ILLOVO SUGAR LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1906/000622/06)
Share Code: ILV
ISIN: ZAE000083846
(“Illovo” or “the Company”)

PRELIMINARY REPORT FOR THE YEAR ENDED 31 MARCH 2016

Salient Features

- Low export sugar prices and weak domestic demand, particularly in Malawi
- Group sugar production down 14% due to direct and indirect drought effects
- Operating profit decreased by 14.8 % and headline earnings per share by 36.5%
- Downstream diversification rationale, evidenced by 26% growth in downstream operating profit
- Good progress in evolving sales mix away from the EU market
- Record ethanol production and electricity co-generation
- Pleasing cost efficiency gains through continuous improvement

Quote:

Gavin Dalgleish, Managing Director, commented:

“The ‘perfect storm’ of sustained low export sugar prices, reduced domestic demand in Malawi, currency volatility and high interest rates in various jurisdictions, exacerbated by the impact of the regional drought on sugar production, weighed heavily on business performance. Nonetheless, the downstream business delivered a strong financial performance, while the group continued to improve the sales mix away from the EU by growing sales volumes in key regional markets. Cost-reductions, efficiency improvements and the culture of doing more with less have become further embedded in the business.

Forecasts of the global sugar production deficit for 2015/16 continue to grow, which together with a strengthening Brazilian Real has contributed to a recent recovery in world market prices, off seven year lows. Good progress has been made in improving the sales mix, developing regional and domestic markets and structural cost reduction programmes, thereby mitigating some of the downside to these results.”

Enquiries:

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Overview

The Illovo group has endured a 'perfect storm' of macro challenges during the twelve months to 31 March 2016. Direct and indirect drought impacts across all six countries of operation, currency volatility and high interest rates in various jurisdictions, and reducing domestic sales demand in Malawi, as well as on-going pressure on sugar export revenues, combined to weigh heavily on the group's results.

Despite these difficult conditions, the downstream business delivered a strong financial performance, while the group continued to grow regional sales volumes by expanding access to key markets. Cost-reduction and efficiency improvement benefits were realised as the culture of continuous improvement becomes further embedded in the business.

The tough sugar commercial environment saw total group revenues reduced by 0.7% to R13 169.9 million which, in turn, resulted in the operating margin falling from 12.5% to 10.7%. Operating profit decreased by 14.8% to R1 410.2 million, while headline earnings per share declined by 36.5% to 113.6 cents, well within the guidance range of 25% to 45% HEPS decline year-on-year provided in the trading statements published on 25 May 2015 and 18 September 2015. The contribution to operating profit by country was: Zambia 35% (2015: 35%), Malawi 32% (2015: 38%), Tanzania 16% (2015: 9%), Swaziland 10% (2015: 4%), South Africa 8% (2015: 13%) and Mozambique –1% (2015: 1%). By activity, the contribution to operating profit was: sugar production 59% (2015: 71%), downstream 24% (2015: 16%) and cane growing 17% (2015: 13%).

Review

Lower than normal rainfall persisted across the Southern African region, impacting river, dam and lake levels in Swaziland, Zambia, Malawi and South Africa. These stressed growing conditions not only reduced sugar cane yields but also increased vulnerability to pests such as yellow aphids. These drought effects and the flood damage suffered in Mozambique during January 2015 resulted in a sharp decline in end-of-season cane supply across all countries of operation. Year-on-year sugar production decreased by 14% from 1.760 million tons to 1.512 million tons.

World sugar prices recovered from seven year lows during August 2015 to break the 15 USc/lb resistance level during March 2016, driven largely by an expected world production deficit in 2016 and strengthening of the Brazilian Real. Whilst this price recovery bodes well for the year ahead, the August 2015 low had the effect of depressing regional export prices. Although the decline in EU market prices appeared to level off and firm slightly during the period under review, the weaker Euro continued to impact on profitability.

Strong domestic and regional markets remain fundamental to the business. Good progress has been made with initiatives to grow these markets, with regional sales reflecting steady growth compared to the prior period.

Demand in Zambia continued to grow and Swaziland benefited from increased sales into the SADC region. Market conditions in Tanzania continued to improve as stricter enforcement of regulations reduced illegal sugar imports, whilst the announcement of a new import tariff structure in Mozambique bodes well for future sales. The strong Malawian Kwacha had an impact on informal regional trade flows, resulting in an inflow of sugar to compete against local production which, combined with high interest rates, depressed domestic demand.

The contribution to operating profit from downstream activities continued to grow (from 16% to 24%). The two alcohol production units in South Africa and the one in Tanzania performed well, with new production records set at the distillery and lactulose plant at Merebank. Good furfural production was achieved at the Sezela facility in South Africa. Relative to the prior year, electrical co-generation at the Ubombo mill in Swaziland increased by 17%.

As reported in September 2015, a decision was made to close the furfural-based nematicide business in the United States of America (US) following protracted difficulties in obtaining registration with the US Environmental Protection Agency for application of the product on food crops. A loss of R169 million was recorded on the closure and subsequent disposal of the business.

While the conversion of operating profit to cash remains strong, the impact of reduced sales volumes and lower demand has increased working capital requirements. The higher funding requirements, compounded by considerable increases in interest rates and currency volatility in Malawi and Zambia, increased financing costs by R101 million.

Outlook

The persistent dry weather conditions across the region and poor summer rainfall will further delay the anticipated sugar production recovery during the 2016/17 season, with a particularly adverse impact expected in Swaziland. Overall sugar production is expected to be similar to the 2015/16 season.

Notwithstanding this extended drop in physical performance, firmer pricing, improved sales mix, the flow through of cost savings initiatives and the commissioning of the Zambian refinery and energy efficiency project in South Africa should impact positively on the financial performance during 2016/17.

The recent recovery in world sugar market prices is encouraging. Increased import tariffs in Mozambique and efforts to improve the sales mix and to develop regional markets will benefit earnings in the year ahead. The recent weakening in the Malawian Kwacha should stem the flow of illegal imports into that market and improve domestic sales.

The Zambian refinery expansion and product alignment projects remain within budget and on schedule for commissioning during May and June 2016.

Structural cost reduction programmes and the group-wide continuous improvement programme should bring meaningful benefits to the group in the short to medium-term.

Capital Distribution

As announced on the Securities Exchange News Service (SENS) on 8 April 2016 and subsequently on 26 April 2016, Associated British Foods plc (“ABF”), through its wholly owned subsidiary, AB Sugar Africa Limited, made an offer to acquire all of the issued ordinary shares in Illovo (other than the 236 569 232 shares already owned by ABF Overseas Limited (“AOL”)) by way of a scheme of arrangement in terms of section 114(1)(c) of the Companies Act, 2008, between Illovo and its shareholders (other than AOL) (“the Scheme”); or if the Scheme fails and ABF so elects, by way of a general offer to those shareholders ("General Offer"), for a cash consideration of R25,00 per share ("Consideration").

A circular setting out the terms and conditions of the Scheme and the General Offer ("Circular"), and incorporating notice of a general meeting of shareholders on 25 May 2016, was distributed by registered post to shareholders on 26 April 2016, with a copy thereof posted on Illovo's website, www.illovosugar.co.za. On 25 May 2016, the shareholders voted in favour of the Scheme.

As set out in the Circular, the Consideration of R25,00 per share is calculated on the basis that Illovo will not make any distribution to its shareholders between 8 April 2016 and the settlement date of the Consideration. Accordingly, no distribution to shareholders for the year ended 31 March 2016 is being declared.

On behalf of the Board

TS Munday Chairman Mount Edgecombe 3 June 2016	GB Dalgleish Managing Director

CORPORATE INFORMATION

Directors:

TS Munday (Chairman)*; GB Dalgleish (Managing Director); MH Abdool-Samad; MI Carr#*; J Cowper#*; G Gomwe^*; MJ Hankinson*; JP Hulley; S Kana*; D Konar*; PA Lister#*; CW Molope*; AR Mpungwe (Tanzanian)*; L W Riddle.

British

^*Zimbabwean*

* *Non-executive*

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Transfer Secretaries: Link Market Services South Africa Proprietary Limited
Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001
P O Box 4844, Johannesburg, 2000

Auditors: Deloitte & Touche

Sponsor: J.P. Morgan Equities South Africa Proprietary Limited.

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2016

	Notes	**Audited 2016 Rm**	Audited 2015 Rm	Change %
Revenue		**13 169.9**	13 266.5	(0.7)
Cost of sales		**(8 160.8)**	(8 206.1)	
Gross profit		**5 009.1**	5 060.4	
Distribution expenses		**(1 223.6)**	(1 155.2)	
Administrative expenses		**(1 608.4)**	(1 517.8)	
Other operating expenses		**(766.9)**	(732.3)	
Operating profit		**1 410.2**	1 655.1	(14.8)
Dividend income		**1.0**	2.8	
Net financing costs	4	**(457.0)**	(355.8)	
Profit before non-trading items		**954.2**	1 302.1	
Share of profit from joint venture		**5.5**	4.6	
Share of profit from associates		**24.0**	22.1	
Material items	5	**23.3**	3.0	
Profit before taxation		**1 007.0**	1 331.8	(24.4)
Taxation	6	**(334.5)**	(388.0)	
Profit for the year		**672.5**	943.8	
Attributable to:				
Shareholders of Illovo Sugar Limited		**580.1**	826.4	(29.8)
Non-controlling interest		**92.4**	117.4	
		672.5	943.8	
Other comprehensive income				
Items that will not be reclassified to profit or loss in subsequent years, net of tax:				
Re-measurement of defined benefit obligations		**9.9**	29.8	
Items that may be reclassified to profit or loss in subsequent years, net of tax:				
Cash flow hedges		**39.2**	(11.4)	
Hedge of net investment in foreign subsidiaries		**(646.4)**	(14.4)	
Foreign currency translation differences		**(708.9)**	(408.9)	
Total comprehensive (loss)/income for the year		**(633.7)**	538.9	
Attributable to:				
Shareholders of Illovo Sugar Limited		**(590.4)**	431.1	
Non-controlling interest		**(43.3)**	107.8	
		(633.7)	538.9	
Headline earnings per share (cents)	7			
Basic		**113.6**	179.0	(36.5)
Diluted		**113.6**	179.0	
Earnings per share (cents)				
Basic		**125.9**	179.4	(29.8)
Diluted		**125.9**	179.4	
Distribution per share (cents)	8	**-**	90.0	(100.0)

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2016

	Notes	Audited 2016 Rm	Audited 2015 Rm
ASSETS			
Non-current assets		**9 814.5**	9 472.9
Property, plant and equipment		**7 574.8**	7 043.3
Cane roots		**1 800.8**	1 776.4
Intangible assets		**117.4**	311.9
Investment in joint venture		**3.5**	0.7
Investment in associates		**68.8**	73.5
Investments		**76.5**	74.7
Loans		**142.2**	163.9
Deferred taxation asset		**30.5**	28.5
Current assets		**5 817.0**	5 353.6
Inventories		**987.7**	1 022.6
Growing cane		**1 914.3**	1 797.2
Trade and other receivables		**2 220.7**	1 660.9
Factory overhaul costs		**327.3**	372.0
Derivative financial instruments	14	**29.2**	24.4
Cash and cash equivalents		**337.8**	476.5
Total assets		**15 631.5**	14 826.5
EQUITY AND LIABILITIES			
Equity attributable to shareholders of Illovo Sugar Limited		**5 613.3**	6 472.4
Share capital and premium		**1 196.0**	1 440.2
Share-based payment reserve		**3.8**	7.2
Other reserves		**(7.5)**	(3.9)
Retained earnings		**4 421.0**	5 028.9
Non-controlling interest		**1 152.9**	1 203.3
Total equity		**6 766.2**	7 675.7
Non-current liabilities		**4 677.7**	3 754.4
Long-term borrowings		**2 938.8**	2 042.9
Deferred taxation liability		**1 449.5**	1 412.6
Deferred income		**91.8**	101.8
Provisions		**197.6**	197.1
Current liabilities		**4 187.6**	3 396.4
Short-term borrowings		**1 922.7**	1 164.6
Trade and other payables		**2 151.5**	2 042.5
Taxation		**36.0**	64.9
Provisions		**36.4**	43.3
Derivative financial instruments	14	**41.0**	81.1
Total liabilities		**8 865.3**	7 150.8
Total equity and liabilities		**15 631.5**	14 826.5

SALIENT FEATURES

	Notes	31 March Audited 2016 Rm	Audited 2015 Rm
Operating margin (%)		**10.7**	12.5
Interest cover (times)	a	**3.1**	4.7
Effective tax rate (%)		**33.2**	29.1
Net asset value per share (cents)		**1 468.6**	1 666.1
Net debt: equity ratio	b	**66.9**	35.6
Gearing (%)	c	**40.1**	26.2
Net borrowings		**4 523.7**	2 731.0
Depreciation		**343.7**	336.8
Capital expenditure			
Replacement of property, plant and equipment		**352.4**	365.6
Expansion of property, plant and equipment		**1 077.0**	318.3
Property, plant and equipment		**1 429.4**	683.9
Expansion of area under cane		**17.3**	5.7
Product registration costs		**4.4**	9.9
		1 451.1	699.5
Capital commitments			
Contracted		**256.5**	326.9
Approved but not contracted		**608.4**	1 541.5
		864.9	1 868.4
Lease commitments		**153.4**	189.3
Contingent liabilities		**169.3**	155.9

NOTES

a.) Interest cover

Operating profit divided by net financing costs.

b.) Net debt: equity ratio

Interest-bearing liabilities (net of cash and cash equivalents) divided by total equity. A negative net debt: equity ratio indicates that the group is in a net cash position.

c.) Gearing

Interest-bearing liabilities (net of cash and cash equivalents) expressed as a percentage of total equity and interest-bearing liabilities (net of cash and cash equivalents). A negative gearing ratio indicates that the group is in a net cash position.

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2016

	Share capital and premium Rm	Share-based payments reserve Rm	Other reserves Rm	Retained earnings Rm	Share-holders of Illovo Sugar Limited Rm	Non-controlling interest Rm	Total equity Rm
Balance at 31 March 2014 (Audited)	**1 886.3**	**13.1**	**5.8**	**4 435.1**	**6 340.3**	**1 128.3**	**7 468.6**
Total comprehensive income for the year	-	-	(426.5)	857.6	431.1	107.8	538.9
Profit for the year				826.4	826.4	117.4	943.8
Re-measurement of defined benefit obligations				31.2	31.2	(1.4)	29.8
Cash flow hedges			(9.7)		(9.7)	(1.7)	(11.4)
Hedge of net investment in foreign subsidiaries			(11.9)		(11.9)	(2.5)	(14.4)
Foreign currency translation differences			(404.9)		(404.9)	(4.0)	(408.9)
Issue of share capital	0.8				0.8		0.8
Distributions paid	(446.9)				(446.9)	(129.0)	(575.9)
Gain on part-disposal of shareholding in subsidiary				93.1	93.1	96.2	189.3
Gain on liquidation of subsidiary				59.9	59.9		59.9
Purchase of shares (forfeitable share plan)		(5.9)			(5.9)		(5.9)
Transfer of foreign currency translation reserve			416.8	(416.8)	-		-
Balance at 31 March 2015 (Audited)	**1 440.2**	**7.2**	**(3.9)**	**5 028.9**	**6 472.4**	**1 203.3**	**7 675.7**
Total comprehensive income for the year	-	-	(1 179.4)	589.0	(590.4)	(43.3)	(633.7)
Profit for the year				580.1	580.1	92.4	672.5
Re-measurement of defined benefit obligations				8.9	8.9	1.0	9.9
Cash flow hedges			33.5		33.5	5.7	39.2
Hedge of net investment in foreign subsidiaries			(627.4)		(627.4)	(19.0)	(646.4)
Foreign currency translation differences			(585.5)		(585.5)	(123.4)	(708.9)
Transactions with non-controlling shareholders				(21.1)	(21.1)	22.7	1.6
Distributions paid	(244.2)				(244.2)	(29.8)	(274.0)
Purchase of shares (forfeitable share plan)		(5.2)			(5.2)		(5.2)
Share-based payments charge		1.8			1.8		1.8
Transfer of other reserves			(37.1)	37.1	-		-
Transfer of foreign currency translation reserve			1 212.9	(1 212.9)	-		-
Balance at 31 March 2016 (Audited)	**1 196.0**	**3.8**	**(7.5)**	**4 421.0**	**5 613.3**	**1 152.9**	**6 766.2**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2016

	Notes	31 March Audited 2016 Rm	 Audited 2015 Rm
Cash flows from operating activities			
Cash operating profit	9	**1 097.4**	1 663.7
Working capital movements	10	**(310.6)**	(314.1)
Cash generated from operations		**786.8**	1 349.6
Net financing costs		**(457.0)**	(355.8)
Taxation paid		**(137.7)**	(252.7)
Dividend income		**1.0**	2.8
Distributions paid		**(274.0)**	(575.9)
Net cash (outflows)/inflows from operating activities		**(80.9)**	168.0
Cash flows from investing activities			
Replacement of property, plant and equipment		**(352.4)**	(365.6)
Expansion of property, plant and equipment		**(1 077.0)**	(318.3)
Expansion of area under cane		**(17.3)**	(5.7)
Capitalisation of product registration costs		**(4.4)**	(9.9)
Proceeds on disposal of property		**0.4**	3.1
Proceeds on disposal of plant and equipment		**24.0**	6.5
Movement on investments and loans		**53.2**	21.5
Acquisition of business	11	**(2.2)**	-
Disposal of business	12	**(0.9)**	-
Net cash outflows from investing activities		**(1 376.6)**	(668.4)
Net cash outflows before financing activities		**(1 457.5)**	(500.4)
Cash flows from financing activities			
Long-term borrowings raised/(repaid)		**636.3**	(79.6)
Short-term borrowings raised		**668.6**	276.2
Issue of share capital		**-**	0.8
Purchase of shares in terms of forfeitable share plan		**(5.2)**	(5.9)
Proceeds on part-disposal of shareholding in subsidiary		**-**	189.3
Net cash inflows from financing activities		**1 299.7**	380.8
Net decrease in cash and cash equivalents		**(157.8)**	(119.6)
Cash and cash equivalents at the beginning of the year		**476.5**	597.1
Exchange rate translation		**19.1**	(1.0)
Cash and cash equivalents at the end of the year		**337.8**	476.5

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The summarised consolidated financial statements have been prepared in accordance with the framework concepts and recognition and measurement criteria of International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board in issue and effective for the group at 31 March 2016 and the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The results are presented in accordance with IAS 34: Interim Financial Reporting and comply with the Listings Requirements of the JSE Limited and the Companies Act of South Africa, 2008.

The accounting policies applied in preparation of these summarised consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated financial statements.

The audited summarised consolidated financial statements have been prepared under the supervision of the group financial director, Mohammed Abdool-Samad CA(SA). The summarised consolidated financial statements were approved by the board of directors on 2 June 2016.

The full consolidated annual financial statements from which these summarised consolidated financial statements were derived can be inspected at the company's registered office and will be electronically available on the group's website www.illovosugar.co.za.

2. AUDIT OPINION

These summarised consolidated financial statements for the year ended 31 March 2016 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the full consolidated financial statements for the year ended 31 March 2016, from which these summarised consolidated financial statements were derived. A copy of the auditor's report on the summarised consolidated financial statements and of the auditor's report on the full consolidated financial statements are available for inspection at the company's registered office, together with the financial statements identified in the respective auditor's reports.

Deloitte & Touche has not audited future financial performance and expectations expressed by management included in the commentary in the summarised consolidated financial statements and accordingly do not express an opinion thereon. The auditor's report does not necessarily report on all of the information contained in the summarised consolidated financial statements. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

3. POST BALANCE SHEET EVENTS

As announced on the Securities Exchange News Service (SENS) on 8 April 2016 and subsequently on 26 April 2016, Associated British Foods plc, through its wholly owned subsidiary, AB Sugar Africa Limited, made an offer to acquire all of the issued ordinary shares in Illovo (other than the 236 569 232 shares already owned by ABF Overseas Limited ("AOL")) by way of a scheme of arrangement in terms of section 114(1)(c) of the Companies Act, 2008, between Illovo and its shareholders (other than AOL) ("the Scheme"); or if the Scheme fails and ABF so elects, by way of a general offer to those shareholders ("General Offer") for a cash consideration of R25,00 per share ("Consideration").

A circular setting out the terms and conditions of the Scheme and the General Offer ("Circular"), and incorporating notice of a general meeting of shareholders on 25 May 2016, was distributed by registered post to shareholders on 26 April 2016, with a copy thereof posted on Illovo's website, www.illovosugar.co.za. On 25 May 2016, the shareholders voted in favour of the Scheme.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS (continued)

	Year ended 31 March Audited 2016 Rm	Audited 2015 Rm
4. NET FINANCING COSTS		
Interest paid	**514.8**	362.9
Less: capitalised to property, plant and equipment	**(92.8)**	(4.0)
	422.0	358.9
Interest received	**(18.5)**	(13.4)
Foreign exchange losses	**53.5**	10.3
	457.0	355.8
5. MATERIAL ITEMS		
Profit on disposal of property	**177.0**	3.0
Profit on disposal of plant and equipment - insurable event	**15.1**	-
Loss on closure and subsequent disposal of business	**(168.8)**	-
	23.3	3.0
6. TAXATION		
Current taxation	**27.4**	128.2
Deferred taxation	**225.3**	209.8
Withholding taxation	**81.8**	50.0
	334.5	388.0

The effective tax rate has been impacted by the non-deductible capital loss on the closure and subsequent disposal of the furfural-based nematicide business and higher levels of income which is subject to withholding taxation.

	Audited 2016 Rm	Audited 2015 Rm
7. DETERMINATION OF HEADLINE EARNINGS		
Profit attributable to shareholders	**580.1**	826.4
Adjusted for:		
Profit on disposal of property	**(177.0)**	(3.0)
Profit on disposal of plant and equipment - insurable event	**(15.1)**	-
Loss on closure and subsequent disposal of business	**168.8**	-
Total gross effect of adjustments	**(23.3)**	(3.0)
Total tax effect of adjustments	**30.1**	-
Total non-controlling interest effect of adjustments	**(63.4)**	1.2
Headline earnings	**523.5**	824.6
Number of shares (millions)		
Issued	**460.7**	460.7
Weighted average	**460.7**	460.7
Diluted weighted average	**460.7**	460.7
Headline earnings per share (cents)		
Basic	**113.6**	179.0
Diluted	**113.6**	179.0

	Year ended 31 March Audited 2016 Rm	Audited 2015 Rm

8. DISTRIBUTION PER SHARE

As set out in the circular, the consideration of R25,00 per share is calculated on the basis that the group will not make any distribution to its shareholders between 8 April 2016 and the settlement date of the Consideration. Accordingly, no distribution to shareholders for the year ended 31 March 2016 is being declared.

9. CASH OPERATING PROFIT

	Audited 2016 Rm	Audited 2015 Rm
Operating profit	**1 410.2**	1 655.1
Material items	**23.3**	3.0
	1 433.5	1 658.1
Add back:		
Depreciation	**343.7**	336.8
Amortisation of intangible assets	**15.3**	5.6
Amortisation of deferred income	**(10.0)**	(10.0)
Change in fair value of cane roots	**(247.4)**	(208.6)
Change in fair value of growing cane	**(416.2)**	(111.6)
Loss on closure and subsequent disposal of business	**168.8**	-
Profit on disposal of property	**(177.0)**	(3.0)
Profit on disposal of plant and equipment - insurable event	**(15.1)**	-
Profit on disposal of plant and equipment	**-**	(3.6)
Share-based payments charge	**1.8**	-
	1 097.4	1 663.7

10. WORKING CAPITAL MOVEMENTS

	Audited 2016 Rm	Audited 2015 Rm
Inventories	**(58.7)**	(14.9)
Trade and other receivables	**(558.5)**	(311.0)
Factory overhaul costs	**10.4**	(32.2)
Trade and other payables	**296.2**	44.0
	(310.6)	(314.1)

11. ACQUISITION OF BUSINESS

On 1 April 2015, the group acquired the business of Kilombero Sugar Distributors Limited ("KSD"), a company in which the group holds a 20% investment. KSD held the exclusive right to market and distribute the group's sugar production in Tanzania. The group acquired the business to allow it direct access to existing customers in Tanzania as well as to exert increased influence over the marketing and distribution decisions. KSD will be liquidated in due course. From the date of acquisition, the business acquired from KSD has contributed R10.6 million to net profit before taxation.

The fair values of the identifiable assets of KSD as at the date of acquisition were:

	Audited 2016 Rm	Audited 2015 Rm
Intangible asset	**37.3**	-
Purchase consideration	**37.3**	-
less: Deferred consideration payable	**(35.1)**	
Cash consideration paid	**2.2**	-

The deferred purchase consideration is payable over three years and bears interest at an effective interest rate of 7% per annum.

	Year ended 31 March Audited 2016 Rm	Year ended 31 March Audited 2015 Rm

12. DISPOSAL OF BUSINESS

On 17 September 2015, a decision was made to close the furfural-based nematicide business in the United States of America ("USA") following difficulties in obtaining registration with the USA Environmental Protection Agency for application on food crops. During March 2016, the closure of the business was finalised when the group disposed of its 70% shareholding in Agriguard LLC, the underlying operating entity, to the non-controlling shareholders and subsequently placed Illovo Sugar (USA) Company, its USA subsidiary and the holding company of Agriguard LLC, into voluntary liquidation.

The carrying value of the assets and liabilities disposed of was:

	Audited 2016 Rm	Audited 2015 Rm
Intangible assets	**231.3**	-
Inventories	**2.1**	-
Trade and other receivables	**2.6**	-
Cash and cash equivalents	**0.9**	-
Trade and other payables, net of closure costs	**(3.7)**	-
	233.2	-
Non-controlling interest	**1.6**	-
Recycling of foreign currency translation differences	**(66.0)**	-
Loss on closure and subsequent disposal of business	**(168.8)**	-
Proceeds on disposal of business	**-**	-
less: Cash and cash equivalents disposed of	**(0.9)**	-
Disposal of business	**(0.9)**	-

13. RELATED PARTIES

The group has loans from Associated British Foods plc, its holding company, and Mountsfield Park Finance Limited, a fellow subsidiary. The loans are unsecured and bear interest at market-related interest rates. The interest paid on these loans is R71.9 million (2015: R58.3 million).

	Audited 2016 Rm	Audited 2015 Rm
Long-term borrowings - Mountsfield Park Finance Limited	**2 238.6**	1 840.8
Short-term borrowings - Associated British Foods plc	**369.5**	-
	2 608.1	1 840.8

14. FINANCIAL INSTRUMENTS

The fair values of financial instruments are determined using inputs that are observable, either directly, (i.e. as prices) or indirectly (i.e. derived from prices), other than quoted prices in an active market and therefore fall into the level 2 fair value category. The fair values of non-financial assets are determined using inputs that are unobservable, using the best information available in the circumstances for using the assets and therefore fall into the level 3 fair value category. This report does not include the information required by paragraph 16A(j) of IAS 34: Interim Financial Reporting. This disclosure has been disclosed in the full set of annual financial statements which will be made available on the group's website www.illovosugar.co.za.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. SUMMARISED SEGMENT INFORMATION

	31 March			
	Audited 2016 Rm	**%**	Audited 2015 Rm	%
Business segments				
Revenue				
Sugar production	**9 332.0**	71	9 242.3	70
Cane growing	**2 547.1**	19	2 848.3	21
Downstream and co-generation	**1 290.8**	10	1 175.9	9
	13 169.9		13 266.5	
Operating profit				
Sugar production	**835.0**	59	1 179.8	71
Cane growing	**236.9**	17	207.4	13
Downstream and co-generation	**338.3**	24	267.9	16
	1 410.2		1 655.1	
Geographic segments				
Revenue				
Malawi	**2 456.1**	18	2 362.7	18
Mozambique	**473.0**	4	593.3	4
South Africa	**4 586.0**	35	4 481.6	34
Swaziland	**1 471.2**	11	1 396.5	11
Tanzania	**1 299.4**	10	1 247.4	9
Zambia	**2 884.2**	22	3 185.0	24
	13 169.9		13 266.5	
Operating profit				
Malawi	**454.0**	32	625.3	38
Mozambique	**(15.5)**	(1)	24.6	1
South Africa	**119.5**	8	215.2	13
Swaziland	**134.3**	10	68.7	4
Tanzania	**230.0**	16	145.0	9
Zambia	**487.9**	35	576.3	35
	1 410.2		1 655.1	
Total assets				
Malawi	**2 658.6**	18	2 878.7	20
Mozambique	**894.4**	6	944.7	7
South Africa	**3 423.7**	22	2 857.6	20
Swaziland	**2 014.6**	13	2 033.2	14
Tanzania	**1 616.4**	11	1 598.8	11
Zambia	**4 626.3**	30	3 984.1	28
	15 234.0		14 297.1	

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