material profit/(loss) before taxation	**0.6**	(68.3)	(79.2)
Taxation	**-**	-	(24.3)
Material profit/(loss) attributable to shareholders in Illovo Sugar Limited	**0.6**	(68.3)	(103.5)

Company Registration no. 1906/000622/06
Share code ILV
ISIN ZAE000003547

DECLARATION OF DIVIDEND NO. 28

Notice is hereby given that an interim dividend of 20.0 cents per share has been declared on the ordinary shares of the company in respect of the six months ended 30 September 2005.

In accordance with the settlement procedures of STRATE, the company has determined the following salient dates for the payment of the dividend :

Last day to trade cum–dividend	Thursday, 29 December 2005
Shares commence trading ex-dividend	Friday, 30 December 2005
Record date	Friday, 6 January 2006
Payment of dividend	Monday, 9 January 2006

Share certificates may not be dematerialized / rematerialised between Friday, 30 December 2005 and Friday, 6 January 2006, both days inclusive.

By order of the Board

G D Knox — Mount Edgecombe
Company Secretary — 16 November 2005

Directors :
R A Williams (Chairman)*, D G MacLeod (Managing Director), G J Clark (Australian), B P Connellan*, N M Hawley, M I Hlatshwayo (Swazi), D Konar*, P M Madi*, I N Mkhize*, A R Mpungwe (Tanzanian)*, R A Norton*, J T Russell, M J Shaw*, B M Stuart, K Zarnack

* *Non-executive*

Registered office :
Illovo Sugar Park, 1 Montgomery Drive, Mount Edgecombe, KwaZulu-Natal, South Africa

Postal address :
P O Box 194, Durban, 4000

Website : www.illovosugar.com

Transfer Secretaries :
Ultra Registrars (Proprietary) Limited : 11 Diagonal Street, Johannesburg, 2001,
P O Box 4844, Johannesburg, 2000

Auditors :
Deloitte & Touche

Sponsor :
JP Morgan Equities Limited