

**ILLOVO SUGAR
(MALAWI) LIMITED**

2009

ANNUAL REPORT



MALAWI





Left: Record sugar cane production of more than 2.1 million tons was achieved in Malawi, with average estate cane yields significantly higher than those achieved in the previous season.

Top middle: Both factories performed well during the season with aggregate sugar production exceeding 300 000 tons for the first time.

Top Right: The Nchalo factory was the focus of a capacity expansion project during the year.

Below: Domestic sales of sugar increased to a record 201 790 tons, representing an 11% increase over the previous year.



ILLOVO SUGAR (MALAWI) LIMITED

Left and Right: Fuel to power the sugar factories at Dwangwa and Nchalo is sourced from both bagasse and biomass which are renewable energy sources.



The production of cane by Malawian small-scale growers at both estates continues to gain momentum and during the year, the Kasinthula small-scale grower scheme, which currently supplies cane to the Nchalo mill, became the beneficiary of a wide-ranging support package from the EU.

As part of a group-wide philosophy to be accepted in the communities in which Illovo operates, the company provides housing, water, electricity, healthcare and schooling assistance to its employees and their dependants.

In respect of malaria, Illovo undertakes mosquito control spray programmes and the distribution of insecticide treated bed-nets.

KEY FEATURES

	2009	2008
Results (K million)		
Revenue	26 090	21 173
Operating profit	9 740	7 945
Net profit for the year	6 353	5 025
Headline earnings	6 339	5 004
Share performance (tambala per share)		
Headline earnings	889	701
Dividends paid/proposed	625	490
- Paid first interim	240	190
- Declared second interim	370	285
- Proposed final	15	15
Net worth	1 882	1 532
Year end market price	11 000	11 500
Financial statistics		
Return on average shareholders' equity (%)	52.2	49.2
Return on net assets (%)	54.1	53.1
Interest cover (times)	16.3	11.1
Dividend cover (times)	1.4	1.4

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GROUP PROFILE

Illovo Sugar (Malawi) Limited is listed on the Malawi Stock Exchange with the Illovo Sugar Group of South Africa holding 76% of the issued share capital. Old Mutual Life Assurance Company (Malawi) Limited have a 9% shareholding, with the balance of shares being held by the public and institutional investors.

Illovo is Malawi's only sugar producer with significant agricultural and milling assets at the Dwangwa Sugar Estate in the mid-central region and at the Nchalo Sugar Estate in the south of the country. In a normal season approximately 2.4 million tons of sugar cane is grown by the company and its supplying Malawian smallholder growers, enabling the company to produce more than 300 000 tons of sugar.

Cane growing operations are significantly enhanced at both estates by access to secure water sources for irrigation, resulting in excellent annual cane yields and above average sucrose content. Cane grown at Dwangwa is irrigated from the Rupashe River, supplemented by water from Lake Malawi, whilst Nchalo sources water from the Shire River.

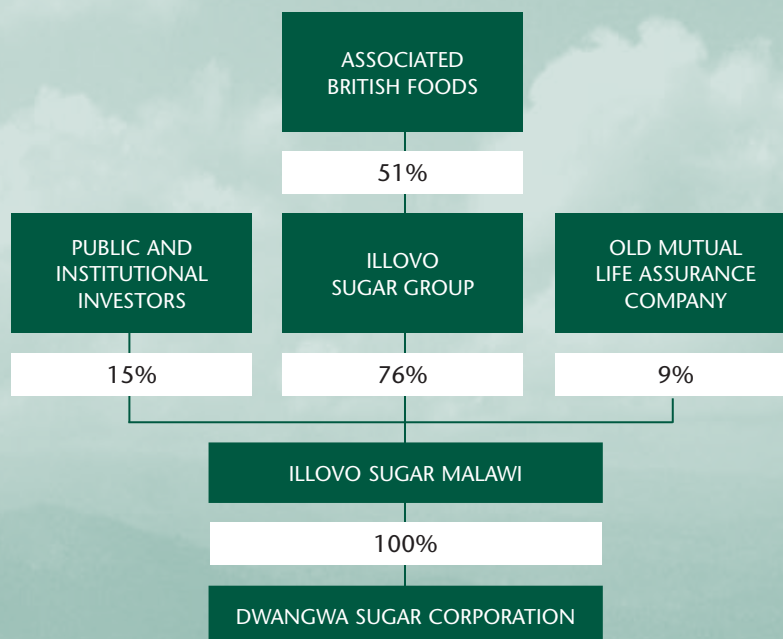
Approximately 66% of sugar produced is currently sold to local industrial and consumer markets, 19% into preferentially-priced markets in the European Union (EU) and the United States of America (USA) and the remainder sold into regional and other world markets. Both milling operations produce molasses, which is a by-product of the sugar manufacturing process. This product is currently sold as a fermentation raw material to the Ethanol Company Limited and Presscane Limited fuel alcohol distilleries in Malawi.

Illovo's operations in Malawi are of considerable benefit to the local economy, earning valuable foreign exchange and providing permanent employment for over 5 500 people, with a further 5 000 jobs being provided on a seasonal basis. Many local industries depend upon Illovo for their viability and the employment created by these businesses provides an income-base for many more families than are directly employed by the company. Social responsibility programmes administered by the estates bring significant benefits to the surrounding communities and are an important component of Malawi's overall strategy for poverty alleviation.

Illovo Sugar (Malawi) Limited is part of the Illovo Sugar Group, a leading, global sugar producer and significant manufacturer of downstream products, with agricultural and manufacturing operations extending over six African countries. The Illovo group currently produces about 5.1 million tons of sugar cane from its own agricultural operations and approximately 1.8 million tons of sugar which is sold to domestic, preferential and regional markets, as well as to the world market. Value-added operations include the production of furfural, furfuryl alcohol, Agriguard, diacetyl, 2,3-pentanedione, BioMass Sugar, ethyl alcohol and lactulose. Speciality sugars made in Malawi and Zambia are produced for preferential markets in the EU and USA. Illovo is listed on the Johannesburg Stock Exchange. It is a subsidiary of the Associated British Foods plc which holds 51% of the share capital.



GROUP STRUCTURE AND SHAREHOLDING



CORPORATE INFORMATION

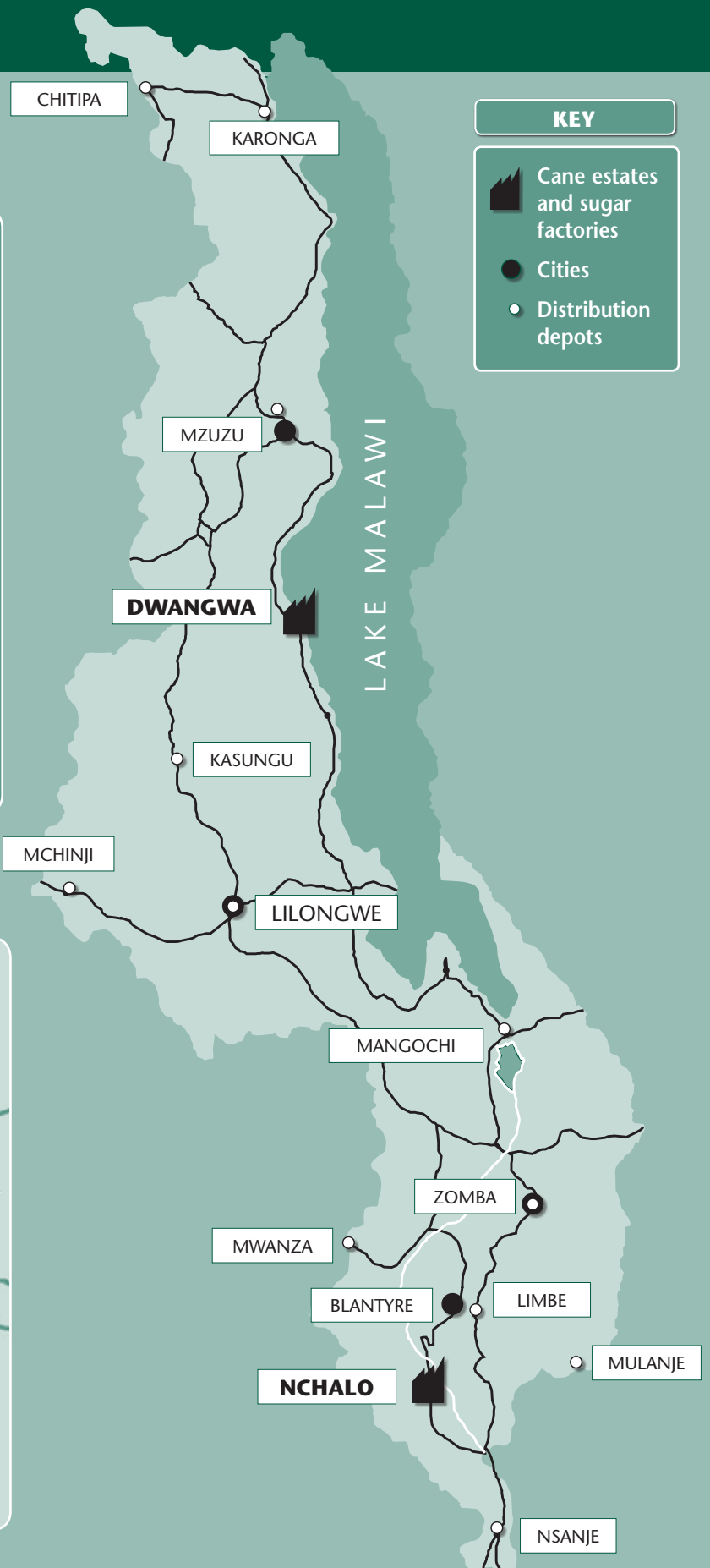
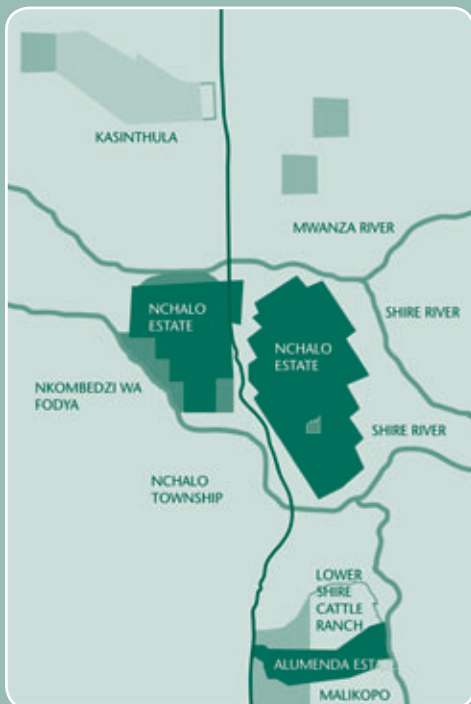
Secretaries	: Malawi Sugar Limited
Business address and registered office	: Illovo Sugar (Malawi) Limited, Illovo House, Churchill Road, Limbe, Malawi
Postal address	: Private Bag 580, Limbe, Malawi
Telephone	: +265 (0)1 843 988
Fax	: +265 (0)1 840 761
E-mail address	: illovomalawi@illovo.co.za
Website address	: www.illovosugar.com
Transfer secretaries	: First Merchant Bank Transfer Secretaries, 2nd Floor, Livingstone Towers, Glyn Jones Road, Blantyre, Malawi
Postal address	: Private Bag 122, Blantyre, Malawi
Telephone	: +265 (0)1 822 150
Fax	: +265 (0)1 823 314
E-mail address	: omega@cfmalawi.com
Auditors	: Deloitte
Attorneys	: Chisanga and Tomoka Savjani and Company
Principal bankers	: National Bank of Malawi Nedbank Malawi Limited Standard Bank Limited

OPERATING LOCATIONS

DWANGWA



NCHALO



KEY

- Cane estates and sugar factories
- Cities
- Distribution depots

DIRECTORATE

NAME	QUALIFICATIONS	APPOINTED	POSITION
CHAIRMAN			
D G MacLeod (62) •#	BCom, AMP(Oxon)	1997	Deputy Chairman – Illovo Sugar Limited
EXECUTIVE DIRECTORS			
I G Parrott (42) #	BCom, CIA	2003	Managing Director – Illovo Sugar (Malawi) Limited
W A Cowden (30)	BActt(Hons), CA(SA)	2009	Finance Director – Illovo Sugar (Malawi) Limited
E I Williams (62)	GCC(Factories-Elect & Mech), SMSAIEE	2009	General Manager – Nchalo
NON-EXECUTIVE DIRECTORS			
Dr M A P Chikaonda (54)	DipBus, BA(Hons), MBA, PhD	2006	Group Chief Executive – Public Listed Company
G J Clark (53) * •#	BActt(Hons), FCA	1996	Managing Director – Illovo Sugar Limited
S L G Malata (47) *	BCom, MSc(Fin & Acc)	2003	General Management
D B Mawindo (51)	LLB(Hons), MBA	2005	Management Consultant – Private Company
A R Mpungwe (58)	BA(Hons)	2006	Director of Companies
B M Stuart (61)	BCom, Dip(Sugar Tech), SEP	2007	Operations Director – Illovo Sugar Limited
K Zarnack (36) *#	CA(SA)	2005	Financial Director – Illovo Sugar Limited
*	Audit Committee Member		
•	Remuneration Committee Member		
#	Risk Management Committee Member		

SENIOR MANAGEMENT

NAME	QUALIFICATIONS	JOINED	OPERATING RESPONSIBILITY
E M Banda (36)	BA(PubAdm)	1998	Human Resources – Nchalo
Dr H H Z Chakaniza (39)	MBBS	2000	Medical Services – Dwangwa
D W Davey (60)	ABP	2002	Finance – Nchalo
D P R Davies (54)	Dip(IMM)	2003	General Manager – Marketing
G S Garson (54)	BCom, MBL	2002	Company Secretary
R R Kunjawa (39)	BA(PubAdm), MSc(DevAdm)	2000	Human Resources – Dwangwa
C H Kyle (59)	BCom, HDPM	2007	Group Human Resources Manager
G S McAdam (45)	NHD(Mech Eng), GCC(Factories)	2006	Factory – Dwangwa
I I Majamanda (42)	BSc(Agric), MSc(Agric Eng)	1998	Agriculture – Nchalo
G M Mkandawire (62)	BSc(Econ), MCom(Mkt)	2003	Commercial Manager
Dr A W Mkumbwa (39)	MBBS	1998	Medical Services – Nchalo
K G M Naidoo (52)	BCom, MBL	2009	Finance – Dwangwa
D P R Piringu (53)	DipBus, BCom(Acct)	1989	Finance – Limbe
E T Rousseau (50)	BCom, NHD(Chem Eng)	2008	Factory – Nchalo
A C Stewart (59)	Cert(Agric)	1975	Agriculture – Dwangwa
K M J Tembo (46)	Dip(IndEng)	1992	General Manager – Dwangwa

OVERVIEW

Record sugar production and sales, together with ongoing cost control, contributed to an improved profit after tax for the year, which exceeded K 6 billion for the first time. This was despite the continued strength of the Kwacha against the US Dollar which suppressed export revenue. Local sales performance was however excellent. The operations at Dwangwa and Nchalo enjoyed a very successful season in 2008/09, with several agricultural and factory records being achieved. Good climatic conditions contributed to better than average cane growth and improved yields. A record cane crop of just over 2.3 million tons was produced during the year which reflects a 10% increase over the previous year. Malawian smallholder growers continued to provide cane to both factories and also achieved a slight increase in cane deliveries compared to the previous year. Overall sugar production of 303 774 tons was significantly higher than that of 265 788 tons produced in the previous year.

Overall sales volumes increased by 12% compared to the 2007/08 season, exceeding 300 000 tons for the first time. Domestic sales were extremely buoyant and grew by 11% whilst export volumes increased by 13% compared to last year. These higher sales tonnages, coupled with good export premiums, resulted in overall sales revenue increasing by 23% for the year.

Following capital expenditure of more than K 1.5 billion in 2007/08, which included the cost of the Dwangwa factory expansion, the company continued to invest in capital projects during 2008/09 to further improve future cane growing and factory efficiencies. This included the capacity expansion of the Nchalo factory, and agricultural expansions undertaken at both estates.

OPERATIONS

DWANGWA

Generally the estate experienced satisfactory weather conditions during the year and this, together with a slight increase in area planted to cane, resulted in total cane production of 846 969 tons being achieved, representing a marginal increase over the previous season. The smallholders' crop remained fairly constant in comparison with the previous year. Land development work continued to take place in the Kazalira, Ukasi and Liwaladzi smallholder areas.

The factory performed to expectation for most of the season, having experienced a difficult start-up following the plant upgrade undertaken in the 2007/08 offcrop maintenance period. Record sugar production of 116 783 tons was achieved.





P I L O W O S U G A R (N A L A W I) L I M I T E D

NCHALO

Nchalo achieved a record year in terms of both its agricultural and factory operations. The estate experienced ideal weather conditions and, combined with smallholder deliveries of about 70 000 tons, a record cane crop of 1 483 183 tons was produced. This represented a 15% increase over that achieved in the previous year. There was a significant increase in estate and smallholder cane yields, with the Nchalo agricultural operations achieving an excellent seasonal average of 114 tons cane per hectare.

The factory performed exceptionally well during the crushing season and various operational records, together with the additional cane throughput, translated into record sugar production of 186 991 tons, which was around 32 000 tons more than that achieved during the 2007/08 season.

The factory capacity expansion project progressed well during the year and the factory commenced operations in April 2009 as planned.

MARKETING

Throughout the world, sugar is one of the most highly protected agricultural commodities, with significant duty and tariffs applied in all but a very few sugar producing countries. The viability of even the world's most efficient sugar producers remains under threat from dumped world market sugar, which on average, is priced below the global production cost of sugar. To safeguard their ongoing sustainability, almost without exception, sugar producing countries protect their domestic markets through tariffs in one form or another. Globally, sugar is recognised as a "sensitive" product, and in line with practices adopted by other regional trade partners, import control measures are necessary to prevent the illegal importation of sugar.

Malawi's sugar industry has made and continues to make significant investments in capital equipment and human skills development programmes to improve its competitiveness and today is recognised as being amongst the lowest ex-mill cost cane sugar producers in the world. The preservation of a stable domestic market is critical to the sugar industry's long-term viability and to provide the base to allow further smallholder cane farm development. Sugar production is important to the Malawian economy as a source of income for local farmers and a significant generator of tax revenue and foreign exchange for the Government.

DOMESTIC MARKET

Sugar is readily available throughout the country via a national distribution network with depots established in all regions. The market is supplied without the restriction of permits or quotas and is open to all Malawians who wish to enter the wholesale or retail market. The company equalises transport costs to the depots and sugar is sold at a uniform ex-depot price throughout the country.

Domestic sales volumes increased to a record 201 790 tons, representing an 11% increase over the previous year. Raw sugar sales in particular performed very well. However, increased market distribution costs imposed by third-party transporters, impacted negatively upon achievable margins.

EXPORT MARKET

The company's ongoing ability to produce a quality product and to deliver it timeously to its export customers contributed significantly to the 13% increase in exports made by the company during the year. In total, 97 923 tons of sugar was exported in 2008/09, representing approximately one-third of total sugar sales.

Preferential markets

During the year, as a member of the African, Caribbean and Pacific (ACP) and Least Developed Countries (LDCs) producer groups, Malawi benefited from significant access to markets in the EU and the USA. In total, 58 956 tons of sugar was sold into these premium markets. Unfortunately Government delays in signing the Economic Partnership Agreement (EPA) with the EU negatively affected the granting of additional export quota, constraining these exports.

Regional / World markets

Total sugar sales into the African/Indian Ocean region totalled 38 967 tons with the bulk of these volumes being into the Democratic Republic of Congo (DRC), Rwanda and Burundi. Smaller tonnages were sold to Botswana, Madagascar, South Africa, Zambia and Zimbabwe.

New marketing opportunities were established during the previous year in non-traditional markets, in Israel and Russia. Exports to these countries in 2008/09 continued, albeit in small quantities.

EU sugar regime

Reform of the EU sugar regime has been completed via a process of structured change which has seen the removal of EU export subsidies and the reduction of domestic farm support for European based farmers. Domestic sugar production in the EU has reduced by nearly six million tons as a result of these measures which were also accompanied by a restructuring grant to affected EU producers. The net result of the reform will be to move the European sugar market from surplus into deficit, enabling imports from the traditional exporters of sugar to the EU, mainly LDCs and member states of the ACP trade groups, to continue on preferential terms such that the EU sugar market maintains equilibrium. Imports into the EU from these traditional suppliers are projected to reach 3.5 to 4.0 million tons by 2015, with new market access arrangements coming into force from 1 October 2009. These new market access arrangements provide both duty free and quota free access to the EU sugar market for qualifying LDC / ACP suppliers on the basis of unrestricted access for LDCs, and ACP access limited by a safeguard ceiling of 3.5 million tons. Previous quantity limits which restricted imports to bulk raw sugar for refining will also be relaxed from 1 October 2009 and exporters to the EU will in future be entitled to supply any quality of sugar. The new EU sugar arrangements have been incorporated into terms of new EPAs currently being registered with the EU. Malawi as an LDC will be entitled to unrestricted preferential EU market access and eventual accession to the Eastern and Southern African EPA with the EU and this will further enhance Malawi's benefits.

QUALITY

Both agricultural and factory operations maintained accreditation under the ISO 9001:2000 quality management system. The implementation of the Hazards Analysis and Critical Control Points (HACCP) programmes at both factories was continued. Considerable attention was focussed on the production of quality products to support increased sales into value-added markets particularly in Europe.

FINANCIAL

Profit after tax for the year was in excess of K 6 billion mainly as a result of the increase in sales into the domestic market, assisted by the benefit of continued cost control by the company during the year.

The revenue stream from sugar sales was significantly improved and totalled almost K 26 billion although the increase in distribution costs reduced net turnover to slightly more than K 24 billion. Year on year domestic sugar sales reflected an 11% increase to 201 790 tons and exports a 13% increase to 97 923 tons.

The Kwacha remained stable against the US Dollar but appreciated against the Rand over the course of the year. Once again forward exchange contracts on Euro proceeds taken out during the year hedged revenue inflows.

Despite the improved revenues, abnormally high price increases by suppliers during the year continued to impact negatively on profits. Operating margins remained flat but would have been more significantly affected had it not been for the positive benefits of the continued focus on the cost base of the company.

Finance charges were again an area of focus and the negotiation of preferential interest rates and continued attention to cash management held these charges at slightly lower levels compared to the previous year. This was despite the increased year-on-year capital expenditure of approximately K 600 million, which was financed entirely through local facilities.

Following the previous year's upgrading of the Dwangwa factory the company continued to develop for the future and spent capital in excess of K 2.1 billion to improve the cane throughput at the Nchalo factory, and also on land development projects on both estates. Environmental issues continued to receive attention.

HUMAN RESOURCES

The company continued to focus on skills improvement and transfer and to instil a culture of continuous improvement across all levels of the organisation. The improved efficiencies, operational improvements and many records that were established during the year across all spheres of the work environment reflected the commitment of all members of staff and the company's investment in their development. Malawian graduates continued to be developed under the company's management training programmes in various disciplines required for the future sustainability and success of the company and various initiatives were undertaken with institutions of higher learning within the country to foster an environment conducive to the improvement of standards of graduates and technicians.

Both estates devoted considerable time and effort on improving the safety and health environment affecting the company and were granted continued accreditation under both NOSA and ISO 9001:2000. Constant monitoring of the safety environment and the disabling injury frequency rate (DIFR) and continued education of the work force in terms of safety remained an area of prime attention during the year. It was encouraging to achieve a reduction in the DIFR rate during the year.

The estates continued to provide basic infrastructural and healthcare services not only to its own employees and their dependents but also to the broader communities in which it operated. In terms of social responsibility various projects were once again sponsored and supported by the company in an attempt to uplift living standards and the general well-being of local communities. Both estates undertook maize growing activities during the year and these had been well received by Government which commended the company in its efforts to contribute towards food security within the country. On-going support was also provided to various feeding schemes throughout the country where school-going children were provided with fortified meals on a regular basis.

The company maintained its pro-active approach against epidemics such as HIV/AIDS and malaria, and awareness and education programmes were undertaken to address the negative impact of these and other diseases. With regard to HIV/AIDS the company actively continued to support confidential voluntary counselling and testing, and for those affected employees, encouraged the use of its "Wellness Programme". Anti retro-viral drugs were dispensed on behalf of the Government through the company's clinic network. During the year, areas surrounding the Nchalo estate experienced numerous cases of cholera but a potentially serious situation was averted by the timely intervention of the estate medical personnel, as well as officials from Government who conducted an extensive awareness campaign and distributed water treatment chemicals. No incidences of cholera occurred on the estate.

PROSPECTS

Given normal weather conditions, combined with additional area developed for cane production, a cane crop in excess of 2.4 million tons is expected for the coming season.

With the finalisation of the Nchalo factory upgrade and the additional cane crop, sugar production is expected to increase to above 310 000 tons in the coming year.

Focus on cost control in all areas of the business will continue and it is envisaged that operating margins will be maintained at similar levels to the past year. Movement in exchange rates will however continue to influence profits.

Investment in the future growth of the company will continue and a further K 1.3 billion will be spent on capital projects during the coming year.

Listed companies on the Malawi Stock Exchange are required to disclose the extent of their compliance or non-compliance with the Code of Corporate Practices and Conduct contained in either the Cadbury or King Reports. The directors are committed to the implementation of and endorse the Code of Corporate Practices and Conduct contained in the King Report on Corporate Governance (King II), which was released in March 2002.

ANNUAL FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the auditors' report, is made for the purpose of clarifying to members the respective responsibilities of the directors and the auditors in the preparation of annual financial statements.

The directors are required by the Companies Act, 1984, to prepare financial statements for each financial year, which give a true and fair view of the state of affairs and profit or loss of the company. The directors consider that, in preparing the financial statements, the group has used appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates, and confirm that all applicable accounting standards have been followed.

After making appropriate enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence in the year ahead. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The external auditors concur with this opinion.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act, 1984. The directors also have responsibility for safeguarding the assets of the group and for the prevention and detection of fraud and other irregularities.

BOARD OF DIRECTORS

The company has a unitary Board of directors that is balanced between executive and non-executive directors. The Board supervises the management of the group's business and affairs and is involved in all decisions that are material to the business. In doing so, the Board acts at all times in the best interest of the group.

The Board meets at least once in each quarter with additional meetings held when appropriate. At each Board meeting a complete update of the business and affairs of the group is presented by executive management. In addition, the company's Articles of Association provide for decisions taken between meetings to be confirmed by way of directors' resolutions.

The roles of the chairman and the chief executive are separated and the chairman is a non-executive director.

AUDIT COMMITTEE

The Audit Committee comprises three directors, all of whom are non-executive. The Audit Committee meets at least twice a year with management and has both external and internal auditors in attendance.

The Committee reviews the interim financial results, annual audited financial statements and the external and internal auditors' reports. The Committee reports its findings to the Board for consideration when approving the financial statements for delivery to the shareholders.

REMUNERATION COMMITTEE

The Remuneration Committee comprises two directors, both of whom are non-executive. The Committee is responsible for reviewing compensation of the executive directors and executive management of the company.

ETHICAL STANDARDS

The group has adopted a Code of Management Practices that applies to the group's management and staff. The Code provides a benchmark against which employee conduct can be assessed to ensure that the highest ethical standards are met.

FRAUD CONTROL

The group has a Fraud Hotline that enables employees and members of the public to raise evidence of irregular activity directly with an independent entity.

INTERNAL CONTROL

The Board has overall responsibility for the group's systems of internal control and for monitoring their effectiveness. The systems are designed to safeguard shareholders' investments and the group's assets.

The Audit Committee, on behalf of the Board, reviews the scope and coverage of internal audit together with its findings. In addition, the group's external auditors are granted unrestricted access to all information that may be required in the execution of their duties. Reports from the external auditors are regularly monitored to assess the effectiveness of the group's systems of internal control.

The directors and external auditors have not detected any adverse information that would indicate a material breakdown in systems of internal control during the year under review.

RISK MANAGEMENT ASSESSMENT

The Risk Management Committee is chaired by a non-executive director and consists of both non-executive and executive directors and meetings are attended by senior management. A comprehensive risk assessment audit is undertaken twice per annum of factors which could have a material impact on group results. As well as financial assessment, other audited areas include mechanical, electrical and agricultural risk, environmental compliance and exposure to changes in the political and economic environment. The reports are reviewed by the committee to ensure that risk identification, mitigation and management are undertaken.

EXECUTIVE MANAGEMENT

Executive management meets monthly to discuss issues material to the operations of the group. To ensure that there is adequate interaction between management and the Board, three members of executive management are directors.

STAFF DEVELOPMENT PROGRAMMES

The group believes that an effective staff development programme is important for the group to develop and as a consequence, it has instituted staff training programmes as part of its business. The group carries out business understanding programmes that assist in developing effective sharing of relevant information, to enable employees to gain a better understanding of the company for which they work. The group also undertakes periodic discussions with employee representatives which assist in developing effective consultation by management with the workforce before taking decisions that affect the workers and also helps in the speedy identification and effective resolution of conflict.

SAFETY, HEALTH AND ENVIRONMENT

Safety standards and methods are continually monitored. The HIV/AIDS pandemic represents a major challenge to the group and in this regard Illovo runs a peer education and training facility, actively encourages voluntary counselling and testing and operates a "Wellness Programme" designed to improve the quality of life of those employees infected with HIV/AIDS.

Illovo manages the environmental impact of its activities and strives to maintain an environment which meets the needs of current and future generations. Both estates are assessed against internal standards and their operations are formalised in the ISO 9001:2000 Quality Management System.

Fuel to power the sugar factories is sourced from both bagasse (waste sugar cane fibre after crushing) and bio-mass (waste sugar cane matter following harvesting) which are renewable energy sources. Should auxiliary fuel supplies be required, use is made of wood from gum trees grown on the estate or from local plantation supplies. Nchalo continues to support an indigenous tree reforestation project in the Lower Shire Valley.

A 400 hectare reserve known as Nyala Park has been set aside and is maintained with species of the original flora and fauna of the Shire Valley.

Both sugar factories have upgraded their waste-water discharge systems and water from the milling process is settled before being recycled as irrigation water for the cane crop. This process supplements river/lake water demand and reduces the volume of river/lake water required for crop irrigation.

Illovo acknowledges the growing public awareness concerning environmental issues and also the essential role that a managed and protected environment plays in the growing of sugar cane used in the production of sugar. The group will continue to follow sound environmental practices and develop its business in a socially responsible manner.

SOCIAL RESPONSIBILITY

The group seeks to do business in a manner that will make it welcome and accepted in the communities in which it operates. As an agricultural business, the group operates in rural areas with high levels of poverty. Infrastructure, normally provided by national Government, is generally lacking and therefore the group provides housing, water, electricity, healthcare and schooling assistance to its employees and their dependants. Both estates have their own clinics run by medical doctors and staffed by fully qualified nurses. It is estimated that over 70 000 people live on the group's premises at Dwangwa and Nchalo. As part of the group's social responsibility programme, Illovo Sugar (Malawi) Limited supports financially a wide range of social welfare and community development activities. Examples of some of the projects undertaken during the last year are outlined below:

Central Junior Primary School	Construction of classroom blocks and toilets.
Chikwawa Flood Victims	Donation of sugar.
Chikwawa Schools	Donation of desks to Lengwe, Malikopo, Mwanza and Nchalo Schools.
District Commissioner Chikwawa	Donation of tree seedlings.
Dwangwa Community	Provision of floodlights.
Dwangwa Round Table	Cash donation.
Ethel wa Mutharika Fund	Various donations.
Government of Malawi	Growing of maize at both Dwangwa and Nchalo to contribute towards national food security. Repair of roads in the Nkhotakota area following flood damage.
Kasasa Primary School	Cash donations for teachers training curriculum development and purchase of school books.
Kasinthula Cane Growers Limited	Operational support as well as subsidising interest payments.
Mafale Health Centre	Construction of medical assistant's house.
Majiga Day Secondary School	Construction of a school block.
Malawi Police Services	Construction of a shelter at Kaombe.
Montford Hospital	Subvention of salaries for doctor and other staff, as well as cash donations for purchase of medical supplies.
Nkhotakota Community Radio Station	Donation of communication equipment.
Scottish International Relief	Construction of feeding shelters for Mary's Meals and donations towards schools feeding programme.
Silver Grey Foundation	Various donations of cash and sugar.
Walemera Secondary School	Cash donation.

FIVE YEAR REVIEW

K million		2009	2008	2007	2006	2005
Consolidated income statement						
Revenue		26 090	21 173	19 638	14 519	11 200
Operating profit		9 740	7 945	7 222	4 717	2 142
Net finance costs		(596)	(717)	(345)	(447)	(475)
Profit before taxation		9 144	7 233	6 882	4 274	1 672
Net profit for the year		6 353	5 025	4 866	2 877	1 135
Headline earnings		6 339	5 004	4 854	2 867	1 130
Dividends paid		(3 853)	(3 603)	(2 554)	(992)	(1 063)
Reconciliation of headline earnings						
Net profit for the year		6 353	5 025	4 866	2 877	1 135
Adjusted for:						
Net profit on sale of property, plant and equipment		(14)	(21)	(12)	(10)	(5)
Headline earnings		6 339	5 004	4 854	2 867	1 130
Consolidated balance sheet						
Shareholders' equity		13 428	10 928	9 506	7 194	5 309
Deferred tax		5 924	4 631	3 907	3 152	2 584
Interest-bearing debt		668	402	543	668	1 033
Total funding		20 020	15 961	13 956	11 014	8 926
Property, plant and equipment		5 975	4 327	3 086	2 269	2 036
Cane roots		7 049	5 724	4 954	4 150	3 394
Investments and loans		545	515	442	390	350
Current assets - Cash		1 475	1 272	2 256	1 225	219
Current assets - Other		11 423	10 235	8 267	6 620	5 550
Total assets		26 467	22 073	19 005	14 654	11 549
Interest-free liabilities		(6 447)	(6 112)	(5 049)	(3 640)	(2 623)
Net assets		20 020	15 961	13 956	11 014	8 926
Earnings and dividends						
Basic and diluted earnings per share	Note 1	890.5	704.3	682.0	403.3	159.1
Headline earnings per share	Note 2	888.5	701.4	680.4	401.9	158.7
Dividends paid and proposed		625.0	490.0	475.0	282.0	110.0
Dividend cover on headline earnings	Note 3	1.4	1.4	1.4	1.4	1.4
Financial statistics						
Return on average shareholders' equity	Note 4	52.2	49.2	58.3	46.0	21.4
Return on net assets	Note 5	54.1	53.1	58.0	48.3	25.5
Gearing	Note 6	-	-	-	-	15.3
Interest cover	Note 7	16.3	11.1	20.9	10.6	4.5
Net worth per share	Note 8	1 882	1 532	1 332	1 008	744

	2009	2008	2007	2006	2005
Operational statistics					
Hectares harvested	18 674	18 345	17 996	18 130	17 878
Nchalo	12 398	12 106	11 887	11 970	12 059
Dwangwa	6 276	6 239	6 109	6 160	5 819
Tons cane per hectare (weighted average)	114	104	116	107	105
Nchalo	114	101	118	106	101
Dwangwa	113	110	114	110	114
Cane crushed (tons)	2 330 152	2 115 075	2 298 964	2 134 520	2 064 380
Nchalo	1 413 352	1 221 107	1 399 336	1 263 217	1 215 283
Dwangwa	708 219	688 543	694 864	679 815	661 386
Smallholders	208 581	205 425	204 764	191 488	187 711
Sucrose percent (weighted average)	14.81	14.34	14.52	14.44	14.31
Nchalo	14.48	13.96	14.12	14.06	13.79
Dwangwa	15.41	14.92	15.22	15.02	15.08
Smallholders	15.06	14.67	14.88	14.94	14.97
Sugar produced (tons)	303 774	265 788	288 460	269 526	256 706
Nchalo	186 991	154 581	176 636	161 788	152 355
Dwangwa	116 783	111 207	111 824	107 738	104 351
Analysis of sugar sales by destination (tons '000)	300	268	285	264	257
Domestic market	202	182	195	175	145
Export market	98	86	90	89	112

Notes:

- 1 **Basic and diluted earnings per share**
Net profit for the year divided by the weighted average number of ordinary shares in issue.
- 2 **Headline earnings per share**
Headline earnings divided by the weighted average number of ordinary shares in issue.
- 3 **Dividend cover on headline earnings**
Headline earnings per share divided by dividends per share.
- 4 **Return on average shareholders' equity**
Net profit for the year expressed as a percentage of average shareholders' equity.
- 5 **Return on net assets**
Operating profit expressed as a percentage of average net operating assets.
- 6 **Gearing**
Interest-bearing debt (net of cash) expressed as a percentage of shareholders' equity.
- 7 **Interest cover**
Operating profit divided by net financing costs.
- 8 **Net worth per share**
Shareholders' equity divided by the number of shares in issue at the end of the year.

VALUE ADDED STATEMENT

The value added statement shows the wealth the group has been able to create through manufacturing, trading and investment operations and its subsequent distribution and reinvestment in the business. During the current financial year K14.0 billion was created of which K5.9 billion was distributed to employees, providers of capital and to the Government. Of the wealth created, 24% was paid to employees.

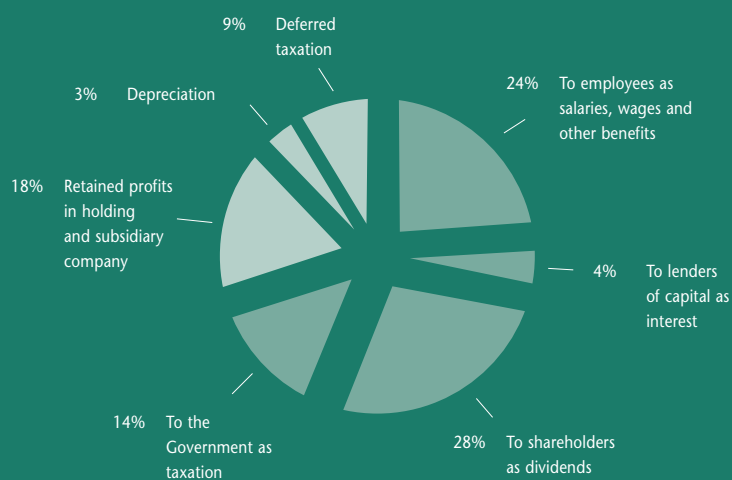
	2009 K million	2008 K million
Wealth created		
Revenue	26 090	21 173
Income from investments	-	5
Paid to growers for cane purchases	(1 263)	(1 125)
Cane growing and manufacturing costs	(10 870)	(8 412)
	13 957	11 641
Wealth distributed		
To employees as salaries, wages and other benefits	3 405	2 934
To lenders of capital as interest	596	717
To shareholders as dividends	3 853	3 603
To the Government as taxation	1 893	1 959
	9 747	9 213
Wealth reinvested		
Retained profits in holding and subsidiary company	2 500	1 422
Depreciation	417	282
Deferred taxation	1 293	724
	13 957	11 641
Analysis of taxes paid to and collected on behalf of the Government		
Central and local Government		
Current taxation	1 498	1 484
Customs duties, import surcharges and other taxes	395	475
Total contribution to central and local Government	1 893	1 959
The above amount contributed excludes the following:		
- employees taxation deducted from remuneration	393	424
- net VAT amount collected on behalf of the Government	1 214	612
- non resident tax collected on behalf of the Government	293	274
- withholding tax on dividends	369	360
	2 269	1 670
Total contributed to Government	4 162	3 629

Wealth distributed (%)

To employees as salaries, wages and other benefits	24
To lenders of capital as interest	4
To shareholders as dividends	28
To the Government as taxation	14
	70

Wealth reinvested (%)

Retained profits in holding and subsidiary company	18
Depreciation	3
Deferred taxation	9
	30



ILLOVO SUGAR (MALAWI) LIMITED



ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2009

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APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors of Illovo Sugar (Malawi) Limited are responsible for the preparation and the integrity of the annual financial statements of the group and the company, and the objectivity of other information presented in the annual financial statements. In order to fulfil this responsibility, the group maintains internal accounting and administrative control systems designed to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded in accordance with the group's policies and procedures.

The going-concern basis has been adopted in preparing these financial statements. The directors have no reason to believe that the group and the company will not be a going concern in the foreseeable future.

The group's external auditors, Deloitte, audited these financial statements and their report is represented on page 19.

The annual financial statements of the group and the company which appear on pages 22 to 48 were approved by the Board of directors on 29 April 2009 and are signed on its behalf by:

D G MacLeod
Chairman

I G Parrott
Managing Director

29 April 2009

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ILLOVO SUGAR (MALAWI) LIMITED

We have audited the company and consolidated financial statements of Illovo Sugar (Malawi) Limited and its subsidiary (the group) as set out on pages 22 to 48, which comprise the income statements, the balance sheets as at 31 March 2009, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 auditor's 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 auditor considers internal control relevant to the entities' 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 entities' internal control. An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 give a true and fair view of the financial position of the group as of 31 March 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Malawi Companies Act, 1984, so far as concerns the members of the company.



Deloitte
Public Accountants
Blantyre, Malawi, 13 May 2009

1. NATURE OF BUSINESS

The principal activities of the company and its subsidiary are the growing of sugar cane and the manufacture of sugar. This is more fully described under the group profile appearing on page 2.

2. REVIEW OF OPERATIONS

Detailed commentary is given in the directors' report on pages 6 to 10.

3. ACQUISITIONS

There were no acquisitions in the current year.

4. SHARE CAPITAL

Full details of the current authorised and issued share capital are set out in the statement of changes in equity on page 30 of the financial statements. There have been no changes in the current year.

5. SHAREHOLDERS

An analysis of shareholders and their shareholdings is given on page 49.

The register of members reflects six beneficial shareholdings equal to or greater than 1% of the issued ordinary share capital of the company. Details are given on page 49.

6. DIVIDENDS

A first interim ordinary dividend of 240 tambala per share (2008: 190 tambala) was declared on 21 October 2008. A second interim ordinary dividend of 370 tambala per share (2008: 285 tambala) was declared on 29 April 2009. The first interim ordinary dividend was paid on 5 January 2009 and the second is payable on 26 June 2009.

The directors recommend a final dividend of 15 tambala per share (2008: 15 tambala) to be declared at the forthcoming annual general meeting on 5 August 2009 to shareholders registered in the company's books at close of business on 21 August 2009 and payable on 2 October 2009. The second interim and final dividends have not been included as a liability in these financial statements. Total distribution for the year will be 625 tambala per share (2008: 490 tambala).

The directors of the wholly owned and only subsidiary of the company, Dwangwa Sugar Corporation Limited, declared and paid dividends of K 2.55 billion (2008: K 2.53 billion) to the company during the year.

7. ILLOVO SUGAR MALAWI EMPLOYEES' SHARE PURCHASE SCHEME

During the year under review the trustees of the Scheme disposed of 8 300 shares (2008: 80 030) and purchased 28 000 shares (2008: Nil) in the company bringing the total number of shares held to 414 646 shares (2008: 394 946).

8. SUBSIDIARY COMPANY

Information concerning the subsidiary of the company is set out on page 38 in note 8 to the financial statements.

9. DIRECTORATE AND SECRETARIES

The names of the secretaries along with the company's business and postal addresses and the directors in office at the date of this report, are set out on pages 3 and 5 respectively. The following changes took place during the period:

Mr D G MacLeod re-assumed the position of Chairman following the appointment of Mr G J Clark to the position of Managing Director of Illovo Sugar Limited. Mr G J Clark remains on the Board as a non-executive director. Following the promotion of Mr D L Haworth to Illovo Sugar Limited as Business Development Director and his subsequent resignation from the Board, Mr I G Parrott assumed the role of Managing Director of Illovo Sugar (Malawi) Limited and in his stead Mr W A Cowden joined as Financial Director. Following the retirement of Mr T C Wormald, Mr E I Williams replaced him as an executive director.

In terms of the company's articles of association, a third of the non-executive directors retire by rotation at the forthcoming annual general meeting. Accordingly, Dr M A P Chikaonda, Mr B M Stuart and Ms K Zarnack will retire and being eligible offer themselves for re-election.

Mr S L G Malata holds 95 592 (2008: 78 948) ordinary shares in the company at 31 March 2009.

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

No change in the interest of directors has occurred between the year-end and the date of approval of these financial statements.

10. DIRECTORS' FEES

At the last annual general meeting held on 6 August 2008 shareholders approved the fees payable to each director and the chairman to be K 250 000 per annum with effect from 1 April 2008. At the forthcoming annual general meeting, it will be proposed that such fees be increased to K 500 000 per annum for the ensuing year.

11. HOLDING COMPANY

SUCOMA Holdings Limited (incorporated in Mauritius) is the holding company of Illovo Sugar (Malawi) Limited (incorporated in Malawi) with a 75.98% interest in its issued share capital. The ultimate holding company is Associated British Foods plc (incorporated in the United Kingdom).

12. AUDITORS

Deloitte will continue in office in accordance with the provisions of Section 191(1) of the Companies Act, 1984.

13. SPECIAL RESOLUTIONS

There were no special resolutions adopted during the financial year.

14. POST BALANCE SHEET EVENTS

There have been no matters of material interest to report on in the period between the end of the financial year and the date of approval of the financial statements.

ACCOUNTING POLICIES

The principal accounting policies of the group conform with International Financial Reporting Standards (IFRS) which have been consistently applied.

1. COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The financial statements have been drawn up in accordance with International Financial Reporting Standards.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 April 2008.

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations were in issue but not yet effective:

- IAS 1 (Revised) Presentation of financial statements has been substantially rewritten, with many changes in terminology, including changes to the titles of individual financial statements and is effective for periods beginning on or after 1 January 2009;
- IAS 23(Revised) Borrowing Costs removes the option to expense borrowing costs during the period of construction and is effective for financial statements for periods beginning on or after 1 January 2009;
- IAS 39 Financial instruments: Recognition and measurements and IFRS 7 Financial instruments: Disclosures. Amendments have been made in relation to reclassification of certain non-derivative financial assets and are effective for periods beginning on or after 1 January 2010;
- IFRS 2 Share-based Payments has been amended to clarify the definition of vesting conditions and the accounting treatment of cancellation by the counterparty to a share-based arrangement and is effective for periods beginning on or after 1 January 2009;
- IFRS 8 Operating segments was issued to replace IAS 14. This changes disclosure requirements on segmental reporting and is effective for periods beginning on or after 1 January 2009;
- IFRIC 13 Consumer Loyalty Programmes addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers and is effective for periods beginning on or after 1 January 2009;
- There have also been terminology changes and clarifications as part of the IASB annual improvements project to: IAS 7, IAS 8, IAS 10, IAS 16, IAS 18, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 31, IAS 32, IAS 34, IAS 36, IAS 38, IAS 39, IAS 40, IFRS 5, IFRS 7 and IFRS 8, and are effective for periods beginning on or after 1 January 2009;
- IFRIC 17 Distributions of Non-cash Assets to Owners provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders and is effective for periods beginning on or after 1 January 2010; and
- IFRIC 18 Transfers of Assets from Customers addresses the accounting by recipients for transfers of property, plant and equipment from customers. The recipient should recognise the asset at its fair value on the date of the transfer, with the credit recognised as revenue in accordance with IAS 18 Revenue and is effective to transfers of assets from customers received on or after 1 July 2009.

The directors anticipate that other than the adoption of IAS 1 (Revised), IAS 23 (Revised) and IFRS 8, the adoption of these standards in future periods will have no material impact on the financial statements of the group. The adoption of IAS 1 (Revised) and IFRS 8 will impact the presentation of the financial statements and segmental reporting disclosures. The adoption of IAS 23 (Revised) will increase the proportion of borrowing costs that are capitalised.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain non-current assets and financial instruments. No other procedures are adopted to reflect the impact on the financial statements of specific price changes or changes in the general level of prices.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in notes to the financial statements number 1 on page 33.

4. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the company and its subsidiary. Where necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies into line with those used by the group. All significant intercompany transactions and balances are eliminated on consolidation.

5. 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 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. Land is not depreciated.

Buildings	40 years
Plant, equipment, vehicles and furniture	4 - 20 years

Management reviews the residual values annually taking into consideration market conditions and projected disposal values. In the annual assessment of useful lives, maintenance programmes and technological innovations are considered. Borrowing costs expended on new productive capacity prior to commencement of production are capitalised where such expenditure is incurred over a period in excess of 12 months.

6. 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 for harvesting and transport.

7. LEASED ASSETS

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

Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. 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.

The cost of the asset is depreciated at appropriate rates on the straight-line basis over the estimated useful life of the asset. Lease finance charges are charged to operating profit as they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

8. INVENTORIES

Inventories are stated at the lower of cost and net realisable value. The basis of determining cost is the average method.

The cost of finished goods comprises all costs of purchase, cost of conversion and other costs incurred in bringing such inventories to their present location and condition.

Maintenance stores are valued at average cost with obsolete items being written-off. Redundant and slow-moving inventories are identified and written-down to their net realisable values.

9. 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 fully written-off in the following year.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash resources which comprise cash on hand, balances with bankers and investments in short-term money market instruments.

11. INVESTMENTS

Investments are stated at cost to the group less amounts written-off to give recognition to declines in value.

12. FOREIGN CURRENCY ASSETS AND LIABILITIES

The individual financial statements of the group 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 Malawi Kwacha, which is the functional currency of the group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the group's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet 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 for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

13. FINANCIAL INSTRUMENTS

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

Investments are recognised at fair value, plus directly attributable transaction costs at date of purchase.

At subsequent reporting dates, debt securities that the group has with the expressed intention and ability to hold-to-maturity (held-to-maturity debt securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Investments other than held-to-maturity debt securities are classified as either investments held-for-trading or as available-for-sale, and are measured at subsequent reporting dates at fair value, except to the extent that the fair value is not accurately estimatable, where cost is used. Where securities are held for trading purposes, gains and losses arising from changes in fair

value are included in profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective rate method. Any difference between the proceeds (net of transaction costs) and settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs (see notes 5 and 16 on pages 23 and 40 respectively).

Trade and other payables are measured at fair value. Derivative instruments are measured at fair value. It is the policy of the group not to trade in derivative financial instruments for speculative purposes.

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Gains and losses arising from a change in the fair value of financial instruments that are not part of a hedging relationship are included in net profit or loss in the period in which the change arises. Financial assets and liabilities are offset and the net amount reported in the balance sheet when the group 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.

14. 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 balance sheet 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, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such 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 balance sheet 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 calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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.

15. 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 is passed.

16. DIVIDEND AND INTEREST REVENUE

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

Interest revenue 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 value.

17. RETIREMENT BENEFITS

The group provides retirement benefits for its employees through two defined contribution plans, SUCOMA Group Pension Scheme and SUCOMA Group Non-contributory Pension Fund. Contributions by group companies to defined contribution retirement plans are recognised as an expense in the year in which the related services are rendered by employees. Severance liabilities in terms of the Employment Act regulations are assessed annually and provided for where applicable.

18. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the net profit attributable to the shareholders and the weighted average number of ordinary shares in issue during the year. Where new equity shares are issued for no consideration, the profit is apportioned over the shares in issue after the issue and the corresponding figures for the earlier periods are adjusted accordingly.

19. DIVIDEND PER SHARE

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the company's Board of directors.

Dividends for the year that are declared after the balance sheet date are dealt with in a note.

The calculation of dividend per share is based on the dividends paid to shareholders during the period divided by the number of ordinary shareholders on the register of shareholders on the date of payment.

20. PROVISIONS

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

21. ASSET IMPAIRMENT REVIEW

At each balance sheet 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.

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 (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.

22. COMPARATIVE FIGURES

When accounting policies are changed with retrospective effect, comparative figures are restated in accordance with the new policies. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

23. BORROWING COSTS

Borrowing costs are recognised in profit and loss in the period in which they are incurred, except as detailed in accounting policy note 5 on page 23.

24. SEGMENTAL ANALYSIS

Segmental reporting is presented in respect of the group's business segments. The primary format 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.

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; and
- Sugar production - the manufacture of sugar from sugar cane.

INCOME STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

	Notes	GROUP		COMPANY	
		2009 K million	2008 K million	2009 K million	2008 K million
Revenue	2	26 090	21 173	16 059	12 313
Operating profit	3	9 740	7 945	6 447	4 666
Dividend income		-	5	2 550	2 530
Finance costs	4	(830)	(970)	(402)	(540)
Interest income	4	234	253	234	253
Profit before taxation		9 144	7 233	8 829	6 909
Taxation	5	(2 791)	(2 208)	(1 918)	(1 343)
Net profit for the year		6 353	5 025	6 911	5 566
Share performance					
Basic earnings per share (tambala)	28	890	704		

BALANCE SHEETS

AS AT 31 MARCH 2009

	Notes	GROUP		COMPANY	
		2009 K million	2008 K million	2009 K million	2008 K million
ASSETS					
Non-current assets					
Property, plant and equipment	6	5 975	4 327	3 937	2 571
Cane roots	7	7 049	5 724	5 352	4 259
Investment in subsidiary company	8	-	-	324	324
Other investments	9	-	-	-	-
Loans receivable	10	545	515	545	515
		13 569	10 566	10 158	7 669
Current assets					
Inventories	11	1 634	1 342	964	837
Growing cane	12	7 532	6 463	4 778	3 964
Factory overhaul costs	13	551	541	347	292
Accounts receivable	14	1 706	1 889	1 336	1 632
Cash and cash equivalents	15	1 475	1 272	1 475	1 272
		12 898	11 507	8 900	7 997
Total assets		26 467	22 073	19 058	15 666
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital and premium		782	782	782	782
Retained earnings		12 646	10 146	8 528	5 470
		13 428	10 928	9 310	6 252
Non-current liabilities					
Long-term borrowings	16	227	301	227	301
Deferred tax	17	5 924	4 631	4 122	3 238
Post retirement benefits	18	709	611	349	309
		6 860	5 543	4 698	3 848
Current liabilities					
Accounts payable	19	3 276	3 540	2 626	2 712
Holding company and fellow subsidiaries	20	936	459	942	1 893
Short-term borrowings	21	75	101	75	101
Bank overdrafts	15	366	-	366	-
Taxation payable		1 438	1 415	975	793
Provisions	22	88	87	66	67
		6 179	5 602	5 050	5 566
Total equity and liabilities		26 467	22 073	19 058	15 666

The financial statements were authorised for issue by the Board of Directors on 29 April 2009 and were signed on its behalf by:

D G MacLeod (Chairman)

I G Parrott (Managing Director)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2009

GROUP

	Share Capital K million	Share Premium K million	Retained Earnings K million	Total K million
Balance at 31 March 2007	14	768	8 724	9 506
Profit for the year			5 025	5 025
Dividends declared			(3 603)	(3 603)
- Second interim for the year ended 31 March 2007			(2 033)	(2 033)
- Final for the year ended 31 March 2007			(214)	(214)
- First interim for the year ended 31 March 2008			(1 356)	(1 356)
Balance at 31 March 2008	14	768	10 146	10 928
Profit for the year			6 353	6 353
Dividends declared			(3 853)	(3 853)
- Second interim for the year ended 31 March 2008			(2 033)	(2 033)
- Final for the year ended 31 March 2008			(107)	(107)
- First interim for the year ended 31 March 2009			(1 713)	(1 713)
Balance at 31 March 2009	14	768	12 646	13 428

COMPANY

Balance at 31 March 2007	14	768	3 507	4 289
Profit for the year			5 566	5 566
Dividends declared			(3 603)	(3 603)
Balance at 31 March 2008	14	768	5 470	6 252
Profit for the year			6 911	6 911
Dividends declared			(3 853)	(3 853)
Balance at 31 March 2009	14	768	8 528	9 310

ANALYSIS OF SHARE CAPITAL AND PREMIUM

Authorised share capital
1 000 000 000 (2008: 1 000 000 000) ordinary shares of 2 tambala each

Issued share capital
713 444 391 (2008: 713 444 391) ordinary shares of 2 tambala each

Share premium account

GROUP AND COMPANY	
2009	2008
K million	K million
20	20
14	14
768	768
782	782

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

	Notes	GROUP		COMPANY	
		2009 K million	2008 K million	2009 K million	2008 K million
Cash flows from operating activities					
Operating profit before working capital requirements	a	7 779	6 523	4 815	3 714
Working capital requirements	b	193	(224)	(884)	(1 967)
Cash generated from operations		7 972	6 299	3 931	1 747
Interest payable		(830)	(970)	(402)	(540)
Interest receivable		234	253	234	253
Taxation paid	c	(1 475)	(1 261)	(852)	(705)
Dividends paid		(3 853)	(3 603)	(3 853)	(3 603)
Dividends received		-	5	2 550	2 530
Net cash flow from operating activities		2 048	723	1 608	(318)
Cash flows from investing activities					
Purchase of property, plant and equipment		(2 111)	(1 530)	(1 666)	(462)
Proceeds on disposal of property, plant and equipment		30	37	25	11
Net movement on loans receivable		(30)	(73)	(30)	(73)
Net cash flow from investing activities		(2 111)	(1 566)	(1 671)	(524)
Net cash flow before financing activities		(63)	(843)	(63)	(842)
Cash flows from financing activities					
Long-term borrowings repaid		(74)	(101)	(74)	(101)
Short-term borrowings repaid		(26)	(7)	(26)	(7)
Net cash flow from financing activities		(100)	(108)	(100)	(108)
Net decrease in cash and cash equivalents		(163)	(951)	(163)	(950)
Cash and cash equivalents at beginning of the year	15	1 272	2 223	1 272	2 222
Cash and cash equivalents at end of the year	15	1 109	1 272	1 109	1 272

NOTES TO THE CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

	GROUP		COMPANY	
	2009 K million	2008 K million	2009 K million	2008 K million
a. Operating profit before working capital requirements is calculated as follows:				
Operating profit	9 740	7 945	6 447	4 666
Add back : Depreciation	417	282	255	210
Profit on disposal of property, plant and equipment	(20)	(30)	(16)	(11)
Change in fair value of cane roots	(1 289)	(770)	(1 057)	(564)
Change in fair value of growing cane	(1 069)	(904)	(814)	(587)
Operating profit before working capital requirements	7 779	6 523	4 815	3 714
b. Working capital requirements comprise the following:				
Inventories	(292)	(6)	(127)	(35)
Factory overhaul costs	(10)	(111)	(55)	(54)
Accounts receivable	183	(947)	296	(858)
Advances by holding company and fellow subsidiaries	477	182	(951)	(1 455)
Accounts payable and provisions	(165)	658	(47)	435
Working capital requirements	193	(224)	(884)	(1 967)
c. Taxation paid is reconciled to the amounts disclosed in the income statements as follows:				
Amounts payable at the beginning of the year	(1 415)	(1 192)	(793)	(637)
Per income statements	(1 498)	(1 484)	(1 034)	(861)
Amounts payable at the end of the year	1 438	1 415	975	793
Taxation paid	(1 475)	(1 261)	(852)	(705)

1. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 assesses at each balance sheet date whether there is an indication that items of property, plant and equipment and other 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.

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 balance sheet 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 on pages 36 and 37 in note 6 to the financial statements.

Cane roots valuation:

The escalated average cost 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 carrying value of cane roots is disclosed on page 38 in note 7 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 reviewing the estimated sucrose price, management is required to assess into which markets the forthcoming crop will be sold and establish domestic and export prices as well as the related foreign currency exchange rates. The carrying value of growing cane is disclosed on page 39 in note 12 to the financial statements.

Severance pay allowance provision:

The group determined its severance allowance provision as at 31 March 2009 through an internal review, building upon the prior year provision that was determined through an actuarial valuation done by QED Actuaries and Consultants (Pty) Limited, a member of Aon Group Company of the Republic of South Africa. The carrying value of severance pay allowance provision is disclosed on page 41 in note 18 to the financial statements.

There are no other key assumptions concerning the future, or key sources of estimation uncertainty at the balance sheet 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2009

	GROUP		COMPANY	
	2009 K million	2008 K million	2009 K million	2008 K million
2. Revenue				
Revenue represents the proceeds receivable from:				
Sugar	25 975	21 066	15 990	12 247
Molasses and other	115	107	69	66
	26 090	21 173	16 059	12 313
Includes revenue from exports	7 368	6 929	4 536	4 030
3. Operating profit				
Revenue	26 090	21 173	16 059	12 313
Cost of sales	(12 642)	(10 582)	(7 421)	(6 246)
Distribution expenses	(1 895)	(1 385)	(1 166)	(806)
Administration expenses	(1 813)	(1 261)	(1 025)	(595)
Operating profit	9 740	7 945	6 447	4 666
Operating profit has been determined after taking into account the following items:				
Depreciation	417	282	255	210
Profit on disposal of property, plant and equipment	20	30	16	11
Fair value adjustments:				
- cane roots	1 289	770	1 057	564
- growing cane	1 069	904	814	587
Factory overhaul costs	541	430	292	238
Directors' fees	2	2	2	2
Auditors' remuneration:				
- audit fees	18	16	12	10
- fees for other services	21	16	14	11
- expenses	4	4	1	1
Management fees and services	129	139	104	114
Operating lease charges	328	353	257	146
Contribution to retirement benefit funds	60	53	34	30

	GROUP		COMPANY	
	2009 K million	2008 K million	2009 K million	2008 K million
4. Finance costs and interest income				
Finance costs - interest expense on bank borrowings and long-term debt	(830)	(970)	(402)	(540)
Interest income - interest income on short-term bank deposits and zero coupon bonds	234	253	234	253
5. Taxation				
Current tax	1 498	1 484	1 034	861
Deferred tax	1 293	724	884	482
	2 791	2 208	1 918	1 343
	%	%		
Reconciliation of rate of taxation				
Malawi corporation rate of taxation	30.0	30.0		
Add increase in charge for year due to:				
Disallowable expenditure	0.5	0.5		
Effective rate of taxation	30.5	30.5		

For income tax purposes the Malawi Revenue Authority has agreed to treat the group as one tax paying entity.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2009

6a. Property, plant and equipment

GROUP

Cost

	Land and buildings K million	Capitalised leased plant K million	Plant, equipment, vehicles and furniture K million	Total K million
Opening balance at 1 April 2007	933	22	3 671	4 626
Additions	209	-	1 321	1 530
Disposals	-	-	(85)	(85)
Closing balance at 31 March 2008	1 142	22	4 907	6 071

Opening balance at 1 April 2008	1 142	22	4 907	6 071
Additions	408	-	1 667	2 075
Disposals	-	-	(99)	(99)
Closing balance at 31 March 2009	1 550	22	6 475	8 047

Depreciation

Opening balance at 1 April 2007	168	9	1 363	1 540
Charge for the year	34	2	246	282
Disposals	-	-	(78)	(78)
Closing balance at 31 March 2008	202	11	1 531	1 744

Opening balance at 1 April 2008	202	11	1 531	1 744
Charge for the year	39	2	376	417
Disposals	-	-	(89)	(89)
Closing balance at 31 March 2009	241	13	1 818	2 072

Net book value

Closing balance at 31 March 2008	940	11	3 376	4 327
Closing balance at 31 March 2009	1 309	9	4 657	5 975

The group's sugar and cane growing activities are situated on land under 99 year lease from the Government of Malawi as follows:

Commencement:

	2009 Hectares	2008 Hectares
1 January 1965	4 763	4 763
1 March 1966	4	4
1 October 1974	12 391	12 391
1 March 1977	13 300	13 300
1 July 1992	3 767	3 767

The register of land and buildings is open for inspection at the registered office of the company.

6b. Property, plant and equipment

COMPANY

Cost

	Land and buildings K million	Capitalised leased plant K million	Plant, equipment, vehicles and furniture K million	Total K million
Opening balance at 1 April 2007	646	22	2 690	3 358
Additions	139	-	323	462
Disposals	-	-	(44)	(44)
Closing balance at 31 March 2008	785	22	2 969	3 776

Opening balance at 1 April 2008	785	22	2 969	3 776
Additions	367	-	1 263	1 630
Disposals	-	-	(56)	(56)
Closing balance at 31 March 2009	1 152	22	4 176	5 350

Depreciation

Opening balance at 1 April 2007	102	9	928	1 039
Charge for the year	26	2	182	210
Disposals	-	-	(44)	(44)
Closing balance at 31 March 2008	128	11	1 066	1 205

Opening balance at 1 April 2008	128	11	1 066	1 205
Charge for the year	29	2	224	255
Disposals	-	-	(47)	(47)
Closing balance at 31 March 2009	157	13	1 243	1 413

Net book value

Closing balance at 31 March 2008	657	11	1 903	2 571
Closing balance at 31 March 2009	995	9	2 933	3 937

The company's sugar and cane growing activities are situated on land under 99 year lease from the Government of Malawi as follows:

Commencement:	2009 Hectares	2008 Hectares
1 January 1965	4 763	4 763
1 March 1966	4	4
1 October 1974	12 391	12 391
1 July 1992	3 767	3 767

The register of land and buildings is open for inspection at the registered office of the company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2009

	GROUP		COMPANY	
	2009 K million	2008 K million	2009 K million	2008 K million
7. Cane roots				
The carrying value of cane roots can be reconciled as follows:				
Carrying value at beginning of year	5 724	4 954	4 259	3 695
Change in fair value	1 289	770	1 057	564
Expansion costs	36	-	36	-
Carrying value at end of year	7 049	5 724	5 352	4 259

The group's area under cane for the purpose of valuing of cane roots as at 31 March 2009 was 19 934 ha (2008: 18 885 ha).

The company's area under cane for the purpose of valuing of cane roots as at 31 March 2009 was 13 326 ha (2008: 12 632 ha).

8. Investment in subsidiary company

The only subsidiary of the company is Dwangwa Sugar Corporation Limited a company registered in Malawi.

Interest in the subsidiary is as follows:

Issued capital			42	42
Effective percentage holding			100%	100%
Shares at cost			324	324
The directors' valuation of the shares based on the net asset value of the company at the end of the year.			4 442	5 001

9. Other investments

Unlisted investment at cost:

Ethanol Company Limited	0.2	0.2	-	-
210 000 Ordinary shares of K1 each, representing 7.64% of issued share capital.	0.2	0.2	-	-

The directors' valuation of the shares based on the net asset value of the company at the end of the year.

	66	57	-	-
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10. Loans receivable

Kasinthula Cane Growers Limited	545	515	545	515
	545	515	545	515

Advances to Kasinthula Cane Growers Limited are repayable over a period of ten years that started in 2005, at rates of interest equal with those borne by Illovo Sugar (Malawi) Limited on long-term borrowings disclosed in note 16 on page 40. The directors consider that the carrying amount of this loan receivable approximates to its fair value.

11. Inventories

Sugar inventory	613	464	372	293
Consumables	1 021	878	592	544
	1 634	1 342	964	837

	GROUP		COMPANY	
	2009 K million	2008 K million	2009 K million	2008 K million
12. Growing cane				
The carrying value of growing cane can be reconciled as follows:				
Carrying value at the beginning of the year	6 463	5 559	3 964	3 377
Change in fair value	1 069	904	814	587
Carrying value at the end of the year	7 532	6 463	4 778	3 964
The following are the key assumptions in the valuation of growing cane:				
Expected area to harvest the following season (ha)	19 499	18 704	13 099	12 377
Estimated yield (tons cane/ha)	111	110	111	108
Average maturity of cane at 31 March 2009	67%	67%	67%	67%

13. Factory overhaul costs				
Balance at the beginning of the year	541	430	292	238
Capitalised during the year	551	541	347	292
Amortised during the year	(541)	(430)	(292)	(238)
Balance at the end of the year	551	541	347	292

14. Accounts receivable				
Trade receivables	905	1 256	905	1 256
Other receivables and prepayments	801	633	431	376
	1 706	1 889	1 336	1 632

The directors consider that the carrying amount of accounts receivable approximate to their fair value. Accounts receivable include debtors denominated in foreign currencies amounting to K317 million (2008: K455 million).

The foreign debtors are denominated in the following currencies:

United States Dollar	49	235
European Euro	268	220
	317	455

15. Cash and cash equivalents

The group and the company have overdraft and guarantee facilities with various Malawian banking institutions. These facilities attract interest rates between 12% and 19% (2008: 15% and 19%).

Bank balances are made up of the following currencies:

Malawi Kwacha	99	1 271	99	1 271
United States Dollar	717	1	717	1
European Euro	658	-	658	-
South African Rand	1	-	1	-
	1 475	1 272	1 475	1 272

Bank overdraft balances are made up of the following currencies:

Malawi Kwacha	366	-	366	-
	366	-	366	-

Total cash and cash equivalents

	1 109	1 272	1 109	1 272
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Unsecured bank overdraft facility, reviewed annually and payable at call:

Amount used	366	-	366	-
Amount unused	4 359	1 969	4 359	1 969
	4 725	1 969	4 725	1 969

Secured bank overdraft facility:

Amount used	-	-	-	-
Amount unused	1 500	2 000	1 500	2 000
	1 500	2 000	1 500	2 000

Total bank overdraft facility

	6 225	3 969	6 225	3 969
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2009

	GROUP AND COMPANY	
	2009	2008
	K million	K million
16. Long-term borrowings		
Foreign currency borrowings	302	402
Less: Current portion repayable within one year	(75)	(101)
	227	301

The above borrowings are due for repayment in the following years ending 31 March:

2009	-	101
2010	75	75
2011	47	47
2012	46	46
2013	46	45
2014 and thereafter	88	88
	302	402

	Foreign currency '000	Years of repayment	Interest rate %	2009 K million	2008 K million
Foreign borrowings					
Unsecured loans					
US Dollar	647			26	76
Illovo Group Holdings - Loan	19 000	2010	9.6	773	773
Illovo Group Holdings - Zero coupon bond	(18 353)			(747)	(697)
Euro	4 168			276	326
European Investment Bank - Own resources	3 544	2008 - 2015	7.1	242	283
European Investment Bank - Risk capital	2 255	2006 - 2015	3.0	131	153
Illovo Group Holdings - Loan	6 500	2015	8.0	444	444
Illovo Group Holdings - Zero coupon bond	(7 561)			(507)	(516)
Illovo Group Holdings - Loan	3 544	2015	8.0	240	240
Illovo Group Holdings - Zero coupon bond	(4 114)			(274)	(278)
Total foreign borrowings				302	402

Euro denominated borrowings from the European Investment Bank (EIB) are unsecured, and were raised to finance the Kasinthula Cane Growers Limited development project in the Chikwawa valley and mill expansion at Nchalo. These borrowings comprise an own resources loan of Euro 6.5 million repayable over 15 years in 22 equal semi-annual instalments that commenced in September 2004, with interest payable semi-annually in arrears at rates applicable to comparable loans made by the bank, and a risk capital loan of Euro 3.5 million repayable over 15 years in 11 equal annual instalments that commenced in March 2005, with interest at 3% per annum payable annually in arrears.

Long-term loan agreements concluded with Illovo Group Holdings Limited (IGHL), a subsidiary of Illovo Sugar Limited, are linked to zero coupon bonds which appreciate over the respective loan terms to provide for the repayment of loan capital. The Euro denominated loans and bonds have been structured to provide for the repayment of both IGHL and EIB loan capital. These instruments remove the currency risk on net loan capital which, in respect of both IGHL and EIB loans, has therefore been translated at Kwacha exchange rates prevailing at date of inception. This gives rise to a contingent liability as disclosed in note 24 on page 42.

	GROUP		COMPANY	
	2009 K million	2008 K million	2009 K million	2008 K million
17. Deferred tax				
The movement in the year is analysed below:				
Balance at beginning of year	4 631	3 907	3 238	2 756
Charged to income statement	1 293	724	884	482
Balance at end of the year	5 924	4 631	4 122	3 238
Analysis of deferred tax liability:				
Excess capital allowances over depreciation	1 763	1 158	1 188	864
Cane roots and growing cane	4 374	3 656	3 039	2 467
Retirement benefit obligations	(213)	(183)	(105)	(93)
	5 924	4 631	4 122	3 238
18. Post retirement benefits				
Balance at beginning of year	611	692	309	441
Raised during the year	110	(72)	52	(123)
Utilised during the year	(12)	(9)	(12)	(9)
Balance at end of the year	709	611	349	309

Section 35 (1) of the Employment Act No. 6 of 2000 requires employers to pay severance allowance to employees whose employment contracts are terminated either by mutual agreement between the employer and the employee or unilaterally by the employer.

During the year ended 31 March 2008, the Trustees of SUCOMA Group Pension Scheme and SUCOMA Group Non-Contributory Pension Fund amended the trust deeds of the pension funds to allow the portion of employer contribution to the fund to be available for making severance allowance payments.

The severance allowance provision as at 31 March 2009 was determined through an internal review by management, building upon the prior year provision that was determined through an actuarial valuation done by QED Actuaries and Consultants (Pty) Limited, a member of Aon Group Company of the Republic of South Africa. The total severance pay liability as at 31 March 2009 is K1 275 million (2008: K1 116 million) which has been reduced by K566 million (2008: K505 million), the employer's portion of the pension fund assets, in line with the Deeds of Variation of the pension funds. The average retirement age for employees is 60 years.

The key assumptions underlying the computation of severance allowance provision are as follows:

- i) Discount rate - 12%
- ii) Expected rate of salary increases - 11%
- iii) Future pension increases - 11%

The SUCOMA Group Pension Scheme, which is managed internally by Trustees, is a defined contribution scheme and the contributions by employees and the group are 7.5% (2008: 7.5%) and 10.5% (2008: 10.5%) of the fund member's basic pensionable salaries, respectively. The SUCOMA Group Non-Contributory Pension Fund, which is managed internally by Trustees, is also a defined contribution scheme and the contributions by employees and the group are 0% (2008: 0%) and 8% (2008: 8%) of the fund member's basic pensionable salaries, respectively. The Trustees are employees of the group. The administration of both pension funds has been subcontracted to Nico Life Insurance Company Limited. Nico Holdings Limited is contracted to invest the assets of the two funds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2009

	GROUP		COMPANY	
	2009 K million	2008 K million	2009 K million	2008 K million
19. Accounts payable				
Trade payables	1 030	968	767	671
Other payables and accruals	2 246	2 572	1 859	2 041
	3 276	3 540	2 626	2 712

The directors consider that the carrying amount of accounts payable approximate to their fair value. Accounts payable include liabilities denominated in foreign currencies amounting to K185 million (2008: K176 million).

The foreign creditors are denominated into the following currencies:

United States Dollar	126	94
South African Rand	59	82
	185	176

20. Holding company and fellow subsidiaries				
Fellow subsidiaries	936	459	840	283
Dwangwa Sugar Corporation Limited	-	-	102	1 610
	936	459	942	1 893

Amounts due to fellow subsidiaries are denominated in foreign currencies.

21. Short-term borrowings				
Current portion of long-term borrowings	75	101	75	101
	75	101	75	101

These relate to current portion of the long-term borrowings refer to note 16 on page 40.

22. Provisions				
At beginning of the year	87	80	67	66
Raised during the year	3	8	1	2
Utilised during the year	(2)	(1)	(2)	(1)
At end of the year	88	87	66	67

These provisions reflect the group's estimated liability to employees in respect of accumulated annual leave.

23. Capital commitments				
Contracted	317	302	267	50
Approved but not contracted	62	43	41	27
	379	345	308	77

Capital expenditure commitments are to be financed from internal resources and existing facilities.

24. Contingent liabilities

The company has invested in a series of zero coupon bonds issued by Illovo Group Holdings Limited (IGHL), a subsidiary of Illovo Sugar Limited, in order to limit exposure to adverse exchange rate movements under long term loans with IGHL and EIB detailed in note 16 on page 40. There is a contingent liability of K 720 million (2008: K 961 million) at the balance sheet date arising from devaluation of the Malawi Kwacha since inception of these loans, which will be realised only in the event of premature termination of the underlying loan agreements.

There were legal claims made against the group in the ordinary course of business, the outcome of which is uncertain. An amount of K16.1 million (2008: K43.8 million) represents an estimate of the cost to the group in the event that legal proceedings find the group to be liable.

	2010	2011	2012	2013	2014 onwards	2009 Total	2008 Total
	K million	K million	K million	K million	K million	K million	K million
25. Operating lease commitments							
Property	1	1	1	1	57	61	62
Plant and equipment	188	190	80	80	77	615	1 045
	189	191	81	81	134	676	1 107

26. Related party transactions

Related party relationships exist between the company and its subsidiary and other subsidiaries of the Illovo Sugar group. All transactions are concluded at arm's length. Year-end balances are stated in notes 16 and 20 on pages 40 and 42 respectively, and on the face of the balance sheet.

The annual transactions with related parties, other than management fees disclosed in note 3 on page 34, are as follows:

Illovo Sugar Limited – Procurement	2 486	2 036
	2 486	2 036

27. Exchange rates and inflation

The average of the year-end buying and selling rates of the foreign currencies most affecting the performance of the group is stated below, together with the increase in the National Consumer Price Index for the year, which represents an official measure of inflation.

Kwacha/Rand	17.3	19.0
Kwacha/US Dollar	142.0	140.5
Kwacha/Euro	219.8	225.7
Inflation	9.5%	8.2%

There has been no significant exchange rate movement between the balance sheet date and the date on which the directors approved these financial statements for issue to the shareholders.

28. Basic earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the group is based on the following data:

Earnings

Earnings for the purposes of basic/diluted earnings per share	6 353	5 025
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Number of shares ('000s)

Weighted average number of ordinary shares for the purpose of basic/diluted earnings per share	713 444	713 444
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Basic earnings per share (tambala)	890	704
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Reconciliation of headline earnings:

Net profit for the year	6 353	5 025
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Adjusted for profit on sale of property, plant and equipment:	14	21
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Gross	20	30
-------	----	----

Tax	(6)	(9)
-----	-----	-----

Headline earnings	6 339	5 004
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Headline earnings per share (tambala)	889	701
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2009

GROUP AND COMPANY
2009 **2008**
K million **K million**

29. Dividends per share

Dividend per share is calculated by dividing the total dividends paid in the year by the weighted average number of ordinary shares in issue during the year.

First interim dividend paid (for current year)	1 713	1 356
Second interim dividend paid (for previous year)	2 033	2 033
Final dividend paid (for previous year)	107	214
	3 853	3 603
Number of shares in issue ('000)	713 444	713 444
Weighted average number of shares on which dividend per share is based ('000)	713 444	713 444
Dividend paid per share (tambala)	540	505

A second interim and final dividend in respect of the year ended 31 March 2009 of K3.70 (2008:K2.85) per share and K0.15 (2008: K0.15) per share respectively, amounting to a total dividend of K 2.747 billion (2008: K2.140 billion), was approved by the Board of directors meeting on 29 April 2009. These financial statements do not reflect this dividend payable.

30. Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

Short - term benefits	475	485
Post- retirement benefits	35	38
Other long-term benefits	80	34
	590	557

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

31. Segmental analysis

The primary business segments of the group are classified into sugar production and cane growing as follows:

GROUP: Year to 31 March 2009	Sugar production K million	Cane growing K million	TOTAL K million
Revenue	13 635	12 455	26 090
Operating profit	4 985	4 755	9 740
Balance sheet			
Non-current assets	3 686	9 883	13 569
Property, plant and equipment	3 468	2 507	5 975
Cane roots	-	7 049	7 049
Loans receivable	218	327	545
Current assets	4 512	8 386	12 898
Inventories	1 210	424	1 634
Growing cane	-	7 532	7 532
Factory overhaul costs	551	-	551
Accounts receivable	1 276	430	1 706
Cash and cash equivalents	1 475	-	1 475
Current liabilities	4 227	1 952	6 179
Accounts payable	2 179	1 097	3 276
Holding company and fellow subsidiaries	936	-	936
Short-term borrowings	75	-	75
Bank overdrafts	366	-	366
Taxation payable	623	815	1 438
Provisions	48	40	88
Non-current liabilities	2 787	4 073	6 860
Long-term borrowings	227	-	227
Deferred taxation	2 276	3 648	5 924
Post retirement benefits	284	425	709
Net assets value	1 184	12 244	13 428
Property, plant and equipment transactions are categorised as follows:			
Purchases during the year	944	1 167	2 111
Depreciation	203	214	417
Year to 31 March 2008	Sugar production K million	Cane growing K million	TOTAL K million
Revenue	11 118	10 055	21 173
Operating profit	4 287	3 658	7 945
Balance sheet			
Non-current assets	2 931	7 635	10 566
Property, plant and equipment	2 725	1 602	4 327
Cane roots	-	5 724	5 724
Loans receivable	206	309	515
Current assets	4 445	7 062	11 507
Inventories	1 037	305	1 342
Growing cane	-	6 463	6 463
Factory overhaul costs	541	-	541
Accounts receivable	1 596	293	1 889
Cash and cash equivalents	1 271	1	1 272
Current liabilities	3 657	1 945	5 602
Accounts payable	2 515	1 025	3 540
Holding company and fellow subsidiaries	459	-	459
Short-term borrowings	101	-	101
Taxation payable	522	893	1 415
Provisions	60	27	87
Non-current liabilities	2 780	2 763	5 543
Long-term borrowings	301	-	301
Deferred taxation	2 223	2 408	4 631
Post retirement benefits	256	355	611
Net assets value	939	9 989	10 928
Property, plant and equipment transactions are categorised as follows:			
Purchases during the year	1 029	501	1 530
Depreciation	128	154	282

The geographical segment of the group's business has not been prepared because all group's operations are held within Malawi. There were no significant non-cash transactions during the current or prior years.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2009

GROUP		COMPANY	
2009	2008	2009	2008
K million	K million	K million	K million

32. Financial instruments

Introduction and overview

The group has exposure to the following risks arising from its transactions in financial instruments:

- Capital risk
- Treasury risk
- Foreign currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

This note, in addition to note 16 on page 40, presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for identification, measurement, monitoring and controlling risk, and the group's management of capital.

32.1 Categories of financial instruments

Financial assets

Loans and receivables (including cash and cash equivalents)	3 726	3 676	3 356	3 419
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Financial liabilities

At amortised cost	6 406	5 903	5 277	5 867
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The details of liabilities at amortised costs are as follows:

Long-term borrowings	227	301	227	301
Accounts payable	3 276	3 540	2 626	2 712
Holding company and fellow subsidiaries	936	459	942	1 893
Short-term borrowings	75	101	75	101
Bank overdrafts	366	-	366	-
Taxation payable	1 438	1 415	975	793
Provisions	88	87	66	67
	6 406	5 903	5 277	5 867

32.2 Capital risk management

The group manages its capital to ensure that it remains a going concern while maximising the returns to stakeholders through the optimization of the debt and equity balance.

The capital structure of the group consists of debt, which includes short-term borrowings, cash and cash equivalents and equity. As at year end the group's gearing was negligible (refer five year review on page 14 note number 6).

32.3 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 formulates treasury management strategies in light of prevailing market conditions and current economic forecasts. This committee operates within group policies approved by the Board.

The group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the group's policies approved by the Board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

GROUP		COMPANY	
2009	2008	2009	2008
K million	K million	K million	K million

32.4 Foreign currency risk management

The group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts, where necessary.

The carrying amounts of the group's unhedged and uncovered foreign currency denominated assets and monetary liabilities at the balance sheet date are as follows:

Liabilities

United States Dollar	126	94	125	94
South African Rand	774	488	678	312
	900	582	803	406

Assets

United States Dollar	49	235	49	235
European Euro	268	220	268	220
	317	455	317	455

32.4.1 Foreign currency sensitivity analysis

The group is largely exposed to the US Dollar, Rand and the Euro. The following table details the group's sensitivity to a 10% increase and decrease in the Malawi Kwacha (K) against the relevant foreign currencies. A 10% movement is the usual sensitivity rate used when reporting foreign currency risk internally to key personnel and represents management assessment of the reasonable change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. A positive number below denotes a decrease in profit where the Kwacha weakens against the relevant currency. For a 10% strengthening of the Kwacha against the relevant currency, there would be an equal and opposite impact on the reported performance.

	US Dollar impact		Rand impact		Euro impact	
	2009	2008	2009	2008	2009	2008
	K million	K million	K million	K million	K million	K million
Profit or loss	8	14	77	49	27	22

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the average exposure during the year. Purchases from foreign suppliers are seasonal with higher purchases towards the last quarter of the year in order to meet demand.

32.5 Interest rate risk management

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

32.5.1 Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates on the financial assets and liabilities at the balance sheet date. The interest rate sensitivity is calculated based on a 5% movement on the carrying amounts.

If the interest rates had moved by a 500 basis points higher/lower and all other variables held constant, the group's profit for the year ended 31 March 2009 would move up or down by K 24 million (2008: K 24 million).

32.6 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The group uses other publicly available financial information and its own trading records to rate its major customers. The group's exposure and the performance of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds is limited because the counterparties are reputable banks.

There are no off-balance sheet credit exposures.

The highest credit exposure outside the bank balances was K 588 million (2008: K 328 million).

32.7 Liquidity risk management

Ultimate responsibility of liquidity risk management rests with management, which has built an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity requirements. The group manages liquidity risk by maintaining adequate reserves and banking facilities, continuously monitoring forecast and actual cash flows, and matching of the maturity profiles of financial assets and liabilities. Included in note 15 on page 39 is a listing of additional undrawn facilities that the group has access to if the need arises.

32.7.1 Liquidity and interest risk tables

The following tables detail the group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the actual cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The table below shows both interest and principal cash flows.

	Weighted average effective rate	1 year	More than 1 year
		K million	K million
2009			
Bank overdraft	15.0%	366	-
Borrowings	9.6%	75	227
2008			
Bank overdraft	-	-	-
Borrowings	9.6%	101	301

The group's non-financial assets are interest-free and their maturity period is indefinite.

ANALYSIS OF SHAREHOLDERS

31 MARCH 2009

Category	Shareholders		Ordinary Shares	
	Number	%	Number held	% of shares issued
Individuals				
1 – 5 000	1 772	71.65	2 501 417	0.35
5 001 – 10 000	349	14.11	2 917 766	0.41
10 001 – 50 000	263	10.64	4 956 347	0.70
50 001 – 100 000	23	0.93	1 919 232	0.27
100 001 – 200 000	21	0.85	2 788 915	0.39
200 001 – 500 000	14	0.57	4 372 836	0.61
500 001 – and over	31	1.25	693 987 878	97.27
	2 473	100.00	713 444 391	100.00
Banks and nominees				
Holding company	37	1.49	24 870 098	3.49
Individuals	1	0.04	542 084 186	75.98
Insurance and assurance companies	2 272	91.87	28 116 067	3.94
Investment and trust companies	12	0.49	69 930 009	9.80
Non-resident	36	1.46	13 839 873	1.94
Other corporate bodies	49	1.98	7 447 424	1.04
Pension and provident funds	42	1.70	2 656 421	0.37
	24	0.97	24 500 313	3.44
	2 473	100.00	713 444 391	100.00
Shareholders holding 1% or more of the total equity				
SUCOMA Holdings Limited			542 084 186	75.98
Old Mutual Life Assurance Company (Malawi) Limited			62 749 122	8.80
Savjani Ramesh Haridas Mr			14 421 735	2.02
Press Trust			11 628 794	1.63
First Merchant Bank Limited			9 828 144	1.38
National Investment Trust Limited			8 107 611	1.14

SHAREHOLDERS' DIARY

Financial year end		March
Annual general meeting		August
Reports and profit statements		
Interim report		October
Profit announcement for the year		April
Annual report and financial statements		August
Dividends		
First interim	Declaration	October
	Payment	January
Second interim	Declaration	April
	Payment	June
Final	Declaration	August
	Payment	October

NOTICE OF MEETING

Notice is hereby given that the 44th annual general meeting of members of the company will be held in the main hall at Country Club Limbe, Limbe, Malawi on Wednesday, 5 August 2009 at 10h00 to transact the following business:

1. Financial statements

To receive and adopt the annual financial statements for the year ended 31 March 2009.

2. Election of directors

2.1 To confirm the appointment of Messrs W A Cowden and E I Williams as directors since the previous annual general meeting.

2.2 To re-elect Dr M A P Chikaonda and Mr B M Stuart and Ms K Zarnack who retire by rotation in terms of the articles of association, and who, being eligible, offer themselves for re-election.

3. Ordinary business

To consider and, if deemed fit, to pass with or without modification the following ordinary resolutions:

3.1 That unless otherwise determined by the company in general meeting, each director shall be entitled to remuneration for his/her services as such at the rate of K500 000 per annum and that the remuneration herein determined shall be payable by the company every four months in arrears with effect from 1 April 2009.

3.2 That Deloitte be re-appointed as auditors for the March 2010 financial year and that the directors be authorised to fix their remuneration.

3.3 That a final dividend of 15 tambala per share for the year ended 31 March 2009 recommended by the directors be declared to all shareholders registered in the books of the company at close of business on 21 August 2009 and payable on 2 October 2009.

4. Other business

To transact such other business as may be transacted at an annual general meeting of members.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. The proxy need not be a member of the company. Proxy forms should be forwarded to reach the company's registered office or the transfer secretaries not later than 16h00 on Friday, 24 July 2009.

By order of the Board

Malawi Sugar Limited
Secretaries
Limbe, Malawi
29 April 2009

ILLOVO SUGAR (MALAWI) LIMITED

FORM OF PROXY FOR THE 44TH ANNUAL GENERAL MEETING

I/We _____
(Name/s in block letters)

of _____
(Address)

Number of votes

being the shareholder/member of the abovenamed company and entitled to

(1 share = 1 vote)

do hereby appoint

1. _____ of _____ or failing him/her
2. _____ of _____ or failing him/her
3. the Chairman of the meeting, as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the annual general meeting of the company to be held in the main hall, Country Club Limbe, Limbe, Malawi on Wednesday, 5 August 2009 at 10h00 and at any adjournment thereof as follows:

Agenda Item	Mark with X where applicable		
	In favour	Against	Abstain
1. Adoption of 2009 annual financial statements.			
2.1 Confirmation of appointment of directors.			
2.2 Re-election of directors.			
3.1 Determination of directors' remuneration.			
3.2 Re-appointment of Deloitte as auditors.			
3.3 Declaration of final dividend.			

Signed at _____ on this _____ day of _____ 2009

Signature _____

Assisted by me (where applicable) (see note 3) _____

Full name/s of signatory/ies if signing in a representative capacity (see note 4) _____

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company.
2. If this proxy form is returned without any indication as to how the proxy should vote, the proxy will be entitled to vote or abstain from voting as he/she thinks fit.
3. A minor must be assisted by his/her guardian.
4. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless the company has already recorded that authority.
5. In order to be effective, proxy forms must reach the registered office of the company (Illovo Sugar (Malawi) Limited, Illovo House, Churchill Road, Private Bag 580, Limbe, Malawi) or the transfer secretaries (First Merchant Bank Transfer Secretaries, 2nd Floor, Livingstone Towers, Glyn Jones Road, Private Bag 122, Blantyre, Malawi) by no later than 16h00 on Friday, 24 July 2009.
6. The delivery of the duly completed proxy form shall not preclude any member or his/her duly authorised representative from attending the meeting, speaking and voting instead of such duly appointed proxy.
7. If two or more proxies attend the meeting, then that person attending the meeting whose name appears first on the proxy form, or whose name is not deleted, shall be regarded as the validly appointed proxy.



