

Summary consolidated financial statements

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The full consolidated financial statements may be found on the company's website at www.illovosugar.com	

Approval of summary consolidated financial statements

The directors of Illovo are responsible for overseeing the preparation and the integrity of the summary consolidated financial statements of the group 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 summary consolidated financial statements, which have been prepared in terms of the measurement and recognition requirements of International Financial Reporting Standards, the information required by IAS 34 Interim Financial Reporting and the Companies Act, are an extract of the audited consolidated annual financial statements. These consolidated financial statements, which have been prepared under the supervision of Mr M H Abdool-Samad, CA(SA), are electronically available on the group's website at www.illovosugar.com.

The group's independent auditors, Deloitte & Touche, have confirmed that the summary consolidated financial statements are derived from the consolidated annual financial statements and their unmodified report appears on pages 92.

The summary consolidated financial statements which were prepared on the going concern basis, including the Directors' Report and the Audit Committee Report, which appear on pages 85 to 91, were approved by the board on 21 May 2015 and are signed on its behalf by:

D G MacLeod
Chairman

G B Dagleish
Managing Director

Lodgement of returns with the Companies and Intellectual Property Commission

I hereby certify that for the year ended 31 March 2015, 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
21 May 2015

The directors have pleasure in presenting their report which forms part of the summary consolidated financial statements of the group, for the year ended 31 March 2015.

Nature of business and review of operations

The nature of the business of the company and its subsidiaries, as well as detailed commentary on the group's operations are provided in the Business Overview section of this report.

Share capital

As at 31 March 2015, the authorised share capital of the company was 900 000 000 ordinary shares of 4 cents each and the issued share capital was 460 730 557 ordinary shares of 4 cents each. Further details are set out in note 24 to the annual financial statements, available on the company's website: www.illovosugar.com.

During the year under review, the issued ordinary share capital of the company increased from 460 622 957 shares to 460 730 557 shares as a result of options being exercised in respect of 107 600 shares in terms of the Illovo Sugar Limited 1992 Share Option Scheme.

Shareholders

An analysis of shareholders and their shareholdings appear in the Corporate Governance Report.

An analysis of the relevant disclosures by nominee shareholders as at 31 March 2015, pursuant to section 56(3) of the Companies Act, revealed four beneficial shareholdings equal to or exceeding 5% of the issued ordinary share capital, details of which appear on page 101.

Illovo Sugar Limited 1992 Share Option Scheme

During the financial year ended 31 March 2006, the Illovo Sugar Limited Phantom Share Scheme replaced the further granting of share options in terms of the Illovo Sugar 1992 Share Option Scheme (the option scheme). All share options previously granted have now been exercised or forfeited.

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 table below reflects the options granted to, and exercised by, the executive directors and senior managers as at 31 March 2015:

	Number of shares
Options granted as at 1 April 2014	27 717 000
Options expired during the year under review	(3 600)
Options granted as at 31 March 2015	27 713 400
Options exercised, allotted and issued as at 1 April 2014	27 605 800
Options exercised during the year under review	107 600
Options unexercised as at 31 March 2015	–
Options granted as at 31 March 2015	27 713 400

Illovo Sugar Phantom Share Scheme

The board approved the adoption of the PSS in 2005, and in 2007 introduced certain performance hurdles related to the future earnings of the company. These performance hurdles are more fully explained in the Remuneration Report.

While the rules of the PSS are modelled on those of the option scheme, the important difference is that options under the PSS are "cash settled" rather than "equity settled". Accordingly, the PSS 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 PSS include that there is no necessity to issue new shares when options are exercised (ie, no share dilution) and ease of administration.

The Remuneration/Nomination Committee approves the granting of all share options in terms of the PSS. Phantom options granted to and exercised by executive directors and senior managers as at 31 March 2015 are as follows:

Options granted	Phantom shares
Options granted as at 1 April 2014	11 992 625
New options granted during the year under review	1 552 500
Options forfeited during the year under review	(492 100)
Options granted as at 31 March 2015	13 053 025
Options exercised as at 1 April 2014	2 782 550
Options exercised during the year under review	156 150
Options unexercised as at 31 March 2015	10 114 325
Options granted as at 31 March 2015	13 053 025

The options granted and unexercised as at 31 March 2015 are as follows:

Expiry date	Option price (cents)	Number of shares
12 July 2015	829	191 550
29 October 2016	1 634	213 600
23 July 2017	2 364	538 700
9 July 2018	2 867	1 113 875
13 July 2019	2 808	1 588 000
20 July 2020	2 856	1 113 000
26 May 2021	2 702	1 124 500
22 May 2022	2 573	1 453 100
21 May 2023	3 445	1 284 000
20 May 2024	2 878	1 494 000
		10 114 325

Details of options granted to executive directors, any options exercised during the year, and options unexpired and unexercised as at 31 March 2015, are provided in the Remuneration Report.

With the introduction of the FSP (referred to below), the future annual awards made to a recipient in terms of the PSS are reduced having regard to the quantum of any shares awarded to him in terms of the FSP.

Forfeitable Share Plan

As more fully described in the Remuneration Report, the FSP was introduced in May 2014 to provide a long-term incentive plan for directors and selected senior employees, thereby providing a mechanism to attract and retain executives and other key management whose skills are required to enable the company to fulfil its long-term goals, which the PSS does not provide.

The FSP is not a share option scheme contemplated in Schedule 14 of the JSE Listings Requirements.

In May 2014, 224 000 shares were awarded to executive directors and senior employees. These shares were purchased and transferred to the relevant participants on 2 December 2014. A schedule of the shares awarded to the executive directors of the company appears in the Remuneration Report.

Illovo Sugar Limited Employees' Share Purchase Scheme

The Illovo Sugar Limited 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 42 816 shares in the company, thereby increasing the total number of shares held to 279 025. Of these shares, which are all registered in the name of the trust, 279 024 are held on behalf of 633 participants. All such shares have been fully paid for by the participants.

Capital distributions

An interim capital distribution (number 46) of 37.0 cents per share which was declared on 28 November 2014 and a final capital distribution (number 47) of 53.0 cents per share was declared on 21 May 2015 (both by way of a reduction of contributed tax capital), making a total distribution for the year of 90.0 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 on 12 January 2015 and the final capital distribution will be paid on 6 July 2015.

Subsidiary companies

The names and financial information concerning the subsidiaries of the company are set out in the notes to the financial statements which may be accessed on our website at www.illovosugar.com.

Directorate and Company Secretary

The names of the directors and the Company Secretary in office at the date of this report are reflected on pages 34 to 36 of this report. The details of the company's business and postal addresses are set out on the inside back cover.

Resignations and appointments

During the year under review, Mr G M Rhodes resigned as a non-executive director with effect from 31 October 2014 and Mr J Cowper was appointed as non-executive director with effect from 10 March 2015. Subsequent to the year-end, Mr G Gomwe was appointed as an independent non-executive director with effect from 1 June 2015 and Dr S Kana was nominated as a director subject to his election by the shareholders at the annual general meeting on 15 July 2015.

In terms of the company's Memorandum of Incorporation, one-third of the non-executive directors must retire at the company's annual general meeting, being those who have been longest in office. Prof P M Madi, Messrs D G MacLeod and M J Hankinson and Mrs C W N Molope will retire at the forthcoming annual general meeting. Mr MacLeod and Prof Madi have not made themselves available for re-election and will retire from the board with effect from the close of the annual general meeting.

Mr Hankinson and Mrs Molope have made themselves available for re-election as non-executive directors at the annual general meeting. The board recommends their re-appointment to the shareholders, based on the recommendation of the Nomination Committee following a formal assessment of their performance as directors (as reported in the Corporate Governance Report).

Consequent upon Mr MacLeod's retirement, the board of directors has appointed Mr T Munday as Chairman of the board, with effect from the close of the annual general meeting on 15 July 2015.

Evaluations

As indicated in the Corporate Governance Report, in addition to the annual evaluations of the board and the individual directors, the Nomination Committee carried out formal evaluations of:

- the performance of the non-executive directors standing for re-election (ie, Mr M J Hankinson and Mrs C W N Molope); and
- the independence and performance of those non-executive directors who have held office as such for more than nine years (ie, Dr D Konar and Mr A R Mpungwe), both of whom 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 judgement.

In addition, written confirmation was obtained from each of the independent non-executive directors that he/she continues to meet the requirements for independence in accordance with the criteria contemplated in paragraph 67 of Chapter 2 of King III.

Beneficial interests

The beneficial interests of the directors holding office in the issued ordinary share capital of the company were as follows:

	18 June 2015		31 March 2015		31 March 2014	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
Hankinson M J	3 925	3 925	3 925	3 925	3 925	3 925
MacLeod D G	225 000		225 000		450 000	
Dagleish G B	172 000 [#]		75 000 [#]			
Abdool-Samad M H	62 000 [#]		31 000 [#]			
Hulley J P	92 000 [#]		33 000 [#]			
Riddle L W	47 000 [#]		24 000 [#]			
Total	601 925	3 925	391 925	3 925	453 925	3 925

[#] Shares held in terms of Forfeitable Share Plan.

No non-beneficial interests were held by any of the directors. 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, shareholders will be requested to pass a non-binding advisory vote, approving the company's remuneration policy, as contemplated by King III.

Pursuant to the requirements of section 66(9) of the Companies Act, shareholders will also be requested to pass special resolutions to approve the following annual fees payable to the non-executive directors with effect from 1 April 2015, as well as an additional fee of R28 000 per day for any unscheduled board or board committee meetings:

	Current R	Proposed R
Board		
Chairman*	2 200 000	
For the period 1 April to 15 July 2015#		638 904
For the period 16 July 2015 to 31 March 2016##		1 068 493
Director	270 000	287 000
Audit Committee		
Chairman	255 000	272 000
Member	127 500	135 500
Remuneration/Nomination Committee		
Chairman	180 000	192 000
Member	120 000	128 000
Risk Management Committee		
Chairman	129 750	138 000
Member	86 500	92 000
Social and Ethics Committee		
Chairman	129 750	138 000
Member	86 500	92 000

Notes:

* 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 amount represents a pro rata share of an annual fee of R2.2 million.

This amount represents a pro rata share of an annual fee of R1.5 million.

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 is made pursuant to the requirements of section 94(7)(f) of the Companies Act.

Terms of Reference and objectives

Illovo's Audit Committee ("committee") operates in accordance with formal Terms of Reference and an annual work plan, which comply with the requirements of King III and are approved by the board of directors. The Terms of Reference and work plan are reviewed annually and amended as required.

The main objectives of the committee, in accordance with its Terms of Reference, include the following:

- 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;
- assessing the impact of the general control environment on the statutory audit, and reporting to executive management any areas of perceived control weaknesses; and
- the effective discharge of its statutory and regulatory duties.

Composition of the committee

The committee comprises four independent non-executive directors with the expertise required to enable the committee to discharge its statutory and regulatory duties and functions, as well as to provide the requisite advice and guidance to the board on matters within its mandate.

The members of the committee for the year ended 31 March 2015 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.

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

Meetings and attendance

During the year under review, three meetings of the committee were held, attendance at which is reflected in the Corporate Governance Report at page 63 of this report.

The meetings of the committee are also attended by the independent external auditor, the internal auditors, the Chairman of the board, the Financial Director, a non-executive director nominated by Illovo's holding company, as well as other members of the company's executive committee and senior management.

Before each meeting of the committee, the chairman of the committee also holds separate meetings with the company's Financial Director, the head of internal audit and Mr G Tweedy as the registered auditor responsible for the company's external audit.

Annual evaluation

In accordance with the provisions of King III, a formal annual evaluation of the Audit Committee was carried out in March 2015. The evaluation indicated that the committee had carried out its duties and responsibilities in an effective and professional manner and that the members of the committee had the requisite skills required to discharge their functions.

In relation to the chairman of the committee, the annual evaluations indicated that he remained independent and continued to bring sound knowledge and expertise to the committee, including in relation to the increasingly complex accounting environment, cyber security and combined assurance, which is invaluable to management.

Compliance with duties

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

- reviewing and approving the scope of the independent and internal audits;
- reviewing the level of effectiveness of both the independent 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;
- approving the extent of non-audit services undertaken by the independent external auditors, in accordance with the approved policy;
- reviewing reports from both the independent and internal auditors, including management's responses thereto;
- assessing the effectiveness of internal policies and procedures;
- ensuring that all material financial risks are identified, assessed, monitored and managed;
- monitoring that there are no material breakdowns 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 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 year under review, the 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 to the accounting practices, the independent and internal audits of the company, or to the content or auditing of its financial statements or any related matter; and
- performed its other functions in accordance with its Terms of Reference.

Risk management

The board has assigned oversight of the company's risk management to the Risk Management Committee. However, the Audit Committee oversees financial reporting risks, internal financial controls, as well as fraud risk and information technology risks as these relate to financial reporting. The chairman of the Audit Committee attends the Risk Management Committee meetings and the chairman of the Risk Management Committee is also a member of the Audit Committee.

Internal audit

The committee has responsibility for overseeing, reviewing and providing assurance on the adequacy of the internal control environment across the group's operations and approves the annual internal audit plan, which follows a risk-based approach. The head of internal audit is responsible for reporting the findings of the internal audit work against the agreed internal audit plan to the committee at each committee meeting.

The head of internal audit has direct access to the Audit Committee members, through the chairman of the committee, and reports to the committee in relation to any incidents of alleged fraud and corruption as well as any "whistle-blowing" reports. The committee is satisfied that appropriate interventions have been put in place to deal with these.

Legal, regulatory and corporate governance requirements

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

Pursuant to the provisions of the JSE's Listings Requirements, during the past financial year, the committee has monitored compliance with the company's policy on non-audit services provided by the independent external auditors and has satisfied itself that the appointed independent external auditors and registered auditor were duly accredited as such on the JSE's list of auditors.

Expertise and experience of Financial Director and finance function

The committee carried out a formal evaluation of the company's Financial Director (Mr M H Abdool-Samad) and satisfied itself that he has the appropriate expertise and experience contemplated by paragraph 3.84(h) of the JSE Listings Requirements.

Pursuant to King III, and based on specific procedures performed by the independent external auditors, the committee also satisfied itself with the expertise, resources and experience of the senior management responsible for the company's financial function.

Internal financial controls

Based on the review of the design, implementation and effectiveness of the group's system of internal financial controls conducted by the internal audit function during the year under review, and reports made by the independent external auditors on the results of their audit and management reports, the committee is satisfied that the company's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements. No findings have come to the attention of the committee to indicate that any material breakdown in internal controls has occurred during the past financial year.

Annual financial statements

Having reviewed the audited annual financial statements of the group, which are available on the group's website at www.illovosugar.com, particularly to ensure that disclosure was adequate and that fair presentation had been achieved, the committee recommended the approval of the annual financial statements to the board.

Subsequent events

There have been no material changes in the affairs or financial position of the company and its subsidiaries since 31 March 2015.



Going concern

The committee reviewed management's assessment of the going concern premise of the company and the group before recommending to the board that the company and the group will be a going concern in the foreseeable future.

Holding company

ABF Overseas Limited is the holding company of Illovo Sugar Limited with a 51.3% 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.

Matters for consideration at annual general meeting

Election of committee members

The audit committee is a statutory committee elected by the shareholders and in terms of section 94(2) of the Companies Act, read with chapter 3 of King III, the shareholders of a public company must elect the members of an audit committee at each annual general meeting. In terms of regulation 42 the Companies Regulations, at least one-third of the members of the company's audit committee at any particular time must have academic qualifications, or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

Based on the annual evaluations of the performance of the committee and its members, referred to above, and having evaluated their experience, qualifications and expertise, the Nomination Committee recommends that Dr D Konar (chairman), Mr M J Hankinson, Dr S Kana and Mrs C W N Molohe be appointed as members of the Audit Committee, subject to their being appointed as directors of the company at the forthcoming annual general meeting. As Mr T S Munday has been appointed as Chairman of the board with effect from the close of the annual general meeting, he will no longer be eligible for membership of the committee, but will attend committee meetings as an attendee. As evidenced by the curricula vitae of the proposed members, which appear on pages 107 to 108, they have the relevant experience and expertise required for membership of the committee.

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 auditors for the year ending 31 March 2016 at the forthcoming annual general meeting.

On behalf of the Audit Committee

Dr D Konar

Audit Committee Chairman

May 2015

Independent Auditor's Report

Independent auditor's report on summary consolidated financial statements to the shareholders of Illovo Sugar Limited

The accompanying summary consolidated financial statements of Illovo Sugar Limited, which comprise the summary consolidated statement of financial position as at 31 March 2015, the summary consolidated statements of comprehensive income, summary consolidated changes in equity and summary consolidated cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Illovo Sugar Limited for the year ended 31 March 2015. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 21 May 2015. Our auditor's report on the audited consolidated financial statements contained an Other Matter paragraph, "Other reports required by the Companies Act" (included below).

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Illovo Sugar Limited.

Director's responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the framework concepts, and the measurement and recognition requirements of International Financial Reporting Standards and the requirements of the Companies Act of South Africa, set out in note 1 to the summary consolidated financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summary consolidated 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 the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, Engagements to Report on Summary Financial Statements.

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Illovo Sugar Limited for the year ended 31 March 2015 are consistent, in all material respects, with those consolidated financial statements, in accordance with the conceptual framework and the measurement and recognition requirements of International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other reports required by the Companies Act

The "Other reports required by the Companies Act" paragraph in our audit report dated 21 May 2015 states that as part of our audit of the consolidated financial statements for the year ended 31 March 2015, 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 financial statements. These reports are the responsibility of the respective preparers. The paragraph states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summary consolidated financial statements or our opinion thereon.

Deloitte & Touche

Registered Auditors

Per G C Tweedy

Partner

21 May 2015

Durban

National executive: L L Bam (Chief executive), A E Swiegers (Chief operating officer), G M Pinnock (Audit), D L Kennedy (Risk advisory and legal services), N B Kader (Tax), T P Pillay (Consulting), K Black (Client and industries), J K Mazzacco (Talent and transformation), C R Beukman (Finance), M Jordan (Strategy), S Gwala (Special projects), T J Brown (Chairman of the board), M J Comber (Deputy chairman of the board)

Regional leader: G C 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

Summary consolidated financial statements

Summary consolidated income statement

		Year ended 31 March	
		2015	2014
		Rm	Rm
		Notes	
Revenue		13 266.5	13 190.1
Cost of sales		8 206.1	8 108.7
Gross profit		5 060.4	5 081.4
Distribution expenses		1 155.2	1 141.1
Administrative expenses		1 517.8	1 277.1
Other operating expenses		732.3	776.3
Operating profit		1 655.1	1 886.9
Dividend income		2.8	5.1
Net financing costs	2	355.8	336.4
Profit before non-trading items		1 302.1	1 555.6
Share of profit from joint venture		4.6	12.9
Share of profit from associates		22.1	12.3
Material items	3	3.0	24.5
Profit before taxation		1 331.8	1 605.3
Taxation		388.0	486.8
Profit for the year		943.8	1 118.5
Attributable to:			
Shareholders of Illovo Sugar Limited		826.4	916.3
Non-controlling interest		117.4	202.2
		943.8	1 118.5
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains on post-retirement obligations		43.2	2.6
Tax effect of actuarial gains on post-retirement obligations		(13.4)	(3.0)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(408.9)	209.7
Adjustments in respect of cash flow hedges		(13.7)	(51.4)
Tax effect of cash flow hedges		2.3	3.2
Hedge of net investment in foreign subsidiaries		(26.1)	(231.3)
Tax effect of hedge of net investment in foreign subsidiaries		11.7	1.2
Total comprehensive income for the year		538.9	1 049.5
Attributable to:			
Shareholders of Illovo Sugar Limited		431.1	821.8
Non-controlling interest		107.8	227.7
		538.9	1 049.5
Earnings per share			
Basic	(cents)	179.4	199.0
Diluted	(cents)	179.4	198.9
Distribution per share	(cents) 5	90.0	97.0

Summary consolidated statement of financial position

	Year ended 31 March	
	2015 Rm	2014 Rm
ASSETS		
Non-current assets	9 472.9	8 895.0
Property, plant and equipment	7 043.3	6 783.3
Cane roots	1 776.4	1 531.0
Intangible assets	311.9	288.0
Investment in joint venture	0.7	0.7
Investment in associates	73.5	67.6
Investments	74.7	22.5
Loans	163.9	157.8
Deferred taxation asset	28.5	44.1
Current assets	5 353.6	4 924.8
Inventories	1 022.6	998.9
Growing cane	1 797.2	1 662.5
Trade and other receivables	1 660.9	1 309.2
Factory overhaul costs	372.0	338.6
Derivative financial instruments	24.4	18.5
Cash and cash equivalents	476.5	597.1
Total assets	14 826.5	13 819.8
EQUITY AND LIABILITIES		
Equity attributable to shareholders of Illovo Sugar Limited	6 472.4	6 340.3
Share capital and premium	1 196.1	1 609.9
Share-based payment reserve	7.2	13.1
Non-distributable reserves	(3.9)	5.8
Distribution reserve	244.1	276.4
Retained earnings	5 028.9	4 435.1
Non-controlling interest	1 203.3	1 128.3
Total equity	7 675.7	7 468.6
Non-current liabilities	3 754.4	3 320.8
Long-term borrowings	2 042.9	1 824.8
Deferred taxation liability	1 412.6	1 189.9
Deferred income	101.8	111.7
Provisions	197.1	194.4
Current liabilities	3 396.4	3 030.4
Short-term borrowings	714.4	447.9
Trade and other payables	2 042.5	1 933.5
Bank overdraft	450.2	410.3
Taxation	64.9	126.8
Provisions	43.3	50.4
Derivative financial instruments	81.1	61.5
Total liabilities	7 150.8	6 351.2
Total equity and liabilities	14 826.5	13 819.8

Summary consolidated statement of cash flows

	Year ended 31 March	
	2015	2014
	Rm	Rm
Cash flows from operating activities		
Cash operating profit	1 663.7	1 922.4
Working capital movements	(314.1)	105.2
Cash generated from operations	1 349.6	2 027.6
Net financing costs	(355.8)	(336.4)
Taxation paid	(252.7)	(298.6)
Dividend income	2.8	5.1
Distributions/dividends paid	(575.9)	(556.9)
Net cash inflows from operating activities	168.0	840.8
Cash flows from investing activities		
Replacement capital expenditure	(365.6)	(342.6)
Expansion/opportunity capital expenditure	(318.3)	(366.2)
Expansion of area under cane	(5.7)	(7.9)
Capitalisation of product registrations	(9.9)	(5.3)
Proceeds on disposal of property, plant and equipment	9.6	8.7
Movement on investments and loans	21.5	(17.1)
Acquisition of business	–	15.6
Proceeds on disposal of shareholding in joint ventures	–	9.5
Net cash outflows from investing activities	(668.4)	(705.3)
Net cash (outflows)/inflows before financing activities	(500.4)	135.5
Cash flows from financing activities		
Long-term borrowings repaid	(79.6)	(175.3)
Short-term borrowings raised	276.2	226.9
Issue of share capital	0.8	1.3
Purchase of shares in terms of forfeitable share plan	(5.9)	–
Proceeds on part-disposal of shareholding in subsidiary	189.3	–
Net cash inflows from financing activities	380.8	52.9
Net (decrease)/increase in cash and cash equivalents	(119.6)	188.4
Cash and cash equivalents at beginning of the year	597.1	453.5
Exchange rate translation	(1.0)	(44.8)
Cash and cash equivalents at end of the year	476.5	597.1

Summary consolidated statement of changes in equity

	Share capital and premium Rm	Share-based payment reserve Rm	Translation reserve Rm	Other non-distributable reserves Rm	Distribution reserve Rm	Retained earnings Rm	Equity holders' interest Rm	Non-controlling interest Rm	Total Rm
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 gains/(losses) on post-retirement obligations						6.9	6.9	(7.3)	(0.4)
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 differences			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
Total comprehensive income for the year:	–	–	(416.8)	(9.7)	–	857.6	431.1	107.8	538.9
Profit for the year						826.4	826.4	117.4	943.8
Actuarial gains/(losses) on post-retirement obligations						31.2	31.2	(1.4)	29.8
Cash flow hedges				(9.7)			(9.7)	(1.7)	(11.4)
Hedge of net investment in foreign subsidiaries			(11.9)				(11.9)	(2.5)	(14.4)
Foreign currency translation differences			(404.9)				(404.9)	(4.0)	(408.9)
Issue of share capital	0.8						0.8		0.8
Purchase of shares in terms of forfeitable share plan		(5.9)					(5.9)		(5.9)
Gain on part-disposal of shareholding in subsidiary						93.1	93.1	96.2	189.3
Gain on liquidation of subsidiary						59.9	59.9		59.9
Distributions/dividends paid					(446.9)		(446.9)	(129.0)	(575.9)
Transfer to distribution reserve	(414.6)				414.6		–		–
Transfer of debit foreign currency translation reserve to retained earnings			416.8			(416.8)	–		–
Balance at 31 March 2015	1 196.1	7.2	–	(3.9)	244.1	5 028.9	6 472.4	1 203.3	7 675.7

1. Basis of preparation

The summarised consolidated financial statements for the year ended 31 March 2015 have been prepared in accordance with the framework concepts and the measurements and recognition requirements of International Financial Reporting Standards (IFRS) and interpretations issued respectively by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, in particular International Accounting Standard 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council, that are relevant to its operations and effective for annual reporting periods beginning on or after 1 April 2014, and the South African Companies Act 2008.

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

The audited summarised consolidated financial statements have been prepared under the supervision of the group Financial Director, Mr M H Abdool-Samad CA(SA). The summarised consolidated financial statements were approved by the board of directors on 21 May 2015.

The full consolidated annual financial statements from which these summarised consolidated financial statements were derived are available on the group's website, www.illovosugar.com.

	Year ended 31 March	
	2015	2014
	Rm	Rm
2. Net financing costs		
Interest paid	362.9	353.5
Less: Capitalised to property, plant and equipment	(4.0)	(20.8)
	358.9	332.7
Interest received	(13.4)	(8.3)
Foreign exchange losses	10.3	12.0
	355.8	336.4
3. Material items		
Profit on disposal of property	3.0	1.3
Profit on disposal of previously impaired assets	–	0.1
Gain on bargain purchase	–	2.2
Proceeds received from insurance claim	–	19.1
Disposal and deregistration of businesses	–	1.8
	3.0	24.5
4. Determination of headline earnings		
Profit attributable to shareholders of Illovo Sugar Limited	826.4	916.3
Adjusted for:		
– Profit on disposal of property	(3.0)	(1.3)
– Profit on disposal of previously impaired assets	–	(0.1)
– Gain on bargain purchase	–	(2.2)
– Proceeds received from insurance claim	–	(19.1)
– Disposal and deregistration of businesses	–	(1.8)
Total tax effect of adjustments	–	1.4
Total non-controlling interest effect of adjustments	1.2	0.4
Headline earnings	824.6	893.6
Number of shares in issue	(millions)	460.6
Weighted average number of shares on which headline earnings per share is based	(millions)	460.5
Headline earnings per share		
Basic	(cents)	194.0
Diluted	(cents)	194.0

		Year ended 31 March	
		2015	2014
		Rm	Rm
5. Distributions paid			
	– Distribution #43 of 61.0 cents per share (final 2013) – paid 8 July 2013		280.9
	– Distribution #44 of 37.0 cents per share (interim 2014) – paid 13 January 2014		170.4
	– Distribution #45 of 60.0 cents per share (final 2014) – 7 July 2014	276.4	
	– Distribution #46 of 37.0 cents per share (interim 2015) – 12 January 2015	170.5	
		446.9	451.3
	In respect of the year under review, the directors declared a final capital distribution of 53.0 cents per share which will be paid to shareholders on 6 July 2015. 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.		
6. Solvency ratios			
	Net debt:equity ratio (%)	35.6	27.9
	Gearing (%)	26.2	21.8
	The net debt: equity ratio is calculated as interest-bearing liabilities, net of cash and cash equivalents, divided by total equity.		
7. Commitments and contingencies			
	Capital commitments	1 868.4	1 042.2
	– Contracted	326.9	255.1
	– Approved but not contracted	1 541.5	787.1
	Lease commitments	189.3	220.7
	Contingent liabilities	155.9	116.5
8. Financial instruments			
	The fair values of financial 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. The fair values of non-financial assets are determined using inputs that are unobservable, using the best information available in the circumstances for using the assets and therefore fall into the level 3 fair value category.		
	This report does not include the information required pursuant to paragraph 16A(j) of IAS 34 – <i>Interim Financial Reporting</i> . The full consolidated annual financial statements is available for inspection on the group's website, together with the required disclosures.		
9. Post-balance sheet events			
	No material change has taken place in the affairs of the group between the end of the financial year and the date of this report.		

10. Segmental analysis

Business segments	Revenue Rm	Operating profit Rm	Capital expenditure Rm
Year to 31 March 2015			
Sugar production	9 242.3	1 179.8	455.1
Cane growing	2 848.3	207.4	218.5
Downstream and co-generation	1 175.9	267.9	25.9
	13 266.5	1 655.1	699.5
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

Geographic segments	Revenue Rm	Operating profit Rm	Total assets Rm	Capital expenditure Rm
Year to 31 March 2015				
Malawi	2 362.7	625.3	2 878.7	178.1
Mozambique	593.3	24.6	944.7	39.1
South Africa	4 481.6	215.2	2 857.6	223.5
Swaziland	1 396.5	68.7	2 033.2	67.7
Tanzania	1 247.4	145.0	1 598.8	32.1
Zambia	3 185.0	576.3	3 984.1	159.0
	13 266.5	1 655.1	14 297.1	699.5
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