



Annual Financial Statements
for the year ended 31 March 2014



VENESHREE NAIDU

BTechChemEng

Distillery Manager, Kilombero Distillery, Kilombero Sugar Company,
Tanzania

Illovo Career: I was employed as an in-service trainee in December 1994 at Illovo's Merebank distillery, and once having completed my degree, then moved from being a process technician to a Chemical Engineer in Training and then to a process engineer. I left in 2008 to gain valuable external experience and returned to Illovo in 2012 to work on the Kilombero distillery project.

Career highlights: Absolutely no doubt; being selected to work on the distillery project!

What excites me about my work: I LOVE knowing I make a difference! My current posting has been an amazing and fulfilling experience both technically and in people management.

What about your home life: I have an incredibly strong and rewarding home-life with continual support from the people I love the most.

LEADERS



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

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

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

These annual financial statements have been prepared under the supervision of Mr M H Abdool-Samad, CA(SA), the group Financial Director.

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

The Integrated Annual Report, referred to within these annual financial statements, is electronically available on the group's website www.illovosugar.com.

The annual financial statements of the group and the company which were prepared on the going concern basis, including the Directors' report and the Audit Committee report, and which appear on pages 3 to 62, were approved by the board of directors on 23 May 2014 and are signed on its behalf by:

D G MacLeod
Chairman

G B Dalgleish
Managing Director

Lodgement of returns with the Companies and Intellectual Property Commission

I hereby certify that for the year ended 31 March 2014, the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act, and that all such returns are true, correct and up-to-date.

J A Kunst
Company Secretary

Mount Edgecombe
23 May 2014

The directors have pleasure in presenting their report which forms part of the annual financial statements of the company and the group, for the year ended 31 March 2014.

Nature of business

The nature of the business of the company and its subsidiaries is fully described under the Business Overview section of the Integrated Annual Report on pages 3 to 27.

Review of operations

Detailed commentary on the group's operations is provided under the Business Overview section of the Integrated Annual Report on page 3.

Share capital

As at 31 March 2014, the authorised share capital of the company was 900 000 000 ordinary shares of 4 cents each and the issued share capital was 460 622 957 ordinary shares of 4 cents each. Further details are set out in note 24 to the annual financial statements.

During the year under review, the issued ordinary share capital of the company increased from 460 447 457 shares to 460 622 957 shares as a result of options being exercised in respect of 175 500 shares in terms of the Illovo Sugar 1992 Share Option Scheme.

Shareholders

An analysis of shareholders and their shareholdings appears on page 129 of the Integrated Annual Report.

Pursuant to the provisions of section 56(3) of the Companies Act, an analysis of the relevant disclosures by nominee shareholders as at 31 March 2014 revealed three beneficial shareholdings equal to or exceeding 5% of the issued ordinary share capital, details of which appear on page 129 of the Integrated Annual Report.

Illovo Sugar 1992 Share Option Scheme

During the financial year ended 31 March 2006, the Illovo Sugar Phantom Share Scheme, (more fully described on page 111 of the Integrated Annual Report) replaced the further granting of share options in terms of the Illovo Sugar 1992 Share Option Scheme (the option scheme). Although closed, the option scheme continues to operate relative to the share options previously granted with the approval of the Remuneration/Nomination Committee. Vesting periods for the share options are one-third after three years, two-thirds after four years, and the full allocation after five years, with the maximum period for the exercising of options being ten years. In terms of the rules of the option scheme, all share options were granted at the closing market price of the shares on the JSE on the trading day immediately preceding the day on which the relevant options were granted.

As approved at the Annual General Meeting of shareholders held on 17 July 2002, a total of 33 000 000 ordinary shares were reserved and placed under the control of the directors for the purpose of the option scheme. The tables below reflect the options granted to and exercised by the executive directors and senior managers as at 31 March 2014:

	Number of shares
Options granted as at 1 April 2013	27 717 000
Options expired during the year under review	–
Options granted as at 31 March 2014	27 717 000
Options exercised, allotted and issued as at 1 April 2013	27 430 300
Options exercised during the year under review	175 500
Options unexercised as at 31 March 2014	111 200
Options granted as at 31 March 2014	27 717 000

The options granted and unexercised as at 31 March 2014, are as follows:

Number of shares	Expiry date	Option price (cents)
111 200	1 June 2014	770

All these options have fully vested.

Illovo Sugar Phantom Share Scheme

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

While the rules of the phantom scheme are modelled on those of the option scheme, the important difference is that options under the phantom scheme are "cash settled" rather than "equity settled". As a consequence, the phantom scheme is not classified as a share

incentive scheme in terms of the JSE Listings Requirements. The vesting periods are the same as those applicable to the option scheme; one-third becoming vested on each of the third, fourth and fifth anniversaries of the relevant grant date, with the maximum period for the exercising of options being ten years. The grant price of an option is determined as being equal to the average of the closing market prices of Illovo shares on the JSE for the 30 trading days immediately preceding the grant date of the relevant option. The cash settlement amount of an option is equal to the difference between the closing market price of Illovo shares on the trading day immediately preceding that on which an option is exercised and the grant price. The participants receive the equivalent net proceeds as under the option scheme, but without incurring broking fees.

The advantages of the phantom scheme include: there being no necessity to issue new shares when options are exercised, ie, no share dilution; ease of administration; and tax effectiveness of the expense in the hands of the company, expensing of conventional options not being tax deductible.

The Remuneration/Nomination Committee approves the granting of all share options in terms of the phantom scheme. Phantom options granted to and exercised by executive directors and senior managers as at 31 March 2014 are as follows:

	Number of shares
Options granted as at 1 April 2013	11 811 000
New options granted during the year under review	1 543 000
Options forfeited during the year under review	(1 360 375)
Options granted as at 31 March 2014	11 993 625
Options exercised as at 1 April 2013	2 473 450
Options exercised during the year under review	309 100
Options unexercised as at 31 March 2014	9 211 075
Options granted as at 31 March 2014	11 993 625

The options granted and unexercised as at 31 March 2014 are as follows:

Number of shares	Expiry date (cents)	Option price
241 800	12 July 2015	829
250 600	29 October 2016	1 634
608 700	23 July 2017	2 364
1 128 375	9 July 2018	2 867
1 673 000	13 July 2019	2 808
1 183 000	20 July 2020	2 856
1 207 500	26 May 2021	2 702
1 554 100	22 May 2022	2 573
1 364 000	21 May 2023	3 445
9 211 075		

Details of options granted to executive directors, any options exercised during the year, and options unexpired and unexercised as at 31 March 2014, are provided in the Remuneration Report on page 103 of the Integrated Annual Report.

Forfeitable Share Plan

In line with global best practice and emerging South African practice, the company intends to implement a forfeitable share plan ("FSP"), as an additional long-term incentive plan for directors and selected key executive senior employees, providing an incentive for their continuing employment with the group. Further details of the FSP are set out on pages 134 and 135 of the Integrated Annual Report.

The FSP is not a share option scheme contemplated in Schedule 14 of the JSE Listings Requirements and shareholder approval thereof is accordingly not required. Shares allocated under the FSP are to be purchased on the market and paid for by the company. As the FSP does not involve the issue of new shares, it does not have the same dilutionary effect as conventional share option schemes.

The FSP allows executive directors and certain senior employees to earn a long-term incentive assisting with the retention and reward of selected key employees. Shares are granted to the selected employees for no consideration. These shares participate in dividends and shareholder rights from grant date, but in order to achieve an alignment of the interests of management and shareholders, performance conditions in the form of continuing employment and financial hurdle achievements must be met, failing which the allocated shares are forfeited.

The total number of shares which may be allocated under the plan will not exceed 1% (one percent) of the issued ordinary shares, which currently equates to 4 606 229 shares. The maximum number of shares that may be issued to any one person in terms of the FSP is 0.1% of the issued ordinary shares, which equates to 460 000 shares.

Illovo Sugar Employees' Share Purchase Scheme

The Illovo Sugar Employees' Share Purchase Scheme ("ESPS") was established in 1996 to enable employees to share directly in the profitability and growth of the company, by assisting them to acquire shares in the company. Any contribution made by an employee for the purchase of shares is enhanced by a 10% company contribution, and the company pays for any trading costs. Employees may acquire up to 5 000 shares in aggregate and 1 000 shares in a continuous 12-month period, by means of regular monthly contributions (deducted from their salaries) or a lump sum payment. The ESPS is administered by a trust, the trustees of which are appointed by the board. A similar purchase scheme is operated in Malawi in respect of shares in Illovo Sugar (Malawi) Limited.

During the year under review, the trustees of the ESPS undertook net purchases of 39 684 shares in the company, thereby increasing the total number of shares held to 236 209. Of these shares, which are all registered in the name of the trust, 236 208 are held on behalf of 590 participants. All such shares have been fully paid for by the participants.

Capital distributions

An interim capital distribution (number 44) of 37.0 cents per share was declared on 13 November 2013 and a final capital distribution (number 45) of 60.0 cents per share was declared on 26 May 2014 (both by way of a reduction of contributed tax capital), making the total distribution for the year, 97.0 cents per share.

In respect of the final capital distribution, pursuant to the requirements of section 46 of the Companies Act, after due consideration the board concluded that the company would satisfy the relevant solvency and liquidity test immediately after completing the proposed distribution.

The interim capital distribution was paid 13 January 2014 and the final capital distribution will be paid on 7 July 2014.

Subsidiary companies

The names and financial information concerning the subsidiaries of the company are set out in note 14 to the annual financial statements on pages 33 and 34.

Directorate and secretary

The names of the directors and the company secretary in office at the date of this report are reflected on pages 31 to 33 of the Integrated Annual Report. The details of the company's business and postal addresses are set out on the inside of the back cover of the Integrated Annual Report

During the year under review, Mr G J Clark resigned as Managing Director and Mr G B Dalglish (formerly Operations Director) was appointed Managing Director in his stead with effect from 1 September 2013. With effect from the same date, Mr J P Hulley was appointed as Operations Director in place of Mr Dalglish. Mr R N Pike resigned with effect from 31 August 2013 and was replaced by Mr G M Rhodes with effect from 1 September 2013.

As indicated in the Corporate Governance Report of the Integrated Annual Report, evaluations were carried out in respect of those independent non-executive directors who had served as such for more than nine years (ie, Dr Konar and Prof Madi), and both were found to be independent, taking into account all relevant factors, including that there were no relationships or circumstances likely to affect, or appearing to affect, the relevant director's judgment. In addition, written confirmation was obtained from each of the independent non-executive directors that he/she continues to meet the requirements for independence contemplated in paragraph 67 of Chapter 2 of the King III Report on Governance, 2009.

In terms of the company's Memorandum of Incorporation, Dr Carr and Messrs Munday and Mpungwe retire by rotation at the forthcoming annual general meeting. All these directors are eligible and offer themselves for re-election. The Remuneration/Nomination Committee, having conducted an assessment of and being satisfied with the performance of each of the retiring directors, and the board having accepted the recommendation of this committee, recommends the re-election of these directors to shareholders.

The beneficial interests of the directors holding office at the end of the year under review in the issued ordinary share capital of the company as at 31 March 2014 were as follows:

	2014		2013	
	Direct	Indirect	Direct	Indirect
Hankinson M J	3 925	3 925	3 925	3 925
MacLeod D G	450 000		450 000	
Total	453 925	3 925	453 925	3 925
Total	457 850		457 850	

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

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

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

Directors' remuneration

At the forthcoming annual general meeting:

- as contemplated by King III, shareholders will be requested to pass a non-binding advisory vote, approving the company's remuneration policy; and
- pursuant to the requirements of section 66(9) of the Companies Act, shareholders will be requested to pass a special resolution to approve the following annual fees payable to the non-executive directors with effect from 1 April 2014, plus an additional fee of R28 000 per day for any additional services undertaken at the request of the company (eg, a site visit or a non-routine meeting):

	Rands per annum	
	Current	Proposed
Board		
Chairman*	2 200 000	2 200 000
Other members	236 500	270 000
Audit Committee		
Chairman	236 500	255 000
Other members	118 500	127 500
Remuneration/Nomination Committee		
Chairman†	161 500	180 000
Other members	91 500	120 000
Risk Management Committee		
Chairman	118 500	129 750
Other members	80 500	86 500
Social and Ethics Committee		
Chairman	118 500	129 750
Other members	80 500	86 500

* The fee paid to Mr D G MacLeod as Chairman of the board is inclusive of all other committee membership fees and is payable monthly in arrears. All other fees are paid quarterly in arrears.

† This fee is not paid to Mr D G MacLeod as Chairman of the Nomination Committee, due to the inclusive nature of his fee as Chairman of the board.

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

Having taken appropriate advice, the directors are of the view that section 66(9) of the Companies Act does not apply to the remuneration paid to the executive directors as employees of the company.

This report incorporates the requirements of the statutory responsibilities of audit committees, as contemplated in section 94 of the Companies Act.

Composition of the committee

In accordance with its terms of reference, the company's Audit Committee comprises at least three non-executive, independent directors with the financial expertise required to properly advise the committee in the execution of its duties.

The members of the committee for the year ended 31 March 2014 were Dr D Konar, Messrs M J Hankinson and T S Munday, and Mrs C W N Molope. The committee Chairman is Dr D Konar who attends the annual general meeting in his capacity as such.

Although they are not members of the committee, the Chairman of the board, Mr D G MacLeod, and a non-executive director nominated by Illovo's holding company (Mr R N Pike until 31 August 2013 when he resigned and thereafter Mr G M Rhodes), as well as appropriate members of executive committee, senior management and the independent external and internal auditors attend the meetings of the committee.

The independent external and internal auditors have unrestricted access to the committee and its chairman.

Annual evaluation

In accordance with the provisions of King III, a detailed annual evaluation of the Audit Committee was carried out in March 2014 which concluded that the committee is carrying out its duties and responsibilities in the most effective and professional manner, and that the chairman of the committee brings sound knowledge and experience to the committee, which is invaluable to management.

Election of committee at Annual General Meeting

Pursuant to the provisions of section 94(2) of the Companies Act, which requires that a public company must elect an audit committee at each annual general meeting, it is proposed in the notice of annual general meeting to be held on 16 July 2014 that Dr D Konar, Mrs C W N Molope and Messrs M J Hankinson and T S Munday be re-appointed as members of the Audit Committee until the next annual general meeting in 2015.

Meetings

In the past year, three meetings of the committee were held, attendance at which is reflected in a table on page 90 of the Integrated Annual Report.

Terms of reference and functions

The committee operates in terms of formal Terms of Reference approved by the board, which were reviewed and amended during the year.

The main objectives of the committee, as incorporated in its Terms of Reference, include:

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

During the year under review, the committee satisfied its responsibilities in compliance with its Terms of Reference, including the following:

- reviewing and approving of the scope of the independent external and internal audits;
- reviewing the level of effectiveness of both the independent external and internal auditors;
- reviewing the internal audit charter, and in conjunction with executive management, assessing the competence of the group internal audit manager, and approval of the performance of the internal audit function;
- recommending the appointment of the independent external auditors to the board for approval by the shareholders, and approving their remuneration;
- establishing a policy in respect of and approving the extent of non-audit services undertaken by the independent external auditors;
- reviewing reports from both the independent external and internal auditors, including management's responses thereto;
- assessing the effectiveness of internal policies and procedures;
- ensuring that all material financial risks are identified, assessed, monitored and managed;
- monitoring that there are no material breakdown in internal controls;
- considering the company's accounting policies and reviewing their compliance with International Financial Reporting Standards and other relevant regulatory requirements;
- reviewing and recording going concern assumptions;
- reviewing the company's interim reports, results announcements, and annual reports;
- monitoring that management suitably addresses information technology risks and information security;
- monitoring compliance with the JSE's Listings Requirements; and
- receiving and dealing with any complaints relating to accounting practices, independent external and internal audits, and the content or auditing of financial statements or any related matter.

Statutory duties

In the execution of its statutory duties during the past financial year, the Audit Committee:

- confirmed the appointment of both Deloitte & Touche as the independent external auditors and Mr G Tweedy as the registered auditor responsible for the audit;
- satisfied itself that the independent external auditors were independent of the company;
- agreed the terms of engagement of and determined the fees payable to the independent external auditors;
- ensured that the appointment of the independent external auditors and the registered auditor complied with the provisions of the Companies Act;

- pre-approved the non-audit services provided by the independent external auditors, in terms of a policy in this regard previously adopted by the committee;
- noted that it had not received any complaints, either from within or outside the company, relating either to the accounting practices, the independent external and internal audits of the company, or to the content or auditing of its financial statements or any related matter; and
- performed its other functions as determined by the board in terms of its Terms of Reference.

Regulatory requirements

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

- confirmed the adoption of a policy with regard to non-audit services provided by the independent external auditors;
- satisfied itself of the appropriateness of the expertise and experience of the Financial Director, Mr M H Abdool-Samad; and
- satisfied itself that the appointed independent external auditors and registered auditor were duly accredited as such on the JSE's list of auditors.

Legal, regulatory and corporate governance requirements

Pursuant to King III, and based on specific procedures performed by the independent external auditors, the committee satisfied itself with the expertise, resources and experience of the company's finance function. The Audit Committee also satisfied itself with the effectiveness of the Group's internal control function.

The committee reviewed legal matters that could have a material impact on the group and considered reports provided by management, legal advisors, internal audit and the independent external auditors regarding compliance with legal and regulatory requirements.

Appointment of independent external auditors

In accordance with section 90(1) read with section 61(8) of the Companies Act, which requires that shareholders approve the appointment of the independent external auditors on an annual basis, the committee has recommended to the board, which in turn has recommended to the shareholders that Deloitte & Touche be appointed as the company's independent registered external auditors for the year ending 31 March 2015 at the forthcoming annual general meeting.

Annual financial statements

Having reviewed the audited annual financial statements of the group, particularly to ensure that disclosure was adequate and that fair presentation had been achieved, the committee has recommended the approval of the annual financial statements to the board.

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

At the forthcoming annual general meeting, shareholders will be requested to pass a special resolution pursuant to section 44 of the Companies Act, authorising the directors of the company, as a general approval, to cause the company to provide "financial assistance" to fund the purchase of the company's shares, for and on behalf of any person approved by the board to receive shares in terms of the company's Forfeitable Share Plan (salient details of which are set out in Appendix 1 to the Notice of Annual General meeting contained in the Integrated Annual Report, subject always to compliance with the requirements of the Companies Act, the JSE Listings Requirements and any other applicable laws from time to time.

In addition shareholders will be requested to pass a special resolution in terms of section 45 of the Companies Act, authorising the directors, by way of a general authority, to allow the company to provide direct or indirect financial assistance to any company or other legal entity which is related or inter-related to the company, subject to the relevant provisions of section 45.

Holding company

ABF Overseas Limited is the holding company of Illovo Sugar Limited with a 51.4% interest in its issued share capital. ABF Overseas Limited is a wholly-owned subsidiary of Associated British Foods plc which is therefore the ultimate holding company of Illovo Sugar Limited. Associated British Foods plc is listed on the London Stock Exchange.

Special resolutions passed by subsidiary companies

During the year under review, Zambia Sugar Plc passed special resolutions in terms of which its authorised share capital, comprising 7 000 000 000 ordinary shares of ZMW 0.0005 par value each, were consolidated and subdivided on a 20-for-1 basis into 350 000 000 authorised ordinary shares of ZMW 0.01 par value; and its issued and fully paid up ordinary shares of ZMW 0.0005 par value each (as at the consolidation date) were consolidated and subdivided on a 20-for-1 basis into issued and fully paid up ordinary shares of ZMW 0.01 par value each.

No other material or special resolutions contemplated by paragraph 8.63(i) of the JSE Listings Requirements were passed by any of the company's subsidiaries during the year.

Subsequent events

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

On behalf of the Audit Committee

Dr D Konar

Audit Committee Chairman

May 2014

To the shareholders of Illovo Sugar Limited

We have audited the consolidated and separate annual financial statements of Illovo Sugar Limited set out on pages 10 to 62, which comprise the consolidated and separate statements of financial position as at 31 March 2014, and the consolidated and separate statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 about whether the consolidated and separate 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 consolidated and separate financial statements present fairly, in all material respects, the financial position of Illovo Sugar Limited and its subsidiaries as at 31 March 2014, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2014, we have read the Directors' Report, the Audit Committee Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche

Registered Auditors

Per: G C Tweedy

Partner

23 May 2014

Durban

National executive: LL Bam (*Chief executive*), AE Swiegers (*Chief operating officer*), GM Pinnock (*Audit*), DL Kennedy (*Risk advisory*), NB Kader (*Tax*), TP Pillay (*Consulting*), K Black (*Client and industries*), JK Mazzacco (*Talent and transformation*), CR Beukman (*Finance*), M Jordan (*Strategy*), S Gwala (*Managed services*), TJ Brown (*Chairman of the board*), MJ Comber (*Deputy chairman of the board*).

Regional leader: GC Brazier

A full list of partners and directors is available on request.

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

	Notes	GROUP		COMPANY	
		March 2014 Rm	Restated March 2013 Rm	March 2014 Rm	Restated March 2013 Rm
Revenue	4	13 190.1	10 980.7	–	–
Cost of sales		8 108.7	6 464.4	–	–
Gross profit		5 081.4	4 516.3	–	–
Distribution expenses		1 141.1	843.6	–	–
Administrative expenses		1 277.1	1 257.7	53.9	169.3
Other operating expenses/(income)		776.3	528.0	(14.9)	(1.0)
Operating profit/(loss)	5	1 886.9	1 887.0	(39.0)	(168.3)
Dividend income		5.1	2.3	608.8	150.0
Net financing costs/(income)	6	336.4	295.4	(120.3)	(106.4)
Interest paid		332.7	300.3	44.3	68.7
Interest received		(8.3)	(17.6)	(164.6)	(170.8)
Foreign exchange losses/(gains)		12.0	12.7	–	(4.3)
Profit before taxation and non-trading items		1 555.6	1 593.9	690.1	88.1
Share of profit from joint ventures	15	12.9	5.0		
Share of profit from associates	16	12.3	0.7		
Material items	7	24.5	4.6	62.1	118.9
Profit before taxation		1 605.3	1 604.2	752.2	207.0
Taxation	8	486.8	505.7	27.8	(1.4)
Profit for the year		1 118.5	1 098.5	724.4	208.4
Attributable to:					
Shareholders of Illovo Sugar Limited		916.3	859.9	724.4	208.4
Non-controlling interest		202.2	238.6		
		1 118.5	1 098.5	724.4	208.4
STATEMENT OF OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss					
Movement in defined benefit pension plans		(11.1)	0.6	10.3	16.6
Tax effect of movement in defined benefit pension plans		0.8	(3.1)	(2.9)	(4.7)
Actuarial gains/(losses) on post-retirement obligations		13.7	(17.9)	9.0	(13.6)
Tax effect of actuarial (gains)/losses on post-retirement obligations		(3.8)	5.0	(2.5)	3.8
Items that may be reclassified subsequently to profit or loss					
Adjustments in respect of cash flow hedges		(51.4)	0.8	–	(10.9)
Tax effect of cash flow hedges		3.2	1.3	–	3.1
Hedge of net investment in foreign subsidiaries		(231.3)	(64.8)		
Tax effect of hedge of net investment in foreign subsidiaries		1.2	14.5		
Foreign currency translation differences		209.7	(231.2)		
Total comprehensive income for the year		1 049.5	803.7	738.3	202.7
Attributable to:					
Shareholders of Illovo Sugar Limited		821.8	638.3	738.3	202.7
Non-controlling interest		227.7	165.4		
		1 049.5	803.7	738.3	202.7
Earnings per share (cents)*					
Basic		199.0	186.9		
Diluted		198.9	186.8		

* See note 10 for headline earnings per share.

		GROUP			COMPANY	
		March 2014 Rm	Restated March 2013 Rm	Restated March 2012 Rm	March 2014 Rm	Restated March 2013 Rm
Notes						
ASSETS						
Non-current assets		8 895.0	7 995.1	6 952.9	2 187.5	2 168.4
Property, plant and equipment	11	6 783.3	6 209.5	5 312.5	422.4	367.1
Cane roots	12	1 531.0	1 260.0	1 216.3	–	–
Intangible assets	13	288.0	266.1	218.1	–	–
Investment in subsidiaries	14				1 716.0	1 733.5
Investment in joint ventures	15	0.7	30.6	27.9	–	–
Investment in associates	16	67.6	43.1	41.9	–	–
Investments	17	22.5	17.3	11.8	22.5	17.3
Loans	18	157.8	111.1	92.7	0.8	0.8
Deferred taxation asset	30	44.1	57.4	31.7	25.8	49.7
Current assets		4 924.8	4 546.6	4 449.2	2 259.0	2 108.4
Inventories	19	998.9	909.0	585.5	6.1	10.2
Growing cane	20	1 662.5	1 520.4	1 346.7	–	–
Trade and other receivables	21	1 309.2	1 337.5	858.0	105.9	138.3
Factory overhaul costs	22	338.6	309.3	263.3	–	–
Derivative financial instruments	23	18.5	16.9	14.0	–	–
Amounts due by subsidiaries	14				1 789.1	1 759.5
Cash and cash equivalents		597.1	453.5	1 381.7	357.9	200.4
Total assets		13 819.8	12 541.7	11 402.1	4 446.5	4 276.8
EQUITY AND LIABILITIES						
Equity attributable to shareholders of Illovo Sugar Limited		6 340.3	5 968.5	5 562.6	3 944.7	3 656.4
Share capital and premium	24	1 609.9	2 055.4	2 489.8	1 609.9	2 055.4
Share-based payment reserve	25	13.1	13.1	13.1	13.1	13.1
Non-distributable reserves	26	5.8	42.3	155.8	35.6	35.6
Distribution reserve	27	276.4	280.9	197.8	276.4	280.9
Retained earnings	28	4 435.1	3 576.8	2 706.1	2 009.7	1 271.4
Non-controlling interest		1 128.3	1 006.2	902.7		
Total equity		7 468.6	6 974.7	6 465.3	3 944.7	3 656.4
Non-current liabilities		3 320.8	2 410.6	2 741.2	110.7	121.8
Long-term borrowings	29	1 824.8	1 164.0	1 545.4	–	–
Deferred taxation liability	30	1 189.9	930.1	853.5	–	–
Deferred income	31	111.7	121.7	130.7	–	–
Provisions	34	194.4	194.8	211.6	110.7	121.8
Current liabilities		3 030.4	3 156.4	2 195.6	391.1	498.6
Short-term borrowings	32	447.9	967.3	383.5	–	–
Trade and other payables	33	1 933.5	1 807.3	1 448.4	354.3	371.6
Bank overdraft		410.3	195.1	184.9	0.4	–
Taxation		126.8	129.1	138.4	–	–
Provisions	34	50.4	47.3	34.0	34.9	46.1
Amounts due to subsidiaries	14				1.5	80.9
Derivative financial instruments	23	61.5	10.3	6.4	–	–
Total liabilities		6 351.2	5 567.0	4 936.8	501.8	620.4
Total equity and liabilities		13 819.8	12 541.7	11 402.1	4 446.5	4 276.8

	Share capital and premium Rm	Share-based payments reserve Rm	Translation reserve Rm	Other non-distributable reserves Rm	Distribution reserve Rm	Retained earnings Rm	Attributable to the shareholders of Illovo Sugar Limited Rm	Non-controlling interest Rm	Total Rm
GROUP									
Balance at 31 March 2012	2 489.8	13.1	–	155.8	197.8	2 706.1	5 562.6	902.7	6 465.3
Total comprehensive income for the year	–	–	(211.7)	(0.3)	–	850.3	638.3	165.4	803.7
Profit for the year						859.9	859.9	238.6	1 098.5
Actuarial losses on post-retirement obligations						(12.9)	(12.9)	–	(12.9)
Movements in defined benefit pension plans						3.3	3.3	(5.8)	(2.5)
Cash flow hedges				(0.3)			(0.3)	2.4	2.1
Hedge of net investment in foreign subsidiaries			(44.3)				(44.3)	(6.0)	(50.3)
Foreign currency translation			(167.4)				(167.4)	(63.8)	(231.2)
Issue of share capital	3.1						3.1		3.1
Change in non-controlling shareholding							–	41.7	41.7
Realised profit on disposal of property transferred to retained earnings				(82.0)		82.0	–		–
Distributions/dividends paid					(354.4)		(354.4)	(103.6)	(458.0)
Transfer to distribution reserve	(437.5)				437.5		–		–
Transfer of debit foreign currency translation reserve to retained earnings			211.7			(211.7)	–		–
Release of non-controlling shareholders' transactions to retained earnings				(31.2)		31.2	–		–
Gain on redemption of preference shares						118.9	118.9		118.9
Balance at 31 March 2013	2 055.4	13.1	–	42.3	280.9	3 576.8	5 968.5	1 006.2	6 974.7
Total comprehensive income for the year	–	–	(64.9)	(36.5)	–	923.2	821.8	227.7	1 049.5
Profit for the year						916.3	916.3	202.2	1 118.5
Actuarial losses on post-retirement obligations						9.9	9.9	–	9.9
Movements in defined benefit pension plans						(3.0)	(3.0)	(7.3)	(10.3)
Cash flow hedges				(36.5)			(36.5)	(11.7)	(48.2)
Hedge of net investment in foreign subsidiaries			(229.9)				(229.9)	(0.2)	(230.1)
Foreign currency translation			165.0				165.0	44.7	209.7
Issue of share capital	1.3						1.3		1.3
Distributions/dividends paid					(451.3)		(451.3)	(105.6)	(556.9)
Transfer to distribution reserve	(446.8)				446.8		–		–
Transfer of debit foreign currency translation reserve to retained earnings			64.9			(64.9)	–		–
Balance at 31 March 2014	1 609.9	13.1	–	5.8	276.4	4 435.1	6 340.3	1 128.3	7 468.6

	Share capital and premium Rm	Share-based payments reserve Rm	Other non-distributable reserves Rm	Distribution reserve Rm	Retained earnings Rm	Attributable to the shareholders of Illovo Sugar Limited Rm
COMPANY						
Balance at 31 March 2012	2 489.8	13.1	325.9	197.8	778.4	3 805.0
Total comprehensive income for the year	–	–	(7.8)	–	210.5	202.7
Profit for the year					208.4	208.4
Actuarial losses on post-retirement obligations					(9.8)	(9.8)
Movements in defined benefit pension plans					11.9	11.9
Cash flow hedges			(7.8)			(7.8)
Issue of share capital	3.1					3.1
Realised profit on disposal of property transferred to retained earnings			(282.5)		282.5	–
Distributions paid				(354.4)		(354.4)
Transfer to distribution reserve	(437.5)			437.5		–
Balance at 31 March 2013	2 055.4	13.1	35.6	280.9	1 271.4	3 656.4
Total comprehensive income for the year	–	–	–	–	738.3	738.3
Profit for the year					724.4	724.4
Actuarial gains on post-retirement obligations					6.5	6.5
Movements in defined benefit pension plans					7.4	7.4
Issue of share capital	1.3					1.3
Distributions paid				(451.3)		(451.3)
Transfer to distribution reserve	(446.8)			446.8		–
Balance at 31 March 2014	1 609.9	13.1	35.6	276.4	2 009.7	3 944.7

	Notes	GROUP		COMPANY	
		March 2014 Rm	Restated March 2013 Rm	March 2014 Rm	Restated March 2013 Rm
Cash flows from operating activities					
Operating profit/(loss) before working capital movements	a	1 922.4	1 551.9	(25.0)	(165.5)
Working capital movements	b	105.2	(516.5)	4.8	(13.8)
Cash generated from/(utilised in) operations		2 027.6	1 035.4	(20.2)	(179.3)
Net financing (costs)/income		(336.4)	(295.4)	120.3	106.4
Taxation paid	c	(298.6)	(193.5)	(8.2)	(12.7)
Dividend income		5.1	2.3	608.8	150.0
Distributions/dividends paid	d	(556.9)	(458.0)	(451.3)	(354.4)
Net cash inflows/(outflows) from operating activities		840.8	90.8	249.4	(290.0)
Cash flows from investing activities					
Replacement of property, plant and equipment		(342.6)	(291.0)	(1.3)	(4.3)
Expansion capital expenditure		(366.2)	(640.8)	(68.4)	(351.3)
Net expansion of area under cane		(7.9)	(28.4)	–	–
Capitalisation of product registrations		(5.3)	(10.5)	–	–
Proceeds on disposal of plant and equipment		6.9	5.1	0.4	1.5
Proceeds on disposal of property		1.8	1.7	–	–
Funding from non-controlling interest		–	41.7	–	–
Acquisition of business	e	15.6	–	–	–
Proceeds on disposal of shareholding in joint ventures		9.5	–	–	–
Net movement on investments and loans		(17.1)	2.5	(24.3)	485.6
Net cash (outflows)/inflows from investing activities		(705.3)	(919.7)	(93.6)	131.5
Net cash inflows/(outflows) before financing activities		135.5	(828.9)	155.8	(158.5)
Cash flows from financing activities					
Long-term borrowings repaid		(175.3)	(245.7)	–	–
Short-term borrowings raised/(repaid)		226.9	215.6	0.4	(12.5)
Issue of share capital net of associated costs	f	1.3	3.1	1.3	3.1
Net cash inflows/(outflows) from financing activities		52.9	(27.0)	1.7	(9.4)
Net increase/(decrease) in cash and cash equivalents		188.4	(855.9)	157.5	(167.9)
Cash and cash equivalents at beginning of year	g	408.7	1 309.4	200.4	368.3
Cash and cash equivalents at end of year		597.1	453.5	357.9	200.4

	GROUP		COMPANY	
	March 2014 Rm	Restated March 2013 Rm	March 2014 Rm	Restated March 2013 Rm
a. OPERATING PROFIT MOVEMENTS ARE CALCULATED AS FOLLOWS:				
Operating profit/(loss)	1 886.9	1 887.0	(39.0)	(168.3)
Material items	24.5	4.6	62.1	118.9
Total income/(loss)	1 911.4	1 891.6	23.1	(49.4)
Add back:				
Depreciation	309.0	258.0	14.4	4.2
Amortisation of product registration costs	5.1	4.3	—	—
Amortisation of deferred income	(10.0)	(9.0)	—	—
Change in fair value of cane roots	(197.9)	(194.7)	—	—
Change in fair value of growing cane	(68.5)	(391.5)	—	—
Profit on disposal of property	(1.3)	(1.5)	—	—
Profit on disposal of plant and equipment	(2.2)	(2.2)	(0.4)	(1.4)
Profit on disposal of previously impaired assets	(0.1)	(3.1)	—	—
Disposal and deregistration of businesses	(1.8)	—	—	—
Gain on bargain purchase	(2.2)	—	—	—
Proceeds received from insurance claim	(19.1)	—	—	—
Gain on redemption of preference shares	—	—	—	(118.9)
Profit on wind up of subsidiaries	—	—	(62.1)	—
Operating profit/(loss) before working capital movements	1 922.4	1 551.9	(25.0)	(165.5)
b. WORKING CAPITAL MOVEMENTS COMPRISE THE FOLLOWING:				
Inventories	(41.0)	(326.8)	4.1	(6.8)
Trade and other receivables	139.4	(539.2)	31.3	(79.4)
Factory overhaul costs	(20.7)	(54.3)	—	—
Trade and other payables	27.5	403.8	(30.6)	72.4
Working capital movements	105.2	(516.5)	4.8	(13.8)
c. TAXATION PAID IS RECONCILED TO THE AMOUNTS DISCLOSED IN THE INCOME STATEMENTS AS FOLLOWS:				
Amounts (unpaid)/overpaid at beginning of year	(101.7)	(103.0)	8.7	15.6
Exchange rate translation	(8.3)	59.9	—	—
Per income statements (excluding deferred taxation)	(256.2)	(252.1)	(9.3)	(19.6)
Acquisition of business	(3.0)	—	—	—
Amounts unpaid/(overpaid) at end of year	70.6	101.7	(7.6)	(8.7)
Total taxation paid	(298.6)	(193.5)	(8.2)	(12.7)
d. DISTRIBUTIONS/DIVIDENDS PAID ARE RECONCILED AS FOLLOWS:				
Distributions paid to shareholders of Illovo Sugar Limited (refer note 9 to the financial statements)	(451.3)	(354.4)	(451.3)	(354.4)
Distributions/dividends paid to non-controlling shareholders of subsidiaries	(105.6)	(103.6)	—	—
Total distributions/dividends paid	(556.9)	(458.0)	(451.3)	(354.4)

	GROUP		COMPANY	
	March 2014 Rm	Restated March 2013 Rm	March 2014 Rm	Restated March 2013 Rm
e. ACQUISITION OF BUSINESS				
The fair value of the assets acquired and liabilities assumed of the business acquired was as follows:				
Property, plant and equipment	0.1	–	–	–
Trade and other receivables	1.5	–	–	–
Cash	15.6	–	–	–
Trade and other payables	(10.0)	–	–	–
Taxation	(3.0)	–	–	–
Net asset value acquired	4.2	–	–	–
Fair value of previously held equity interest	(2.0)	–	–	–
Gain on bargain purchase	(2.2)	–	–	–
Cash cost of acquisition	–	–	–	–
Net cash flow on acquisition of business	15.6	–	–	–
f. ISSUE OF SHARE CAPITAL NET OF ASSOCIATED COSTS				
In terms of the share option scheme, the company issued 175 500 (2013: 436 300) new shares	1.3	3.1	1.3	3.1
	1.3	3.1	1.3	3.1
g. CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instruments.				
Cash and cash equivalents at beginning of year				
Per the statements of financial position	453.5	1 381.6	200.4	368.3
Exchange rate translation	(44.8)	(72.2)		
Per the statements of cash flows	408.7	1 309.4	200.4	368.3

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) on a basis consistent with the prior year, except for the adoption of the revised accounting standards which have been described in note 2. The adoption of these standards has had no impact on the consolidated financial statements, with the exception of the adoption of IFRS 11 Joint Arrangements, IFRS 13 Fair Value Measurement, the amendments relating to IAS 19 (revised) Employee Benefits and IAS 1 Presentation of Financial Statements.

The principal accounting policies adopted are set out below.

1.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company. Control is achieved where the company has power to direct the relevant activities of an entity, has the rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the returns from its involvement with the entity.

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

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

All inter-company balances and transactions are eliminated on consolidation.

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

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

1.2 Business combinations

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES continued**1.3 Interests in joint ventures**

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

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

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

1.4 Investments in associates

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

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

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

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

1.5 Revenue recognition

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

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

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

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

1.6 Material items

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

1.7 Leases

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

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

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

1.8 Foreign currencies

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

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

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

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

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

1.9 Borrowing costs

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

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

1.10 Retirement benefit costs

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

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.11 Taxation

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

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

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

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

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

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

1.12 Property, plant and equipment

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

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

– Buildings	60 years
– Plant, machinery and equipment	3 to 60 years
– Vehicles	5 to 15 years

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

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

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

1.13 Factory overhaul costs

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

1.14 Cane roots and growing cane

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

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

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

1.15 Research and development expenditure

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

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

1.16 Intangible assets

Product registrations

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

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

Other intangible assets

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

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

1.17 Impairment of tangible and intangible assets excluding goodwill

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

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

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

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

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

A reversal of an impairment loss is recognised immediately in profit or loss.

1.18 Inventories

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

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

1.19 Provisions

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

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

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.20 Deferred income

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

1.21 Non-current assets held for sale

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

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

1.22 Financial instruments

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

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

Financial assets

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

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

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

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

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

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

Financial liabilities

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

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

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

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

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

Equity

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

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

Derivative financial instruments

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

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

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

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

Hedge accounting

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

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

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

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

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

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

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

1.23 Share-based payments

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

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

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

1. **SIGNIFICANT ACCOUNTING POLICIES** continued

1.24 Fair value measurement

Assets and liabilities measured at fair value are grouped into the following categories based on the degree to which the fair value is observable:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices);
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

1.25 Segmental analysis

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

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

The group is comprised of the following business segments:

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

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

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

2.1 International Financial Reporting Standards adopted during the year

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

IFRS 7 Financial Instruments: Disclosures

The amendments enhance the disclosure of rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement. As the group has no offsetting arrangements in place, the application of the amendment has no impact on the consolidated financial statements.

IFRS 10 Consolidated Financial Statements

This standard provides a single model for consolidation based on control over the relevant activities. It replaces IAS 27 Consolidated and Separate Financial Statements, as well as SIC 12 Consolidation – Special Purpose Entities. The application of the amendment has no impact on the consolidated financial statements.

IFRS 11 Joint Arrangements

The standard requires equity accounting of joint ventures and eliminates the proportionate consolidation option of accounting. Previously the group proportionately consolidated all joint ventures which entailed that it included its share of the assets, liabilities, income and expenses of jointly controlled entities on a line-by-line basis in its financial statements.

Under the equity method, the investments in joint ventures are initially recognised at cost and the carrying amounts are increased or decreased to recognise the group's share of profit or loss and movements in other comprehensive income of joint ventures after the date of acquisition. The group's share of the profit or loss of joint ventures is recognised as a single line item in profit or loss under the equity method.

The change from proportionate consolidation to equity accounting resulted in a change in individual asset, liability, income, expense and cash flow items with no material impact on equity or profit attributable to equity holders. The standard has been applied retrospectively and has resulted in the restatement of the consolidated financial statements (refer note 44).

IFRS 12 Disclosure of Interests in Other Entities

The standard introduces disclosure requirements to enable users of financial statements to evaluate the nature of, and risks associated with, the group's interests in other entities as well as the effects of those interests on the company's financial position, financial performance and cash flows. Other entities consist of subsidiaries, joint arrangements, associates and unconsolidated structured entities. The application of this standard has no material impact on the consolidated financial statements.

IFRS 13 Fair Value Measurement

The standard introduces a definition of fair value; sets out a single framework for measuring fair value; and establishes disclosure requirements for fair value measurements. The application of this standard has no material impact on the consolidated financial statements.

IAS 1 Presentation of Financial Statements

The amendments require items of comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit and loss; and (b) items that may be reclassified subsequently to profit and loss when specific conditions are met.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect these changes. Other than the above-mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact of the amounts recognised in the consolidated financial statements.

IAS 19 Employee Benefits

The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of IAS 19 and accelerates the recognition of past service costs. The interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a net interest amount under the revised standard, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, there are certain changes to presentation of the defined benefit cost including more extensive disclosures.

The amendments to IAS 19 (as revised) have been applied by the group on a retrospective basis (refer note 44).

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

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

IFRS 2 Share-based Payment

The amendments define "vesting condition" and "market condition" and add definitions for "performance condition" and "service condition" which were previously part of the definition of "vesting conditions". The amendment is effective for the year ending 31 March 2016.

IFRS 3 Business Combinations

The amendment clarifies that any contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date. The amendment is effective for the year ending 31 March 2016.

IFRS 9 Financial Instruments: Classification and Measurement

The standard introduces new requirements for classifying and measuring financial instruments. Under the new classification requirements, all financial assets will be recognised at either amortised cost or fair value as determined by the contractual cash flows of the assets. In terms of the new measurement requirements, changes in fair value of financial liabilities measured "at fair value through profit or loss" that are attributable to changes in credit risk of the liability will be recognised in other comprehensive income. The standard will be effective for the year ending 31 March 2015.

IFRS 10, IFRS 12 and IAS 27 – Investment Entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities. The standard will be effective for the year ending 31 March 2015.

IAS 16 Property, Plant and Equipment

The amendment clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. The amendment is effective for the year ending 31 March 2016.

IAS 24 Related Party Disclosures

The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The amendment is effective for the year ending 31 March 2016.

IAS 32 Financial Instruments: Presentation

Amendments have been made to the application guidance on the offsetting of financial assets and financial liabilities. The revised standard is effective for the year ending 31 March 2015.

IAS 36 Impairment of Assets

The amendment clarifies the disclosure requirements with regard to the recoverable amounts of non-financial assets. The amendment is effective for the year ending 31 March 2015.

IAS 38 Intangible Assets

The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. The amendment is effective for the year ending 31 March 2016.

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

3.1 Critical accounting judgements made by management

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

Impairment of assets

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

3.2 Key sources of estimation uncertainty

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

Property, plant and equipment residual values and useful lives

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

Cane roots valuation

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

Growing cane valuation

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

Post employment benefit obligations

Post-retirement defined benefits are provided for certain existing and former employees. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, discount rates, expected long-term rate of return of retirement plan assets, healthcare inflation cost and rates of increase in compensation costs. Judgement is exercised by management, assisted by advisors, in determining these assumptions.

Intangible assets

During the year the directors considered the underlying value of the investment in the subsidiary, Agriguard LLC. In particular they considered the impact of the delay in the registration of the underlying Agriguard intangible asset that forms the majority of the value of the investment.

The intangible asset is currently undergoing the final stage of registration with the USA authorities in order to obtain registration for use on food crops. The valuation of the investment assumes that this registration will be obtained and that sales into this market will occur in future years. The delay in the registration occurred as a result of a less favourable than expected finding by the United States Environmental Protection Agency ("EPA"). At the date of signing the financial statements the group has submitted a rebuttal to the finding and awaits a response from the EPA.

The directors are confident that the rebuttal will be successful and that the product will achieve the necessary registration. An external valuation of the business and the underlying intangible asset was obtained during the financial year, which supported the value of the investment and underlying intangible asset provided food registration is achieved. Accordingly, the directors consider the carrying value of the intangible assets to be recoverable and hence no need to impair the investment in Illovo Sugar (USA) Limited.

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

	GROUP		COMPANY	
	2014 Rm	Restated 2013 Rm	2014 Rm	Restated 2013 Rm
4. REVENUE				
Revenue represents the proceeds from:				
Sugar production	9 355.7	7 610.8	–	–
Cane growing	2 856.2	2 565.5	–	–
Downstream and co-generation	978.2	804.4	–	–
	13 190.1	10 980.7	–	–
Includes revenue from exports outside country of origin of	5 282.8	3 931.4	–	–
Interest income is disclosed in note 6 and dividend income is disclosed on the face of the income statement.				
5. OPERATING PROFIT				
Operating profit has been determined after taking into account the following items:				
Depreciation	309.0	258.0	14.4	4.2
– buildings	12.2	8.2	3.4	–
– leasehold properties	21.5	19.0	–	–
– equipment under finance lease	2.8	–	–	–
– plant, machinery and other	272.5	230.8	11.0	4.2
Profit on disposal of plant and equipment	(2.2)	(2.2)	(0.4)	(1.4)
Amortisation of factory overhaul costs	364.4	298.4	–	–
Amortisation of product registration costs	5.1	4.3	–	–
Amortisation of deferred income	(10.0)	(9.0)	–	–
Fair value adjustments				
– cane roots	197.9	194.7	–	–
– growing cane	68.5	391.5	–	–
Operating lease charges				
– property	50.0	43.8	10.7	10.0
– plant and equipment	23.8	31.9	0.2	–
Auditors' remuneration	16.3	14.5	4.4	4.1
– audit fees	14.5	12.8	3.7	3.4
– fees for other services	1.5	1.4	0.7	0.7
– expenses	0.3	0.3	–	–
Research costs	13.4	26.2	–	–
Retirement benefit costs	153.3	118.5	71.3	71.6
Staff costs	2 220.1	1 871.0	118.2	143.9
6. NET FINANCING COSTS/(INCOME)				
Interest paid on:				
Long-term borrowings	152.0	176.3	–	–
Bank and short-term borrowings	179.0	98.0	35.1	27.8
Other	22.5	47.7	9.9	40.9
Total interest paid	353.5	322.0	45.0	68.7
Less: Capitalised to property, plant and equipment	(20.8)	(21.7)	(0.7)	–
	332.7	300.3	44.3	68.7
Interest received on loans and deposits	(8.3)	(17.6)	(164.6)	(170.8)
Foreign exchange losses/(gains)	12.0	12.7	–	(4.3)
	336.4	295.4	(120.3)	(106.4)

	GROUP		COMPANY	
	2014 Rm	Restated 2013 Rm	2014 Rm	Restated 2013 Rm
7. MATERIAL ITEMS				
Profit on disposal of property	1.3	1.5	–	–
Profit on disposal of previously impaired assets	0.1	3.1	–	–
Disposal and deregistration of businesses	1.8	–	–	–
Gain on bargain purchase	2.2	–	–	–
Proceeds received from insurance claim	19.1	–	–	–
Profit on winding-up of subsidiaries	–	–	62.1	–
Gain on redemption of preference shares	–	–	–	118.9
Per income statement	24.5	4.6	62.1	118.9
Taxation	(1.4)	–	–	–
	23.1	4.6	62.1	118.9
8. TAXATION				
South African normal taxation				
Current taxation – current year	66.5	39.3	10.4	18.7
– prior year	(2.2)	0.9	(1.1)	0.9
Deferred taxation – current year	34.1	5.0	18.2	(21.4)
– prior year	1.8	0.2	0.3	0.4
Foreign taxation				
Current taxation – current year	192.2	212.1		
– prior year	(0.3)	(0.2)		
Deferred taxation – current year	194.0	258.9		
– prior year	0.7	–		
– rate change	–	(10.5)		
	486.8	505.7	27.8	(1.4)
Deferred taxation recognised in other comprehensive income	1.4	17.7	(5.4)	2.2
	%	%	%	%
Reconciliation of rate of taxation				
South African normal rate of taxation	28.0	28.0	28.0	28.0
Increase/(decrease) in charge for year due to:	3.3	3.7	(24.0)	(29.6)
Adjustment from prior years	–	–	(0.1)	1.5
Exempt income	–	(0.2)	(24.7)	(47.7)
Disallowable expenditure	3.8	2.7	–	9.1
Withholding tax	3.2	3.1	0.8	7.5
Tax losses written off	1.9	1.3	–	–
Taxation rate differentials – foreign subsidiaries	(5.9)	(4.7)	–	–
Foreign tax credits	(2.9)	0.1	–	–
Change of tax rate	–	(0.7)	–	–
Other	3.2	2.1	–	–
Effective rate of taxation	31.3	31.7	4.0	(1.6)
	Rm	Rm	Rm	Rm
Estimated tax losses at the end of the year	166.7	129.9	–	–
Estimated tax losses will expire as follows:				
Within one year	20.4	45.0	–	–
Between one and two years	–	36.6	–	–
Greater than two years	146.3	48.3	–	–
	166.7	129.9	–	–

		GROUP AND COMPANY	
		2014 Rm	2013 Rm
9. DISTRIBUTIONS PAID			
Distribution number 41 of 43.0 cents per share (final 2012) – paid 9 July 2012			197.9
Distribution number 42 of 34.0 cents per share (interim 2013) – paid 7 January 2013			156.5
Distribution number 43 of 61.0 cents per share (final 2013) – paid 8 July 2013	280.9		
Distribution number 44 of 37.0 cents per share (interim 2014) – paid 13 January 2014	170.4		
	451.3		354.4
In respect of the year under review, the directors declared a final capital distribution of 60.0 cents per share which will be paid to shareholders on 7 July 2014. The distribution will be regarded as a return of capital and shareholders will be liable for any potential capital gains tax consequences. No liability has been raised for this distribution in these financial statements.			
The total estimated distribution to be paid of R276.4 million has been transferred out of share premium to a separate distribution reserve (refer notes 24 and 27).			
		GROUP	
		2014 Rm	Restated 2013 Rm
10. EARNINGS AND HEADLINE EARNINGS PER SHARE			
Earnings			
Earnings for the purpose of basic earnings per share	916.3		859.9
Dilutive effect of potential ordinary shares – share options	0.1		0.1
Earnings for the purpose of diluted earnings per share	916.4		860.0
		Shares	Shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	460 540 627		460 193 064
Dilutive effect of potential ordinary shares – share options	111 200		286 700
Weighted average number of ordinary shares for the purpose of diluted earnings per share	460 651 827		460 479 764
		Gross Rm	Net Rm
Reconciliation of headline earnings			
2014			
Profit attributable to shareholders of Illovo Sugar Limited			916.3
Adjusted for:			
Profit on disposal of property	(1.3)		(0.8)
Profit on disposal of previously impaired assets	(0.1)		(0.1)
Disposal and deregistration of businesses	(1.8)		(1.3)
Gain on bargain purchase	(2.2)		(2.2)
Proceeds received from insurance claim	(19.1)		(18.3)
Headline earnings			893.6
2013 (Restated)			
Profit attributable to shareholders of Illovo Sugar Limited			859.9
Adjusted for:			
Profit on disposal of property	(1.5)		(0.9)
Profit on disposal of previously impaired assets	(3.1)		(3.1)
Headline earnings			855.9
		Cents	Cents
Headline earnings per share			
Basic	194.0		186.0
Diluted	194.0		185.9

	2014		2013 (Restated)	
	Cost Rm	Accumulated depreciation Rm	Cost Rm	Accumulated depreciation Rm
11. PROPERTY, PLANT AND EQUIPMENT				
Group				
Freehold land and buildings	954.2	177.0	898.8	158.7
Leasehold properties	1 188.2	170.1	1 141.5	145.5
Plant, machinery and other	7 168.4	2 203.9	6 416.0	1 942.6
Equipment under finance lease	26.3	2.8	–	–
	9 337.1	2 553.8	8 456.3	2 246.8
Net book value	6 783.3		6 209.5	
Company				
Freehold land and buildings	328.4	3.6	287.5	0.2
Plant, machinery and other	153.2	55.6	126.5	46.7
	481.6	59.2	414.0	46.9
Net book value	422.4		367.1	

With the exception of land and motor vehicles, the group's property, plant and equipment are insured at cost of replacement amounting to R24 777 million (2013: R22 894 million). Motor vehicles are insured at market value.

Certain of the group's property, plant and equipment with a book value totalling R449.6 million (2013: R1 966 million) has been pledged by way of a mortgage debenture as security for the long-term borrowings referred to in note 29.

The carrying amount of the group's property, plant and equipment comprises:

	Freehold land and buildings Rm	Leasehold properties Rm	Plant, machinery and other Rm	Equipment under finance lease Rm	2014 Total Rm	Restated 2013 Total Rm
Group						
Net book value at beginning of year	740.1	996.0	4 473.4	–	6 209.5	5 315.8
Additions	43.6	22.3	616.6	26.3	708.8	928.6
Disposals	(0.5)	(1.3)	(3.4)	–	(5.2)	(3.2)
Exchange rate translation	6.2	22.6	150.4	–	179.2	226.3
	789.4	1 039.6	5 237.0	26.3	7 092.3	6 467.5
Depreciation	(12.2)	(21.5)	(272.5)	(2.8)	(309.0)	(258.0)
Net book value at end of year	777.2	1 018.1	4 964.5	23.5	6 783.3	6 209.5

The carrying amount of the company's property, plant and equipment comprises:

	Freehold land and buildings Rm	Plant, machinery and other Rm	2014 Total Rm	Restated 2013 Total Rm
Company				
Net book value at beginning of year	287.3	79.8	367.1	15.8
Additions	40.9	28.8	69.7	355.6
Disposals	–	–	–	(0.1)
	328.2	108.6	436.8	371.3
Depreciation	(3.4)	(11.0)	(14.4)	(4.2)
Net book value at end of year	324.8	97.6	422.4	367.1

	GROUP		COMPANY	
	2014 Rm	2013 Rm	2014 Rm	2013 Rm
12. CANE ROOTS				
The carrying value of cane roots comprises:				
Carrying value at beginning of year	1 260.0	1 216.3	–	–
Change in fair value	197.9	194.7	–	–
Expansion of area under cane	7.9	15.8	–	–
Acquisition of farms	–	5.8	–	–
Exchange rate translation	65.2	(172.6)		
Carrying value at end of year	1 531.0	1 260.0	–	–
Area under cane at 31 March (hectares):				
Malawi	20 108	20 664		
Mozambique	5 901	6 000		
South Africa	8 573	8 468		
Swaziland	8 646	8 646		
Tanzania	9 568	9 562		
Zambia	17 250	17 025		
	70 046	70 365		

The fair values of cane roots are determined using inputs that are unobservable, using the best information available in the circumstances for using the cane roots and therefore fall into the level 3 fair value category.

The remaining expected lives of cane roots, for both the current and the previous years, are:

Malawi	8 years
Mozambique	8 years
South Africa	10 years
Swaziland	9 years
Tanzania	8 years
Zambia	7 years

The inflation rates used in the valuation of the cane roots are as follows:

		Malawi	Mozambique	South Africa	Swaziland	Tanzania	Zambia
2014	(%)	27	8	6	6	7	8
2013	(%)	38	8	6	8	15	9

A 1% change in the inflation rate could increase or decrease the fair value of the cane roots to the following values:

	March 2014		March 2013	
	+1% Rm	-1% Rm	+1% Rm	-1% Rm
Fair value of cane roots	1 541.0	1 521.1	1 268.0	1 252.0

	GROUP		COMPANY	
	2014 Rm	2013 Rm	2014 Rm	2013 Rm
13. INTANGIBLE ASSETS				
Intangible assets comprise product registrations and a strategic cane supply arrangement.				
Cost				
Product registrations	187.8	159.6	–	–
Strategic cane supply arrangement	116.1	115.8	–	–
	303.9	275.4	–	–
Accumulated amortisation				
Product registrations	15.9	9.3	–	–
Net book value	288.0	266.1	–	–
The carrying value of intangible assets comprises:				
Balance at beginning of year	266.1	218.1	–	–
Current year expenditure	5.3	10.5	–	–
Amortised during the year	(5.1)	(4.3)	–	–
Exchange rate translation	21.7	41.8	–	–
Balance at end of year	288.0	266.1	–	–

Product registrations, which are internally generated, represent the cost of registering the group's exclusive right to sell MultiGuard Protect®, a furfural-based nematicide developed by the group, in the United States of America. The product registrations are amortised over 20 years and the patent relating to the product registrations over 10 years.

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

14. INVESTMENT IN SUBSIDIARIES

The principal subsidiaries of Illovo Sugar Limited are as follows:

2014

Direct investment

CGS Investments (Proprietary) Limited	–	100	0.9	–	(1.5)
East African Supply (Proprietary) Limited	20.0	100	20.0	2.5	–
Illovo Group Holdings Limited – ordinary	–	100	–	1.3	–
Illovo Group Holdings Limited – preference	1 758.7	100	1 125.3	–	–
Illovo Sugar (South Africa) Limited	569.8	100	569.8	638.3	–

Indirect investment

Agriguard LLC	170.1	70	–	–	–
Glendale Sugar Limited	5.6	100	–	–	–
Illovo Distillers (Tanzania) Limited	232.7	80	–	2.1	–
Illovo Distributors (Proprietary) Limited	–	100	–	–	–
Illovo Group Marketing Services Limited	–	100	–	59.2	–
Illovo Sugar (Malawi) Limited	20.1	76	–	120.8	–
Illovo Sugar Coöperatief U.A.	–	100	–	–	–
Illovo Sugar España, S.L.	–	100	–	2.5	–
Illovo Sugar Ireland	–	100	–	24.9	–
Illovo Sugar (USA)	124.5	100	–	–	–
Illovo Tanzania Limited	–	100	–	–	–
Illprop (Proprietary) Limited	1.3	100	–	–	–
Kilombero Holdings Limited	196.4	73	–	–	–
Kilombero Sugar Company Limited	1.6	55	–	48.4	–
Maragra Açúcar SA	561.2	90	–	11.4	–
Mitra Sugar Limited	4.9	100	–	–	–
Nanga Farms PLC	10.1	70	–	–	–
Palaa Consultores Marketing E Servicos Lda	–	100	–	–	–
Reynolds Brothers Limited	–	100	–	–	–
Sucoma Holdings Limited	661.3	100	–	–	–
Ubombo Sugar Limited	49.5	60	–	838.1	–
Zambia Sugar Plc	423.1	82	–	39.6	–
			1 716.0	1 789.1	(1.5)

On 30 April 2013, Illovo Group Holdings Limited, a subsidiary of the group, acquired the remaining 51% of the equity of Mitra Sugar Limited, a sugar export agent, from ABF Investments plc. A purchase consideration of €1 was transferred to bring Illovo Group Holdings Limited's shareholding in Mitra Sugar Limited from 49% to 100% (refer note 42).

In the current year the company wound up its investment in its subsidiary, Monitor Holdings Limited, with a carrying amount of R17.5 million. A gain of R62.1 million was realised upon winding up the subsidiary which represents a reversal of a historic impairment of the investment. There is no effect on the group.

The company further wound up its investment in its subsidiary, Illovo Project Services Limited. There was no financial impact for the company as a result of winding up the subsidiary, however, the group reclassified the foreign currency translation reserve of R1.4 million, which had arisen upon consolidation of the subsidiary, to profit and loss.

	Issued capital Rm	Effective percentage holding %	Shares at cost Rm	Amounts due by subsidiaries Rm	Amounts due to subsidiaries Rm
14. INVESTMENT IN SUBSIDIARIES continued					
2013					
Direct investment					
CGS Investments (Proprietary) Limited	–	100	0.9	–	(1.5)
East African Supply (Proprietary) Limited	20.0	100	20.0	1.2	–
Illovo Group Holdings Limited – ordinary	–	100	–	3.1	–
Illovo Group Holdings Limited – preference	1 539.7	100	1 125.3	–	–
Illovo Project Services Limited	–	100	–	–	–
Illovo Sugar (South Africa) Limited	569.8	100	569.8	499.6	–
Monitor Holdings Limited	250.0	100	17.5	–	(79.4)
Indirect investment					
Agriguard LLC	149.0	70	–	–	–
Glendale Sugar Limited	5.6	100	–	–	–
Illovo Distillers (Tanzania) Limited	205.8	80	–	0.8	–
Illovo Distributors (Proprietary) Limited	–	100	–	–	–
Illovo Group Marketing Services Limited	–	100	–	10.7	–
Illovo Sugar (Malawi) Limited	18.3	76	–	54.8	–
Illovo Sugar Coöperatief U.A.	–	100	–	–	–
Illovo Sugar España, S.L.	–	100	–	–	–
Illovo Sugar Ireland	–	100	–	9.6	–
Illovo Sugar (USA)	109.0	100	–	–	–
Illovo Tanzania Limited	–	100	–	–	–
Illprop (Proprietary) Limited	1.3	100	–	–	–
Kilombero Holdings Limited	172.0	73	–	–	–
Kilombero Sugar Company Limited	1.4	55	–	62.6	–
Maragra Açúcar SA	506.1	90	–	16.2	–
Nanga Farms PLC	10.1	70	–	1.0	–
Palaa Consultores Marketing E Servicos Lda	–	100	–	–	–
Reynolds Brothers Limited	–	100	–	–	–
Sucoma Holdings Limited	578.9	100	–	–	–
Ubombo Sugar Limited	49.5	60	–	1 038.7	–
Zambia Sugar Plc	422.1	82	–	61.2	–
			1 733.5	1 759.5	(80.9)

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

15. INVESTMENT IN JOINT VENTURES

Principal joint ventures of the group	Year-end	Nature of business	% Holding	
			2014	2013
Glendale Distilling Company	31 March	Alcohol distillers	50.0	50.0
Lacsa (Proprietary) Limited	31 March	Lactulose producer		50.0
Relax Limited	31 March	Lactulose agents		50.0

Glendale Distilling Company is incorporated in South Africa.

As a result of the adoption of IFRS 11, the group has changed its accounting policy with respect to its interest in joint ventures from proportionate consolidation to the equity method of accounting.

During the current year the group disposed of a 15% equity interest in joint venture Lacsa (Proprietary) Limited for a consideration of R4.7 million, bringing its investment to 35%. The net assets of the joint venture disposed of amounted to R2.6 million, resulting in a gain on disposal of R2.1 million.

During the current year the group also disposed of a 15% equity interest in joint venture Relax Limited for a consideration of R4.7 million, bringing its investment to 35%. The net assets of the joint venture disposed of amounted to R6.2 million, resulting in a loss on disposal of R1.5 million. On disposal date the portion of the foreign currency translation reserve of the group, arising on the equity accounting of the joint venture, relating to the disposal was reclassified to profit and loss. The portion reclassified amounted to R0.3 million.

	2014 Rm	Restated 2013 Rm
Investment in joint ventures		
Balance at beginning of year	30.6	27.9
Share of post acquisition profit	12.9	5.0
Dividend declared by joint venture	(9.3)	(5.5)
Exchange rate translation	3.1	3.2
Disposal of shares of joint venture	(11.0)	–
Reclassification from joint venture to associate (refer note 16)	(25.6)	–
	0.7	30.6
Summarised financial information in respect of the group's joint ventures is set out below. The summarised financial information below represents the group's share of the assets, liabilities and profits of the joint ventures:		
Non-current assets	6.6	13.9
Current assets	15.8	93.1
Non-current liabilities	(1.6)	(2.4)
Current liabilities	(20.1)	(74.0)
Net assets	0.7	30.6
Revenue	32.6	148.2
Net profit after taxation	12.9	5.0

16. INVESTMENT IN ASSOCIATES

Principal associates of the group	Year-end	Nature of business	% Holding	
			2014	2013
Gledhow Sugar Company (Proprietary) Limited	31 March	Sugar milling	30.0	30.0
Kilombero Sugar Distributors Limited	30 September	Distribution agents	20.0	20.0
Mitra Sugar Limited	31 March	Sugar export agents		49.0
Lacsa (Proprietary) Limited	31 March	Lactulose producer	35.0	
Relax Limited	31 March	Lactulose agents	35.0	

The group's associate companies are incorporated in South Africa, with the exception of Kilombero Sugar Distributors Limited, incorporated in Tanzania, and Relax Limited, incorporated in Malta.

In the current year the group acquired the remaining 51% of the equity of Mitra Sugar Limited, bringing the total investment to 100%. Mitra Sugar Limited has therefore been consolidated into the group and is no longer accounted for under the equity method. Refer note 42.

	2014 Rm	Restated 2013 Rm
Investment in associate companies		
Balance at beginning of year	43.1	41.9
Share of post acquisition profit	12.3	0.7
Dividend declared by associate companies	(11.6)	–
Exchange rate translation	0.4	0.5
Acquisition of shares in Mitra Sugar Limited	(2.2)	–
Reclassification from joint venture to associate (refer note 15)	25.6	–
	67.6	43.1
Summarised financial information in respect of the group's associates is set out below. The summarised financial information below represents the group's share of the assets, liabilities and profits of the associates:		
Non-current assets	64.2	51.2
Current assets	113.9	103.7
Non-current liabilities	(41.1)	(67.8)
Current liabilities	(69.4)	(44.0)
Net assets	67.6	43.1
Revenue	399.5	195.9
Net profit after taxation	12.3	0.7
Dividends received from associate during the year	(11.6)	–

	GROUP		COMPANY	
	2014 Rm	Restated 2013 Rm	2014 Rm	2013 Rm
17. INVESTMENTS				
Defined benefit pension fund asset (refer note 35)	20.0	15.7	20.0	15.7
Other investments	2.5	1.6	2.5	1.6
	22.5	17.3	22.5	17.3
18. LOANS				
Other loans	157.8	111.1	0.8	0.8
	157.8	111.1	0.8	0.8
Other loans bear interest at varying rates and have various terms of repayments. None of these assets had been past due or impaired at the end of the reporting period.				
19. INVENTORIES				
Finished goods	483.3	484.4	–	–
Consumables and components	515.6	424.6	6.1	10.2
	998.9	909.0	6.1	10.2
In arriving at the carrying value of inventories a stock provision of R26.7 million (2013: R18.7 million) has been taken into account.				
20. GROWING CANE				
The carrying value of growing cane comprises:				
Carrying value at beginning of year	1 520.4	1 346.7	–	–
Change in fair value	68.5	391.5	–	–
Acquisition of farms	–	6.8	–	–
Exchange rate translation	73.6	(224.6)	–	–
Carrying value at end of year	1 662.5	1 520.4	–	–

The fair value of the growing cane is determined using inputs that are unobservable, using the best information available in the circumstances for using the growing cane and therefore fall into the level 3 fair value category.

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

	Malawi	Mozambique	South Africa	Swaziland	Tanzania	Zambia
2014						
Expected area to harvest 2015 (hectares)	19 572.8	5 758.0	5 151.0	8 150.0	9 293.0	16 555.0
Estimated yield (tons cane/hectare)	102.3	88.0	70.0	98.5	81.1	120.2
Average maturity of cane at 31 March (%)	66.7	66.7	57.0	66.7	60.0	66.7
2013						
Expected area to harvest 2014 (hectares)	19 637.0	5 866.0	5 049.0	8 042.0	9 262.0	17 025.0
Estimated yield (tons cane/hectare)	104.5	92.0	74.0	99.5	82.0	117.6
Average maturity of cane at 31 March (%)	67.0	67.0	57.0	62.8	50.0	69.1

A 1% change in the unobservable inputs could increase or decrease the fair value of the standing cane to the following values:

	March 2014		March 2013	
	+1% Rm	-1% Rm	+1% Rm	-1% Rm
Estimated sucrose content	1 679.6	1 645.4	1 536.0	1 504.7
Estimated sucrose price	1 683.7	1 641.3	1 539.8	1 501.0

	GROUP		COMPANY	
	2014 Rm	Restated 2013 Rm	2014 Rm	2013 Rm
21. TRADE AND OTHER RECEIVABLES				
Trade receivables	860.9	901.4	–	–
Prepayments	38.0	40.9	0.3	0.2
Taxation	56.2	27.4	7.6	8.7
VAT recoverable	225.3	195.4	88.8	108.9
Other receivables	128.8	172.4	9.2	20.5
	1 309.2	1 337.5	105.9	138.3
<p>The directors consider that the carrying amount of trade and other receivables approximates their fair value. Additional disclosures concerning the management of credit risk have been provided in note 41.</p> <p>An allowance has been made for impairment of receivables amounting to R2.5 million (2013: R2.0 million) in the group. No allowance for impairment of receivables has been provided for in the company (2013: nil).</p>				
22. FACTORY OVERHAUL COSTS				
Balance at beginning of year	309.3	263.3	–	–
Capitalised during the year	385.1	352.7	–	–
Amortised during the year	(364.4)	(298.4)	–	–
Exchange rate translation	8.6	(8.3)	–	–
Balance at end of year	338.6	309.3	–	–
23. DERIVATIVE FINANCIAL INSTRUMENTS				
Forward exchange contracts – designated as cash flow hedges	(43.0)	6.6	–	–
	(43.0)	6.6	–	–
Comprising:				
Assets	18.5	16.9	–	–
Liabilities	(61.5)	(10.3)	–	–
	(43.0)	6.6	–	–

The fair values of derivative instruments are determined using inputs that are observable, either directly (ie as prices), or indirectly (ie derived from prices), other than quoted prices in an active market and therefore fall into the level 2 fair value category. Additional disclosures concerning the derivative financial instruments used to manage currency risk have been provided in note 41.

		GROUP AND COMPANY	
		2014 Rm	2013 Rm
24. SHARE CAPITAL AND PREMIUM			
Authorised:			
900 000 000 (2013: 900 000 000) ordinary shares of 4 cents each		36.0	36.0
Issued and fully paid:			
460 622 957 (2013: 460 447 457) ordinary shares of 4 cents each		18.4	18.4
Share premium		1 591.5	2 037.0
		1 609.9	2 055.4
The movement for the year was as follows:			
Balance at beginning of year		2 055.4	2 489.8
Share options exercised		1.3	3.1
Transfer to distribution reserve (refer note 27)		(446.8)	(437.5)
Balance at end of year		1 609.9	2 055.4
25. SHARE-BASED PAYMENT RESERVE			
Balance at beginning and end of year		13.1	13.1
All outstanding share options are fully vested and as a result, no further expense is required to be recognised in respect of the equity-settled share option scheme.			

	GROUP		COMPANY	
	2014 Rm	Restated 2013 Rm	2014 Rm	Restated 2013 Rm
26. NON-DISTRIBUTABLE RESERVES				
Comprises:				
Capital redemption reserve fund	37.1	37.1	35.6	35.6
Hedging reserve	(31.3)	5.2	–	–
Foreign currency translation reserve	–	–	–	–
Total non-distributable reserves	5.8	42.3	35.6	35.6
Movement for the year:				
Balance at beginning of year	42.3	155.8	35.6	325.9
Realised profit on disposal of property (refer note 28)	–	(82.0)	–	(282.5)
Transfer of debit foreign currency translation reserve to retained earnings (refer note 28)	64.9	211.7	–	–
Release of non-controlling shareholders' transactions (refer note 28)	–	(31.2)	–	–
Total comprehensive income for the year:				
Cash flow hedges	(36.5)	(0.3)	–	(7.8)
Hedge of net investment in foreign subsidiaries	(229.9)	(44.3)	–	–
Foreign currency translation	165.0	(167.4)	–	–
Balance at end of year	5.8	42.3	35.6	35.6
The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as the gains and losses on instruments that hedge the group's net investment in foreign subsidiaries.				
27. DISTRIBUTION RESERVE				
Balance at beginning of year	280.9	197.8	280.9	197.8
Transfer from share premium (refer note 24)	446.8	437.5	446.8	437.5
Less: Distributions paid (refer note 9)	(451.3)	(354.4)	(451.3)	(354.4)
Balance at end of year	276.4	280.9	276.4	280.9
28. RETAINED EARNINGS				
Balance at beginning of year	3 576.8	2 706.1	1 271.4	778.4
Total comprehensive income for the year:				
Profit for the year	916.3	859.9	724.4	208.4
Actuarial gain/(losses) on post-retirement obligations	9.9	(12.9)	6.5	(9.8)
Movements in defined benefit pension plans	(3.0)	3.3	7.4	11.9
Realised profit on disposal of property (refer note 26)	–	82.0	–	282.5
Transfer of debit foreign currency translation reserve from non-distributable reserves (refer note 26)	(64.9)	(211.7)	–	–
Release of non-controlling shareholders' transactions (refer note 26)	–	31.2	–	–
Gain on preference share redemption	–	118.9	–	–
Balance at end of year	4 435.1	3 576.8	2 009.7	1 271.4

	GROUP		COMPANY	
	2014 Rm	Restated 2013 Rm	2014 Rm	Restated 2013 Rm
29. LONG-TERM BORROWINGS				
Secured borrowings	313.0	1 013.1	–	–
Unsecured borrowings	1 662.4	895.3	–	–
Total borrowings	1 975.4	1 908.4	–	–
Less: Current portion redeemable and repayable within one year (refer note 32)	(150.6)	(744.4)	–	–
	1 824.8	1 164.0	–	–
The above borrowings are due for repayment in the following years ending 31 March:				
2014		744.4		–
2015	150.6	360.7	–	–
2016	77.3	711.5	–	–
2017	866.9	45.9	–	–
2018 and thereafter	880.6	45.9	–	–
	1 975.4	1 908.4	–	–

				GROUP	
	Foreign currency million	Years of redemption/ payment	Interest rate %	2014 Rm	Restated 2013 Rm
Analysis of borrowings					
Unsecured loans:					
US Dollar	158.0	2014 to 2019	3.3	1 662.4	895.3
Total unsecured borrowings				1 662.4	895.3
Secured loans:					
Zambian Kwacha [#]				–	781.9
Tanzanian Shilling [^]				–	1.6
Tanzanian Shilling [*]	45 000.0	2014 to 2018	14.6	289.5	229.6
South African Rand [~]		2014 to 2019	9.4	23.5	–
Total secured borrowings				313.0	1 013.1
Total borrowings				1 975.4	1 908.4

[#] These loans were secured by biological assets, property, plant and equipment and other current assets of Zambia Sugar Plc, with a net book value of R3 132 million.

[^] These loans were secured by property, plant and equipment of Kilombero Sugar Company Limited, with a net book value of R44.3 million.

^{*} These loans are secured by land and buildings of Illovo Distillers (Tanzania) Limited, with a net book value of R360.4 million.

[~] This amount represents the finance lease liability, and is secured by the assets leased (refer note 39.1).

	GROUP		COMPANY	
	2014 Rm	Restated 2013 Rm	2014 Rm	Restated 2013 Rm
30. DEFERRED TAXATION				
Balance at beginning of year	872.7	821.8	(49.7)	(26.5)
Current year income statement charge/(relief)	228.1	263.9	18.2	(21.4)
Prior year income statement charge	2.5	0.2	0.3	0.4
Current year other comprehensive income (relief)/charge	(1.4)	(17.7)	5.4	(2.2)
Rate change adjustment	–	(10.5)	–	–
Exchange rate translation	43.9	(185.0)		
Balance at end of year	1 145.8	872.7	(25.8)	(49.7)
Analysis of provision				
– property, plant and equipment	673.4	493.5	10.6	5.7
– growing cane and cane roots	661.9	545.6	–	–
– tax losses	(166.7)	(129.9)	–	–
– other	(22.8)	(36.5)	(36.4)	(55.4)
Balance at end of year	1 145.8	872.7	(25.8)	(49.7)
– asset	(44.1)	(57.4)	(25.8)	(49.7)
– liability	1 189.9	930.1	–	–
31. DEFERRED INCOME				
Co-generation electricity supply	121.7	131.7	–	–
Less: Portion to be recognised within one year (refer note 33)	(10.0)	(10.0)	–	–
	111.7	121.7	–	–
Deferred income represents an amount received for the exclusive right, by the Swaziland Electricity Company, to purchase all surplus electricity in Swaziland. The deferred income will be amortised to profit over the duration of the supply agreement.				
32. SHORT-TERM BORROWINGS				
Amounts due to bankers	297.3	222.9	–	–
Current portion of long-term borrowings (refer note 29)	145.3	744.4	–	–
Current portion of finance lease liability (refer note 39.1)	5.3	–	–	–
	447.9	967.3	–	–
The amounts due to bankers have no fixed terms of repayment and bear interest at variable market related interest rates.				
33. TRADE AND OTHER PAYABLES				
Trade payables	912.1	819.8	276.3	253.5
Accruals and other accounts payable	937.5	914.0	67.7	109.3
Leave pay	73.9	63.5	10.3	8.8
Deferred income (refer note 31)	10.0	10.0	–	–
	1 933.5	1 807.3	354.3	371.6

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

The directors consider that the carrying amount of trade payables approximate their fair value. The group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

	GROUP		COMPANY	
	2014 Rm	2013 Rm	2014 Rm	2013 Rm
34. PROVISIONS				
Post-retirement benefits*				
Balance at beginning of year	181.4	207.2	107.2	92.9
Raised during the year	12.6	13.8	1.6	0.7
Utilised during the year	(7.6)	(0.4)	–	–
Actuarial gains/(losses)	7.7	33.9	(9.0)	13.6
Gratuity payable	–	(12.5)	–	–
Severance obligation settled	–	(41.8)	–	–
Exchange rate translation	0.7	(18.8)		
Balance at end of year	194.8	181.4	99.8	107.2
Current portion included under current liabilities	19.7	8.5	6.8	7.3
Non-current portion of post-retirement benefits	175.1	172.9	93.0	99.9
Cash-settled share-based payments				
Balance at beginning of year	60.7	38.4	60.7	38.4
Raised during the year	–	22.3	–	22.3
Utilised during the year	(10.7)	–	(14.9)	–
Balance at end of year	50.0	60.7	45.8	60.7
Current portion included under current liabilities	30.7	38.8	28.1	38.8
Non-current portion of cash-settled share-based payments	19.3	21.9	17.7	21.9
Total provisions				
Balance at beginning of year	242.1	245.6	167.9	131.3
(Utilised)/raised during the year	(5.7)	35.7	(13.3)	23.0
Actuarial gains/(losses)	7.7	33.9	(9.0)	13.6
Gratuity payable	–	(12.5)	–	–
Severance obligation settled	–	(41.8)	–	–
Exchange rate translation	0.7	(18.8)		
Balance at end of year	244.8	242.1	145.6	167.9
Current portion included under current liabilities	50.4	47.3	34.9	46.1
Non-current portion of total provisions	194.4	194.8	110.7	121.8

* Refer note 35 for details of post retirement benefits.

35. RETIREMENT BENEFITS

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

During the year, a net expense of R8.4 million (2013 restated: R3.6 million) was recognised in respect of defined benefit plans (refer note 35.1), and an expense of R144.9 million (2013: R114.9 million) in respect of defined contribution plans and statutory retirement arrangements.

South Africa

All South African plans are funded, with their assets held in administered trust funds which are governed by the Pension Funds Act, 1956. The board of the pension fund is comprised of representatives from both employer and employees, and is required by law and by its rules to act in the interest of the fund and of all relevant stakeholders in the scheme. The board of the pension fund is responsible for the investment policy with regard to the assets of the fund. Plan assets primarily consist of listed shares, fixed income securities and investments in the money market.

In the current year one of the defined benefit funds was closed as the last employee resigned from the fund. The remaining defined benefit plan operates as a closed fund and covers 79 employees (2013: 91).

The defined benefit plan is actuarially valued for statutory purposes at intervals of not more than three years. Any deficits that are identified are funded by the company by way of increased future contributions or by the payment of an actuarially determined lump sum. The statutory actuarial valuations of the defined benefit plan as at 1 January 2011 is complete and was submitted to the Financial Services Board (FSB). The independent consulting actuary found the plan to be in a sound financial position.

The accounting actuarial valuation of the defined benefit plan was carried out as at 31 March 2014 in accordance with IAS 19 (revised). The combined fair value of the benefit plan assets amounted to R1 170.8 million (2013: R1 078.6 million), whilst the present value of promised retirement benefits totalled R880.9 million (2013: R986.2 million). As at 31 March 2014, the company is only unconditionally entitled to a surplus in the plan assets of R20.0 million (2013: R15.7 million). This surplus has been recognised as an asset.

In arriving at these findings, the actuary took into account a discount rate of 9.10% (2013: 7.20%), an expected rate of salary increase of 7.30% (2013: 6.60%), an expected rate of pension increase of 5.67% (2013: 5.04%) and an expected rate of inflation of 6.30% (2013: 5.60%).

A net expense of R6.5 million (2013: net income of R3.1 million) has been recognised in the financial period relating to the two defined benefit plans. The current year contribution to the three defined contribution plans totalled R64.8 million (2013: R56.7 million).

Malawi

Pensions are provided for all senior employees through the Sucoma Group Defined Contribution Fund and the Sucoma Non-contributory Defined Contribution Fund. The assets are held in independently administered funds. Retirement benefits for other staff are provided for by the Employment Act regulations. The pension cost of R11.3 million (2013: R6.9 million) is recognised in the year in which it is incurred.

Zambia

Zambia Sugar provides retirement benefits for its employees through a defined contribution pension scheme and statutory severance pay schemes. Contributions to the defined contribution pension scheme are recognised in the year in which the related services are rendered by the employees. An amount of R19.6 million (2013: R14.3 million) was expensed during the year in respect of the defined contribution pension scheme.

Membership of the National Pension Authority is compulsory for all employees of Zambia Sugar and Nanga Farms with the exception of expatriate employees. Monthly contributions are made by both the employer and the employee, and in the current year the employer's contribution totalled R20.5 million (2013: R14.6 million).

35. RETIREMENT BENEFITS continued

Swaziland

The group provides retirement benefits for all its permanent employees through a defined contribution fund and a provident fund. The company contributions of R10.0 million (2013: R7.0 million) to these funds are treated as an expense in the financial period.

A defined benefit fund exists consisting of employees who retired prior to October 2004. The board of the pension fund is composed of representatives from both employer and employees, and is required by law and by its rules to act in the interest of the fund and of all relevant stakeholders in the scheme. The board of the pension fund is responsible for the investment policy with regard to the assets of the fund.

The accounting actuarial valuation of the defined benefit plan was carried out as at 31 March 2014 in accordance with IAS 19 (revised). The fair value of the benefit plan assets amounted to R9.0 million (2013: R8.7 million) whilst the actuarial present value of promised retirement benefits totalled R10.2 million (2013: R11.7 million) resulting in a deficit of R1.2 million (2013: R3.0 million). Net income of R0.4 million (2013: R4.6 million) has been recognised in profit and loss.

In arriving at the valuation, the actuary took into account a discount rate of 8.50% (2013: 6.30%) and an inflation rate of 6.30% (2013: 4.40%). The group has raised a provision for the actuarial deficit (refer note 35.1 for defined benefit disclosure).

Tanzania and Mozambique

There are no group retirement plans in Tanzania and Mozambique, however, employees are covered for retirement purposes by statutory social security arrangements established by the respective governments. The group contributes a percentage of the payroll in terms of the statutory requirements and in the current year R13.3 million (2013: R11.9 million) and R5.4 million (2013: R3.5 million) was expensed in respect of these arrangements in Tanzania and Mozambique respectively.

Service-based retirement arrangements

The group has an obligation to provide severance pay to members of service-based retirement arrangements in Swaziland and Tanzania based on the length of permanent employment service. At 31 March 2014, the total provision amounted to R70.4 million (2013: R45.1 million) (refer note 35.1 for defined benefit disclosure).

Post-retirement medical benefits

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

The unfunded liability for post-retirement medical benefits is provided on the projected unit credit method, determined actuarially. At 31 March 2014, the total provision amounted to R123.3 million (2013: R133.3 million). During the current year, R3.6 million (2013: R2.4 million) was expensed to the income statement whilst actuarial gains of R13.7 million (2013: actuarial losses of R17.9 million) were recognised in full in other comprehensive income. The group expects to make contributions of R7.8 million (2013: R7.2 million) during the next financial year.

A valuation of this provision was performed as at 31 March 2014. In arriving at his finding, the actuary took into account a discount rate of 9.30% (2013: 7.90%), an expected rate of health care inflation of 8.40% (2013: 8.00%) and an expected retirement age of 58 (2013: 58). An increase in the health care inflation of 1% will increase the liability by R14.7 million and a decrease in the health care inflation of 1% will decrease the liability by R12.3 million. An increase in the discount rate of 1% will decrease the liability by R12.4 million and a decrease in the discount rate of 1% will increase the liability by R15.0 million.

	GROUP		COMPANY	
	2014 Rm	Restated 2013 Rm	2014 Rm	Restated 2013 Rm
35. RETIREMENT BENEFITS continued				
35.1 Defined benefits				
Details of the IAS 19 valuation of the defined benefit plans:				
The amount included in the statement of financial position arising from the obligation in respect of the defined benefit plans is as follows:				
Present value of funded defined benefit obligation	(891.1)	(997.9)	(880.9)	(986.2)
Fair value of plan assets	1 179.8	1 087.3	1 170.8	1 078.6
	288.7	89.4	289.9	92.4
Present value of unfunded defined benefit obligation	(70.3)	(45.1)	–	–
Funded status	218.4	44.3	289.9	92.4
Unrecognised due to Paragraph 58 Limit	(269.9)	(76.7)	(269.9)	(76.7)
Net (liability)/asset arising from defined benefit obligation	(51.5)	(32.4)	20.0	15.7
– defined benefit pension fund asset	20.0	15.7	20.0	15.7
– defined benefit pension fund liability	(71.5)	(48.1)	–	–
Movements in the present value of the defined benefit obligation in the current year were as follows:				
Balance at beginning of year	1 043.0	891.3	986.2	840.2
Current service cost	16.1	18.1	12.4	15.6
Interest cost	74.7	68.2	69.6	68.2
Contributions by plan members	2.2	2.1	2.2	2.1
Benefits paid	(52.7)	(48.8)	(44.5)	(47.3)
Risk premiums	(1.2)	(1.1)	(1.2)	(1.1)
Curtailment/settlement	(20.5)	(1.0)	(20.5)	–
Plan amendments	1.6	–	1.6	–
Transfer to accruals	–	(12.5)	–	–
Admin expenses	(2.4)	–	(2.2)	–
Actuarial (gains)/losses	(100.1)	126.0	(122.7)	108.5
Translation differences on foreign plans	0.7	0.7		
Balance at end of year	961.4	1 043.0	880.9	986.2
Movements in the fair value of the plan assets in the current year were as follows:				
Balance at beginning of year	1 087.3	1 011.3	1 078.6	1 002.7
Expected return on plan assets	76.3	81.7	75.8	81.0
Contributions	10.0	7.0	9.4	6.4
Risk premiums	(1.2)	(1.1)	(1.2)	(1.1)
Benefits paid	(46.3)	(48.8)	(44.5)	(47.3)
Curtailment/settlement	(20.8)	–	(20.8)	–
Admin expenses	(2.4)	–	(2.2)	–
Actuarial gains	76.9	37.2	75.7	36.9
Balance at end of year	1 179.8	1 087.3	1 170.8	1 078.6
The amounts recognised in profit or loss in respect of these defined benefit plans are as follows:				
Current service cost	16.1	18.1	12.4	15.6
Interest on obligation	74.7	68.2	69.6	68.2
Expected return on plan assets	(76.3)	(81.7)	(75.8)	(81.0)
Net benefits paid	(6.4)	–	–	–
Curtailment/settlement	0.3	(1.0)	0.3	–
Net expense in respect of defined benefit accounting	8.4	3.6	6.5	2.8
Amounts recognised in other comprehensive income	11.1	(0.6)	(10.3)	(16.6)

	GROUP		COMPANY	
	2014 Rm	Restated 2013 Rm	2014 Rm	Restated 2013 Rm
35. RETIREMENT BENEFITS continued				
35.1 Defined benefits continued				
The major categories of plan assets at the end of the reporting period are as follows:				
Cash	347.1	328.7	346.8	326.1
Equity	308.2	319.1	306.1	316.5
Bonds	171.1	169.7	169.3	168.3
Other	353.4	269.8	348.6	267.7
	1 179.8	1 087.3	1 170.8	1 078.6

Sensitivity analysis:

Average salary increases and discount rates have a significant effect on the amounts reported for the defined benefit obligation. A 1% change in the assumed rates could increase or decrease the obligation to:

	Inflation rate		Discount rate	
	+1% Rm	-1% Rm	+1% Rm	-1% Rm
Defined benefit obligation	1 047.3	868.0	872.3	1 069.0

The history of experience adjustments is as follows:

	GROUP			
	2014	Restated 2013	Restated 2012	2011
Experience adjustments on plan liabilities	(100.1)	115.0	55.7	19.3
Experience adjustments on plan assets	(76.9)	(37.1)	11.9	7.1

	COMPANY			
	2014	Restated 2013	Restated 2012	2011
Experience adjustments on plan liabilities	(122.7)	108.5	49.6	17.1
Experience adjustments on plan assets	(75.7)	(36.9)	11.3	7.7

The group expects to make contributions of R3.6 million (2013: R4.5 million) to the defined benefit plans during the next financial year.

The plans typically expose the group to following risks:

Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return of the plan's debt investments.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.
Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to market yields at the reporting date on high quality corporate bonds; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and cash.

36. SHARE-BASED PAYMENTS

Equity-settled share option scheme

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

Details of the company's share option movements during the year are as follows:

	2014		2013	
	Number of share options	Weighted average option price Rand	Number of share options	Weighted average option price Rand
Outstanding at beginning of year	286 700		723 000	
Forfeited	–		–	
Exercised	(175 500)	7.44	(436 300)	7.03
Outstanding at end of year	111 200		286 700	
Exercisable at end of year	111 200		286 700	

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

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

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

Cash-settled equity instrument scheme

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

At 31 March 2014, the fair value of the obligation in respect of the cash-settled equity instrument scheme was determined actuarially to be R50.0 million (2013: R60.7 million) and an amount of R10.7 million recognised as income (2013: R22.3 million recognised as an expense). The vesting periods for the scheme are the same as those applicable to the equity-settled share option scheme.

		2014	2013
36. SHARE-BASED PAYMENTS continued			
Cash-settled equity instrument scheme continued			
The independent actuaries made use of the following assumptions in arriving at their valuation:			
Share price	(cents)	2 801	3 180
Expected option lifetime			
– vesting period three	(years)	3	3
– vesting period four	(years)	4	4
– vesting period five	(years)	5	5
Expected rolling volatility			
– one-year expected option lifetime	(%)	22.94	14.87
– two-year expected option lifetime	(%)	19.32	17.01
– three-year expected option lifetime	(%)	19.28	19.14
– four-year expected option lifetime	(%)	20.19	22.58
– five-year expected option lifetime	(%)	22.75	26.25
Risk-free interest rate			
– one-year expected option lifetime	(%)	6.46	5.14
– two-year expected option lifetime	(%)	7.21	5.18
– three-year expected option lifetime	(%)	7.48	5.45
– four-year expected option lifetime	(%)	7.72	5.69
– five-year expected option lifetime	(%)	7.96	5.90
Expected dividend yield	(%)	2.65	2.37
Forfeiture rate per annum	(%)	5.00	5.00

Illovo Sugar Employees' Share Purchase Scheme

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

		GROUP	
		2014 Rm	Restated 2013 Rm
37. CAPITAL EXPENDITURE COMMITMENTS			
Malawi			
– contracted		18.0	12.9
– approved but not contracted		213.5	144.0
Mozambique			
– contracted		0.6	2.2
– approved but not contracted		49.9	24.9
South Africa			
– contracted		19.8	62.7
– approved but not contracted		174.8	187.9
Swaziland			
– contracted		22.9	3.4
– approved but not contracted		59.2	53.9
Tanzania			
– contracted		13.1	48.6
– approved but not contracted		42.5	73.5
Zambia			
– contracted		13.2	7.1
– approved but not contracted		117.5	84.9
Corporate			
– contracted		167.5	15.8
– approved but not contracted		129.7	291.8
Contracted		255.1	152.7
Approved but not contracted		787.1	860.9
		1 042.2	1 013.6

The capital expenditure will be financed from cash resources and facilities negotiated and not yet utilised.

		GROUP		COMPANY	
		2014 Rm	2013 Rm	2014 Rm	2013 Rm
38. CONTINGENT LIABILITIES					
Guarantees in respect of liabilities of third parties and claims against the group		116.5	119.9	1 219.4	991.9
Guarantees in respect of liabilities of subsidiary companies					
		116.5	119.9	1 219.4	991.9

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

39. LEASES

39.1 Finance lease liabilities

Included in borrowings are capitalised finance lease liabilities in respect of computer equipment. The average lease term is four years, and the group has the option to purchase the computer equipment for a nominal amount at the end of the lease term. The finance lease liabilities are secured by the assets leased. Interest rates underlying all finance lease liabilities are fixed at respective contract dates, at an average rate across the assets of 9.4%.

	Minimum lease payments		Present value of minimum lease payments	
	2014 Rm	2013 Rm	2014 Rm	2013 Rm
Not later than one year	8.1	–	5.3	–
Later than one year and not later than five years	23.1	–	18.2	–
Later than five years	–	–	–	–
	31.2	–	23.5	–
Less: Future finance charges	(7.7)	–	–	–
Present value of minimum lease payments	23.5	–	23.5	–
Included in the consolidated financial statements as:				
– current (refer note 32)			5.3	–
– non-current (refer note 29)			18.2	–
			23.5	–

39.2 Operating lease commitments

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

	2015 Rm	2016 Rm	2017 Rm	2018 Rm	2019 onwards Rm	2014 Rm	2013 Rm
Property	29.6	18.9	11.3	9.3	86.2	155.3	130.6
Plant and equipment	21.9	18.6	10.6	8.5	5.8	65.4	71.1
Total lease commitments	51.5	37.5	21.9	17.8	92.0	220.7	201.7

40. RELATED PARTY TRANSACTIONS

The group, in the ordinary course of business, enters into various transactions with related parties. These transactions occurred under terms which are no more or less favourable than those arranged with third parties. Balances and transactions between companies within the group have been eliminated on consolidation.

	GROUP				
	Sale/ (purchase) of goods Rm	Fees received from/(paid to) related parties Rm	Interest received from/(paid to) related parties Rm	Loans due by/(to) related parties Rm	Amounts due by/(to) related parties Rm
2014					
Transactions and balances with:					
– joint ventures and associates	–	–	–	–	72.1
– fellow subsidiaries of holding company	73.4	–	(31.9)	(1 593.4)	(1.1)
– own holding company	–	–	(10.5)	(69.0)	–
– minority shareholders of subsidiaries	–	(28.8)	–	–	(9.2)
	73.4	(28.8)	(42.4)	(1 662.4)	61.8

2013 (Restated)

Transactions and balances with:

– joint ventures and associates	661.9	(25.3)	–	–	174.3
– fellow subsidiaries of holding company	169.0	–	–	–	15.7
– own holding company	–	–	(23.3)	(895.3)	–
– minority shareholders of subsidiaries	–	(0.3)	–	(3.6)	–
	830.9	(25.6)	(23.3)	(898.9)	190.0

	COMPANY			
	Sale/ (purchase) of goods Rm	Management, directors' and other fees received Rm	Dividends received Rm	Interest received/ (paid) Rm
2014				
Transactions and balances with:				
– directly owned subsidiaries	–	50.2	608.8	78.5
– indirectly owned subsidiaries	608.3	152.4	–	84.2
	608.3	202.6	608.8	162.7
2013				
Transactions and balances with:				
– directly owned subsidiaries	–	25.0	150.0	62.5
– indirectly owned subsidiaries	596.0	81.6	–	62.1
	596.0	106.6	150.0	124.6

Subsidiaries, joint ventures and associates

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

Compensation of key management personnel

The remuneration of key management personnel for the year ended 31 March 2014 has been disclosed in the remuneration report on page 100 of the Integrated Annual Report.

Shareholders

Details of the major shareholders of the company and a summary of the categories of shareholders are disclosed on page 129 of the Integrated Annual Report.

Interests of directors in contracts

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

Shareholders and related interests of directors and officers in share capital

Details have been included in the directors' report on page 3.

Recovery of management services

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

41. FINANCIAL RISK MANAGEMENT

Financial instruments consist primarily of cash deposits with banks, investments and loans, trade and other receivables and payables, derivative instruments and bank borrowings. Financial instruments are carried at fair value or amounts that approximate fair value.

	GROUP		COMPANY	
	2014 Rm	Restated 2013 Rm	2014 Rm	2013 Rm
Categories of financial instruments				
Financial assets				
Loans and receivables	1 744.6	1 638.4	367.9	221.7
Investments	22.5	17.3	22.5	17.3
Derivative financial instruments designated as cash flow hedges	18.5	16.9	–	–
Financial liabilities				
Derivative financial instruments designated as cash flow hedges	61.5	10.3	–	–
Financial liabilities measured at amortised cost	4 606.5	4 123.7	354.7	371.6
Reconciliation to the statement of financial position				
Loans	157.8	111.1	0.8	0.8
Trade and other receivables	989.7	1 073.8	9.2	20.5
Cash and cash equivalents	597.1	453.5	357.9	200.4
Loans and receivables	1 744.6	1 638.4	367.9	221.7
Trade and other payables	1 923.5	1 797.3	354.3	371.6
Long-term borrowings	1 824.8	1 164.0	–	–
Short-term borrowings	858.2	1 162.4	0.4	–
Financial liabilities measured at amortised cost	4 606.5	4 123.7	354.7	371.6

41.1 Treasury risk management

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

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

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

41.2 Interest rate risk management

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

The interest rate profile at 31 March 2014 is as follows:

		Floating rate		Fixed rate		Total borrowings
		Less than one year	Greater than one year	Less than one year	Greater than one year	
Borrowings	(Rm)	852.9	1 806.6	5.3	18.2	2 683.0
Total borrowings	(%)	32	67	–	1	100

Interest rate sensitivity

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

	2014 Rm	Restated 2013 Rm
If interest rates had been 50 basis points higher/lower and all other variables held constant, the group's profit before tax for the year would decrease/increase by:	13.3	11.6

41. FINANCIAL RISK MANAGEMENT continued

41.3 Commodity price risk management

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

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

41.4 Currency risk management

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

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

	GROUP			
	Assets		Liabilities	
	2014 Rm	Restated 2013 Rm	2014 Rm	Restated 2013 Rm
US Dollar	79.2	82.3	44.9	22.1
Euro	129.5	114.5	87.3	0.5
Other	12.6	26.5	17.1	15.9

Unhedged and uncovered foreign currency monetary items which are repayable within 12 months comprise:

	GROUP			
	2014		2013 (Restated)	
	Foreign currency millions	Amount in Rm	Foreign currency millions	Amount in Rm
Assets				
US Dollar	2.7	28.9	8.1	74.5
Euro	8.9	129.5	9.2	108.8
Other		7.4		26.5
		165.8		209.8
Liabilities				
US Dollar	4.3	44.9	2.4	22.1
Euro	6.0	87.3	–	0.5
Other		17.1		15.9
		149.3		38.5

Foreign currency sensitivity

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

	US Dollar		Euro	
	2014 Rm	2013 Rm	2014 Rm	2013 Rm
10% foreign currency sensitivity	(3.4)	(9.0)	(4.2)	(11.4)

41. FINANCIAL RISK MANAGEMENT continued

41.4 Currency risk management continued

The group has entered into certain forward exchange contracts which relate to specific items appearing on the statement of financial position or were entered into to cover forecast foreign currency proceeds not yet receivable and foreign currency purchases not yet delivered. The contracts will be utilised for purposes of trade during the 2015 financial year.

	GROUP					
	2014			2013		
	Foreign currency million	Average rate	Amount in Rm	Foreign currency million	Average rate	Amount in Rm
Foreign currency sold						
US Dollar	64.3	10.68	686.8	57.4	9.33	535.7
Euro	52.5	14.39	755.6	57.5	12.29	706.4
Foreign currency purchased						
US Dollar	57.1	11.23	641.3	0.9	9.44	8.5

41.5 Credit risk management

Credit risk consists mainly of short-term cash deposits and cash equivalent investments, trade receivables and loans. The group only deposits short-term cash with major banks of high quality credit standing and limits the amount of credit exposure to any one counterparty. Trade receivables and loans comprise a widespread base, and group companies undertake ongoing credit evaluations of the financial condition of the other parties. Where appropriate, credit guarantee insurance cover is purchased. At 31 March 2014, the group does not consider there to be any material credit risk that has not been insured or adequately provided for.

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

	GROUP		COMPANY	
	2014 Rm	Restated 2013 Rm	2014 Rm	2013 Rm
Not past due	751.9	807.6	–	–
Past due by 30 days	97.1	69.8	–	–
Past due by 60 days	10.5	22.4	–	–
Past due by 90 days	0.9	2.0	–	–
Past due by 120 days and over	3.0	1.6	–	–
	863.4	903.4	–	–
Less: Allowance for doubtful debts	(2.5)	(2.0)	–	–
Trade receivables	860.9	901.4	–	–
No specific trade receivables have been placed under liquidation in either the current or the prior year.				
Allowance for doubtful debts				
Set out below is a summary of the movement in the allowance for doubtful debts for the year:				
Balance at beginning of year	2.0	3.3	–	–
Increase/(decrease) in allowance	0.6	(1.4)	–	–
Exchange rate translation	(0.1)	0.1	–	–
Balance at end of year	2.5	2.0	–	–

41. FINANCIAL RISK MANAGEMENT continued

41.6 Liquidity risk management

Liquidity risk is the risk that the group will encounter difficulty in meeting its obligations associated with its financial liabilities as they fall due. In terms of the company's Memorandum of Incorporation, the directors may from time to time, at their discretion, raise or borrow for the purpose of the company as they think fit. Group treasury is responsible for monitoring and managing liquidity and ensures that the group has sufficient headroom in its committed facilities to meet unforeseen or abnormal requirements. The group also has access to uncommitted facilities to assist with short-term funding requirements.

The group treasury has access to the following local and foreign banking facilities at 31 March 2014:

	2014 Rm	2013 Rm
Local, fixed and flexible term, general banking facilities	1 785.6	1 430.0
Foreign, fixed and flexible term, general banking facilities	3 021.8	3 912.0
	4 807.4	5 342.0

41.7 Capital risk management

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

42. BUSINESS COMBINATIONS

On 30 April 2013, Illovo Group Holdings Limited, a subsidiary of the group, purchased 51% of the equity of Mitra Sugar Limited ("Mitra"), a sugar export agent, from ABF Investments Plc. A purchase consideration of €1 was transferred to bring Illovo Group Holdings Limited's shareholding in Mitra from 49% to 100%.

The group identified an opportunity to supply sugar into the niche higher growth margin markets in the EU, such as direct consumption sugar and specialty sugars. Mitra has been at the forefront of marketing Illovo specialty sugars into the EU over the past few years and this business continues to provide growth opportunities. Routing all Illovo export sugars through Mitra provided an opportunity to benefit from economies of scale and negotiating improved fobbing and freight rates. This resulted in the decision to acquire the remaining 51% shareholding in Mitra.

	2014 Rm	2013 Rm
Fair value of assets acquired and liabilities assumed		
Property, plant and equipment	0.1	–
Trade and other receivables	1.5	–
Cash	15.6	–
Trade and other payables	(2.0)	–
Taxation	(3.0)	–
Dividends payable	(8.0)	–
Fair value of net assets acquired	4.2	–
Gain on bargain purchase arising on acquisition		
Purchase consideration	–	–
Plus: Fair value of previously held equity interest	2.0	–
Less: Fair value of net assets acquired	(4.2)	–
Gain on bargain purchase	(2.2)	–
On 30 April 2013, the 49% equity interest which Illovo Group Holdings Limited held in Mitra Sugar Limited immediately before the acquisition date was considered to approximate its fair value and amounted to R2.0 million. On acquisition date all amounts previously recognised in the foreign currency translation reserve of the group, arising on the equity accounting of Mitra Sugar Limited, are reclassified to profit and loss. An amount of R0.5 million has been recognised as a material item in the income statement.		
Gain on bargain purchase	(2.2)	–
Reclassification of foreign currency translation reserve	0.5	–
Material item (refer note 7)	(1.7)	–

As Mitra Sugar Limited is a sugar export agent of the group, no post-acquisition revenue has been included in the income statement in the current year, however, post-acquisition operating profit of R5.3 million is included in the income statement.

43. SEGMENTAL ANALYSIS

The following is an analysis of the group's revenue and results by reportable segment.

	Revenue Rm	Operating profit Rm	Capital expenditure Rm	
Business segments				
Year to 31 March 2014				
Sugar production	9 355.7	1 320.3	480.8	
Cane growing	2 856.2	388.8	161.8	
Downstream and co-generation	978.2	177.8	79.4	
	13 190.1	1 886.9	722.0	
Year to 31 March 2013 (Restated)				
Sugar production	7 610.8	1 035.0	496.6	
Cane growing	2 565.5	760.5	289.3	
Downstream and co-generation	804.4	91.5	184.8	
	10 980.7	1 887.0	970.7	
	Revenue Rm	Operating profit Rm	Total assets Rm	Capital expenditure Rm
Geographical segments				
Year to 31 March 2014				
Malawi	2 341.5	762.0	2 052.8	190.9
Mozambique	552.8	32.5	918.9	31.4
South Africa	4 504.1	265.8	2 658.7	217.3
Swaziland	1 601.1	257.5	2 046.0	36.0
Tanzania	924.7	11.0	1 690.3	145.3
Zambia	3 265.9	558.1	3 793.4	101.1
	13 190.1	1 886.9	13 160.1	722.0
Year to 31 March 2013 (Restated)				
Malawi	1 829.8	899.3	1 560.1	172.4
Mozambique	536.4	109.1	809.1	47.1
South Africa	4 081.3	150.3	2 422.7	227.9
Swaziland	1 314.9	155.8	2 068.5	84.6
Tanzania	698.5	93.7	1 376.0	284.9
Zambia	2 519.8	478.8	3 777.5	153.8
	10 980.7	1 887.0	12 013.9	970.7

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

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2013: nil). Included in revenue are revenues of approximately R1 647.9 million which arose from sales to the group's largest customer. No other single customer contributed 10% or more to the group's revenue.

The accounting policies of the reportable segments are the same as the group's accounting policies described in note 1. This segment information is reported to the managing director for the purpose of resource allocation and assessment of segment performance.

44. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The group has restated certain transactions and balances presented in the financial statements to reflect the effect of new and revised International Financial Reporting Standards.

IFRS 11 Joint Arrangements

As a result of the adoption of IFRS 11, the group has changed its accounting policy with respect to its interest in joint arrangements. IFRS 11 requires equity accounting for joint ventures and eliminates the proportionate consolidation method of accounting. Previously the group proportionately consolidated all joint ventures by including its share of the assets, liabilities, income and expenses of jointly controlled entities on a line-by-line basis.

Under the equity method, the investments in joint ventures are initially recognised at cost and the carrying amounts are increased or decreased to recognise the group's share of profit or loss and movements in other comprehensive income of joint ventures after the date of acquisition. The group's share of the profit or loss of joint ventures is recognised as a single line item in profit or loss under the equity method.

The change from proportionate consolidation to equity accounting resulted in a change in individual asset, liability, income, expense and cash flow items with no material impact on equity or profit attributable to equity holders.

IAS 19 (revised) Employee Benefits

IAS 19 (revised) impacted the measurement of the various components representing movements in the defined benefit pension obligation and associated disclosures. As the group has always recognised actuarial gains and losses immediately outside profit and loss, the group's total obligation was unchanged.

The impact of the application of the above revised standards on the group's financial results and financial position is disclosed on the following pages.

44. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES continued

		GROUP			
		For the year ended 31 March 2013			
INCOME STATEMENT	Notes	Previously reported Rm	Restatement effect of IFRS 11 Rm	Restatement effect of IAS 19 Rm	Restated Rm
Revenue	4	11 128.9	(148.2)	–	10 980.7
Cost of sales		6 603.5	(139.1)	–	6 464.4
Gross profit		4 525.4	(9.1)	–	4 516.3
Distribution expenses		844.6	(1.0)	–	843.6
Administrative expenses		1 268.4	(10.7)	–	1 257.7
Other operating expenses		511.4	10.0	6.6	528.0
Operating profit/(loss)	5	1 901.0	(7.4)	(6.6)	1 887.0
Dividend income		2.3	–	–	2.3
Net financing costs/(income)	6	279.6	(0.7)	16.5	295.4
Interest paid		303.1	–	(2.8)	300.3
Interest received		(36.2)	(0.7)	19.3	(17.6)
Foreign exchange losses		12.7	–	–	12.7
Profit before taxation and non-trading items		1 623.7	(6.7)	(23.1)	1 593.9
Share of profit from joint ventures	15	–	5.0	–	5.0
Share of profit from associates	16	0.7	–	–	0.7
Material items	7	4.6	–	–	4.6
Profit before taxation		1 629.0	(1.7)	(23.1)	1 604.2
Taxation	8	513.9	(1.7)	(6.5)	505.7
Profit for the year		1 115.1	–	(16.6)	1 098.5
Attributable to:					
Shareholders of Illovo Sugar Limited		876.5	–	(16.6)	859.9
Non-controlling interest		238.6	–	–	238.6
		1 115.1	–	(16.6)	1 098.5
Statement of other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Movement in defined benefit pension plans		(22.5)	–	23.1	0.6
Tax effect of movement in defined benefit pension plans		3.4	–	(6.5)	(3.1)
Actuarial losses on post-retirement obligations		(17.9)	–	–	(17.9)
Tax effect of actuarial losses on post-retirement obligations		5.0	–	–	5.0
Items that may be reclassified subsequently to profit or loss					
Adjustments in respect of cash flow hedges		0.8	–	–	0.8
Tax effect of cash flow hedges		1.3	–	–	1.3
Hedge of net investment in foreign subsidiary		(64.8)	–	–	(64.8)
Tax effect of hedge of net investment in foreign subsidiary		14.5	–	–	14.5
Foreign currency translation differences		(231.2)	–	–	(231.2)
Total comprehensive income for the year		803.7	–	–	803.7
Attributable to:					
Shareholders of Illovo Sugar Limited		638.3	–	–	638.3
Non-controlling interest		165.4	–	–	165.4
		803.7	–	–	803.7

44. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES continued

		COMPANY			
		For the year ended 31 March 2013			
INCOME STATEMENT	Notes	Previously reported Rm	Restatement effect of IFRS 11 Rm	Restatement effect of IAS 19 Rm	Restated Rm
Revenue	4	–	–	–	–
Cost of sales		–	–	–	–
Gross profit		–	–	–	–
Distribution expenses		–	–	–	–
Administrative expenses		169.3	–	–	169.3
Other operating expenses/(income)		(7.6)	–	6.6	(1.0)
Operating loss	5	(161.7)	–	(6.6)	(168.3)
Dividend income		150.0	–	–	150.0
Net financing costs/(income)	6	(122.9)	–	16.5	(106.4)
Interest paid		71.5	–	(2.8)	68.7
Interest received		(190.1)	–	19.3	(170.8)
Foreign exchange gains		(4.3)	–	–	(4.3)
Profit before taxation and non-trading items		111.2	–	(23.1)	88.1
Material items	7	118.9	–	–	118.9
Profit before taxation		230.1	–	(23.1)	207.0
Taxation	8	5.1	–	(6.5)	(1.4)
Profit for the year		225.0	–	(16.6)	208.4
Statement of other comprehensive income					
Movement in defined benefit pension plans		(6.5)	–	23.1	16.6
Tax effect of movement in defined benefit pension plans		1.8	–	(6.5)	(4.7)
Actuarial losses on post-retirement obligations		(13.6)	–	–	(13.6)
Tax effect of actuarial losses on post-retirement obligations		3.8	–	–	3.8
Items that may be reclassified subsequently to profit or loss					
Adjustments in respect of cash flow hedges		(10.9)	–	–	(10.9)
Tax effect of cash flow hedges		3.1	–	–	3.1
Total comprehensive income for the year		202.7	–	–	202.7

44. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES continued

		GROUP					
		As at 31 March 2013			As at 31 March 2012		
STATEMENT OF FINANCIAL POSITION	Notes	Previously reported Rm	Restatement effect of IFRS 11 Rm	Restated Rm	Previously reported Rm	Restatement effect of IFRS 11 Rm	Restated Rm
ASSETS							
Non-current assets		7 938.5	56.6	7 995.1	6 900.4	52.5	6 952.9
Property, plant and equipment	11	6 223.4	(13.9)	6 209.5	5 328.0	(15.5)	5 312.5
Cane roots	12	1 260.0	–	1 260.0	1 216.3	–	1 216.3
Intangible assets	13	266.1	–	266.1	218.1	–	218.1
Investment in joint venture	15	–	30.6	30.6	–	27.9	27.9
Investment in associates	16	43.1	–	43.1	41.9	–	41.9
Investments	17	17.3	–	17.3	11.8	–	11.8
Loans	18	71.2	39.9	111.1	52.6	40.1	92.7
Deferred taxation asset	30	57.4	–	57.4	31.7	–	31.7
Current assets		4 635.3	(88.7)	4 546.6	4 510.5	(61.3)	4 449.2
Inventories	19	944.4	(35.4)	909.0	618.6	(33.1)	585.5
Growing cane	20	1 520.4	–	1 520.4	1 346.7	–	1 346.7
Trade and other receivables	21	1 370.1	(32.6)	1 337.5	877.8	(19.8)	858.0
Factory overhaul costs	22	309.3	–	309.3	263.3	–	263.3
Derivative financial instruments	23	16.9	–	16.9	14.0	–	14.0
Cash and cash equivalents		474.2	(20.7)	453.5	1 390.1	(8.4)	1 381.7
Total assets		12 573.8	(32.1)	12 541.7	11 410.9	(8.8)	11 402.1
EQUITY AND LIABILITIES							
Equity attributable to shareholders of Illovo Sugar Limited		5 968.5	–	5 968.5	5 562.6	–	5 562.6
Share capital and premium	24	2 055.4	–	2 055.4	2 489.8	–	2 489.8
Share-based payment reserve	25	13.1	–	13.1	13.1	–	13.1
Non-distributable reserves	26	42.3	–	42.3	155.8	–	155.8
Distribution reserve	27	280.9	–	280.9	197.8	–	197.8
Retained earnings	28	3 576.8	–	3 576.8	2 706.1	–	2 706.1
Non-controlling interest		1 006.2	–	1 006.2	902.7	–	902.7
Total equity		6 974.7	–	6 974.7	6 465.3	–	6 465.3
Non-current liabilities		2 413.0	(2.4)	2 410.6	2 741.7	(0.5)	2 741.2
Long-term borrowings	29	1 166.4	(2.4)	1 164.0	1 545.4	–	1 545.4
Deferred taxation liability	30	930.1	–	930.1	854.0	(0.5)	853.5
Deferred income	31	121.7	–	121.7	130.7	–	130.7
Provisions	34	194.8	–	194.8	211.6	–	211.6
Current liabilities		3 186.1	(29.7)	3 156.4	2 203.9	(8.3)	2 195.6
Short-term borrowings	32	979.3	(12.0)	967.3	383.5	–	383.5
Trade and other payables	33	1 821.6	(14.3)	1 807.3	1 453.6	(5.2)	1 448.4
Bank overdraft		195.1	–	195.1	184.9	–	184.9
Taxation		132.5	(3.4)	129.1	141.5	(3.1)	138.4
Provisions	34	47.3	–	47.3	34.0	–	34.0
Derivative financial instruments	23	10.3	–	10.3	6.4	–	6.4
Total liabilities		5 599.1	(32.1)	5 567.0	4 945.6	(8.8)	4 936.8
Total equity and liabilities		12 573.8	(32.1)	12 541.7	11 410.9	(8.8)	11 402.1

44. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES continued

STATEMENT OF CASH FLOWS	GROUP			COMPANY		
	As at 31 March 2013			As at 31 March 2013		
	Previously reported Rm	Effect of restatements Rm	Restated Rm	Previously reported Rm	Effect of restatements Rm	Restated Rm
Cash flows from operating activities						
Operating profit/(loss) before working capital movements	1 567.9	(16.0)	1 551.9	(158.9)	(6.6)	(165.5)
Working capital movements	(506.4)	(10.1)	(516.5)	(13.8)	–	(13.8)
Cash generated from/(utilised in) operations	1 061.5	(26.1)	1 035.4	(172.7)	(6.6)	(179.3)
Net financing (costs)/income	(279.6)	(15.8)	(295.4)	122.9	(16.5)	106.4
Taxation paid	(196.1)	2.6	(193.5)	(12.7)	–	(12.7)
Dividend income	2.3	–	2.3	150.0	–	150.0
Distributions/dividends paid	(458.0)	–	(458.0)	(354.4)	–	(354.4)
Net cash inflows/(outflows) from operating activities	130.1	(39.3)	90.8	(266.9)	(23.1)	(290.0)
Cash flows from investing activities						
Replacement of property, plant and equipment	(291.4)	0.4	(291.0)	(4.3)	–	(4.3)
Expansion capital expenditure	(640.8)	–	(640.8)	(351.3)	–	(351.3)
Net expansion of area under cane	(28.4)	–	(28.4)	–	–	–
Capitalisation of product registrations	(10.5)	–	(10.5)	–	–	–
Proceeds on disposal of plant and equipment	5.1	–	5.1	1.5	–	1.5
Proceeds on disposal of property	1.7	–	1.7	–	–	–
Funding from non-controlling interest	41.7	–	41.7	–	–	–
Net movement on investments and loans	(25.1)	27.6	2.5	462.5	23.1	485.6
Net cash (outflows)/inflows from investing activities	(947.7)	28.0	(919.7)	108.4	23.1	131.5
Net cash outflows before financing activities	(817.6)	(11.3)	(828.9)	(158.5)	–	(158.5)
Cash flows from financing activities						
Long-term borrowings (repaid)/raised	(245.7)	–	(245.7)	–	–	–
Short-term borrowings raised/(repaid)	215.6	–	215.6	(12.5)	–	(12.5)
Issue of share capital net of associated costs	3.1	–	3.1	3.1	–	3.1
Net cash outflows from financing activities	(27.0)	–	(27.0)	(9.4)	–	(9.4)
Net decrease in cash and cash equivalents	(844.6)	(11.3)	(855.9)	(167.9)	–	(167.9)
Cash and cash equivalents at beginning of year	1 318.8	(9.4)	1 309.4	368.3	–	368.3
Cash and cash equivalents at end of year	474.2	(20.7)	453.5	200.4	–	200.4