

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The "Definitions and Interpretations" commencing on page 8 of this circular apply, *mutatis mutandis*, throughout this document including this cover page.

Shareholders are referred to pages 5 and 6 of this circular, which set out the action required of them with regard to the rights offer, full details of which are set out in this circular. If you are in any doubt as to the action that you should take, please consult your CSDP, broker, banker, legal adviser, accountant or other professional adviser immediately.

If you have disposed of all of your Illovo shares, this circular should be forwarded to the purchaser to whom, or the CSDP, broker, banker or agent through whom you disposed of such shares except that this circular should not be forwarded or transmitted by you to any person in any territory other than South Africa unless the rights offer can lawfully be made to such person or in such territory.

The shares issued in terms of the rights offer will not be registered for purposes of the rights offer with the Securities and Exchange Commission, Washington, D.C., the Canadian Provincial Securities Commission, or the Australian Securities Commission under the Australian Corporation Law, as amended. The rights offer will not be made to or be open for acceptance by persons with registered addresses in the United States of America ("United States") or any of its territories, dependencies, possessions or commonwealths or in the District of Columbia or in the Dominion of Canada or in the Commonwealth of Australia, its states, territories or possessions or in Japan or in any other jurisdiction in which it is illegal to make such an offer. The CSDP or broker will ensure that where such persons are holding Illovo shares in dematerialised form that the CSDP or broker adheres to the above restrictions. Please refer to paragraph 3.12 of this circular for further details in this regard.

The rights that are represented by the letter of allocation are valuable and may be renounced or sold on the JSE. Letters of allocation can, however, only be traded in dematerialised form and, accordingly, Illovo has issued all letters of allocation in dematerialised form. The electronic record for holders of certificated shares is being maintained by Link Market Services which has made it possible for holders of certificated shares to enjoy the same rights and opportunities as holders of dematerialised shares in respect of the letters of allocation. Instructions on how to renounce or sell the rights represented by the letters of allocation are set out in paragraph 3 of this circular.

Only whole numbers of Illovo shares will be issued in terms of the rights offer and shareholders will be entitled to rounded numbers of shares once the ratio of entitlement has been applied. No excess applications will be allowed.

This rights offer circular incorporates revised listing particulars and is issued in compliance with the Listings Requirements for the purpose of providing information to the public with regard to the Company.



(Incorporated in the Republic of South Africa)

(Registration number 1906/000622/06)

Share code: ILV ISIN: ZAE000083846

("Illovo" or "the Company")

CIRCULAR TO ILLOVO SHAREHOLDERS

relating to:

a renounceable rights offer of 108 342 362 Illovo shares at an issue price of 2 769 cents per share, in the ratio of 30.83459 rights offer shares for every 100 Illovo shares held at the close of business on Friday, 21 August 2009

and including:

- **revised listing particulars; and**
- **a form of instruction in respect of a letter of allocation (to be completed by holders of certificated shares only).**

Rights offer opens at 09:00 on

Monday, 24 August 2009

Rights offer closes at 12:00 on

Friday, 11 September 2009

The directors of Illovo whose names appear on page 2 of this circular, collectively and individually, accept full responsibility for the accuracy of the information given in this circular and certify that, to the best of their knowledge and belief, there are no facts, the omission of which, would make any statement in this circular false or misleading and that they have made all reasonable inquiries to ascertain such facts and that this circular contains all information required by law and by the Listings Requirements.

Standard Bank, which is regulated in terms of the Listings Requirements, is acting for Illovo and no one else in relation to the preparation of this circular and will not be responsible to anyone other than Illovo in relation to the preparation of this circular.

**Investment bank and
transaction sponsor
to Illovo**



**Legal adviser to
Illovo**



**Independent reporting
accountants**



Sponsor to Illovo



Underwriter

ABF Overseas Limited

**Corporate adviser to the
underwriter**



**Legal adviser to the
underwriter**



Date of issue: 24 August 2009

This circular is available in English only. Copies of this circular may be obtained from the registered office of Illovo, the investment bank and transaction sponsor and the transfer secretaries whose addresses are set out in the "Corporate Information and Advisers" section of this circular. These documents will be available from 24 August 2009 until 11 September 2009, both days inclusive. The circular will also be available in electronic form from the Company's website (www.illovosugar.co.za) from 17 August 2009. A copy of this document, together with the form of instruction and other requisite documents referred to in section 145A of the Companies Act, was lodged with the Registrar of Companies at CIPRO and the form of instruction was registered by the Registrar of Companies at CIPRO on 4 August 2009 as required by section 146A of the Companies Act.

CERTAIN FORWARD-LOOKING STATEMENTS

This circular and the accompanying revised listing particulars include certain “forward-looking information”. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation those concerning: Illovo’s strategy; the economic outlook for the industry; expectations regarding sugar prices, production, cash costs and other operating results; growth prospects and outlook of Illovo’s operations, individually or in the aggregate; Illovo’s liquidity and capital resources and expenditure; and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect Illovo’s current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases. Similarly, statements that describe Illovo’s objectives, plans or goals are or may be forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Illovo’s actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied by these forward-looking statements. Although Illovo believes that the expectations reflected in these forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Illovo shareholders should review carefully all information, including the *pro forma* financial statements and the notes to the *pro forma* financial statements, included in this circular. The forward-looking statements included in this circular and the accompanying revised listing particulars are made only as of the last practicable date. Illovo undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this circular or to reflect the occurrence of unanticipated events. All subsequent written and oral forward-looking statements attributable to Illovo or any person acting on its behalf are qualified by the cautionary statement in this section.

CORPORATE INFORMATION AND ADVISERS

Directors of Illovo

Executive

G J Clark (*Managing Director*)
D L Haworth
L W Riddle
B M Stuart
K Zarnack

Non-executive

R A Williams (*Chairman*) †
D G MacLeod (*Deputy Chairman*)
M I Carr
B P Connellan †
M J Hankinson †
D Konar †
D R Langlands
P A Lister
P M Madi †
C W N Molope †
M J Shaw †

† independent

Company secretary and registered office

Gordon Douglas Knox, (B.Com)
Illovo Sugar Park
1 Montgomery Drive
Mount Edgecombe, KwaZulu-Natal
(PO Box 194, Durban, 4000)

Transfer secretaries

Link Market Services South Africa
(Proprietary) Limited
(Registration number 2000/007239/07)
16th Floor, 11 Diagonal Street
Johannesburg 2001
(PO Box 4844, Johannesburg, 2000)

Investment bank and transaction sponsor

The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
3 Simmonds Street
Johannesburg 2001
(PO Box 61344, Marshalltown, 2107)

Sponsor to Illovo

JP Morgan Equities Limited
(Registration number 1995/011815/06)
1 Fricker Road
Illovo 2196
Johannesburg
(Private Bag X9936, Sandton, 2146)

Legal adviser to Illovo

Garlicke & Bousfield Inc.
(Registration number 1977/003506/21)
7 Torsvale Crescent
La Lucia Ridge Office Estate
La Lucia
KwaZulu-Natal
(PO Box 1219, Umhlanga Rocks, 4320)

Independent reporting accountants and auditors to Illovo

Deloitte & Touche
2 Pencarrow Crescent
Pencarrow Park, La Lucia Ridge Office Estate
La Lucia
KwaZulu-Natal
(PO Box 243, Durban, 4000)

Holding company and underwriter

ABF Overseas Limited
(Registration number 03313345)
Weston Centre
10 Grosvenor Street
London W1K 4QY

Corporate adviser to the underwriter

N M Rothschild & Sons (South Africa)
(Proprietary) Limited
(Registration number 1999/021764/07)
1st Floor, Kagiso House
16 Fricker Road
Illovo 2196
Johannesburg
(PO Box 411332, Craighall, 2024)

Legal adviser to the underwriter

Bowman Gilfillan Inc.
(Registration number 1998/021409/21)
165 West Street
Sandton 2146
Johannesburg
(PO Box 785812, Sandton, 2146)

Date of incorporation of Illovo

11 July 1906

Place of incorporation of Illovo

Pretoria, South Africa

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ACTION REQUIRED BY ILLOVO SHAREHOLDERS

If you are in any doubt as to what action you should take, you should consult your CSDP, broker, banker, legal adviser, accountant or other professional adviser immediately.

If you have disposed of all of your Illovo shares, this circular should be forwarded to the purchaser to whom, or the CSDP, broker, banker or agent through whom you disposed of such shares except that this circular should not be forwarded or transmitted by you to any person in any territory other than South Africa unless the rights offer can lawfully be made to such person or in such territory.

Action required by holders of certificated shares

A form of instruction for completion by qualifying shareholders who hold certificated shares is enclosed with this circular and the relevant procedure for participation in the rights offer is set out below:

- A letter of allocation will be created in electronic form with the transfer secretaries to afford holders of certificated shares the same rights and opportunities as those who have already dematerialised their Illovo shares;
- If you do not wish to subscribe for all of the rights allocated to you as reflected in the form of instruction, you may either dispose of or renounce all or part of your entitlement as follows:
 - If you wish to sell all or part of your entitlement, you must complete Form A in the enclosed form of instruction and return it to the transfer secretaries so as to be received by no later than 12:00 on Friday, 4 September 2009. The transfer secretaries will endeavour to procure the sale of rights on the JSE on your behalf and to remit the net proceeds thereof in accordance with your instructions. In this regard, neither the transfer secretaries nor Illovo will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising from the timing of such sales, the price obtained, or the failure to dispose of such entitlements. Please note that the last day to trade letters of allocation is Friday, 4 September 2009; and
 - If you wish to renounce your entitlement in favour of any named renounee, you must complete Form B in the enclosed form of instruction, and the renounee must complete Form C in the enclosed form of instruction and return it to the transfer secretaries, to be received by no later than 12:00 on Friday, 11 September 2009, together with a bank-guaranteed cheque or bank draft for the appropriate amount.

No excess applications will be allowed.

If you are a qualifying shareholder holding certificated shares and wish to subscribe for all or part of your entitlement in terms of the enclosed form of instruction, you must complete the enclosed form of instruction in accordance with the instructions contained therein and lodge it, together with the amount due in Rand, with the transfer secretaries as follows:

By hand to:

Illovo Sugar Limited – rights offer
c/o Link Market Services South Africa
(Proprietary) Limited
16th Floor
11 Diagonal Street
Johannesburg 2001

By post to:

Illovo Sugar Limited – rights offer
c/o Link Market Services South Africa
(Proprietary) Limited
PO Box 4844
Johannesburg 2000

so as to be received by the transfer secretaries by no later than 12:00 on Friday, 11 September 2009.

If the required documentation and payment has not been received in accordance with the instructions contained in the enclosed form of instruction (either from the qualifying shareholders or from any person in whose favour the rights have been renounced) by 12:00 on Friday, 11 September 2009, then the rights to those unsubscribed shares will be deemed to have been declined and the rights offer entitlement will lapse.

Action required by holders of dematerialised shares

If you are a qualifying shareholder and have dematerialised your Illovo shares, you will not receive a printed form of instruction and you should receive notification from your CSDP or broker regarding the rights to which you are entitled in terms of the rights offer. No excess applications will be allowed.

Your CSDP or broker will credit your account with the number of rights to which you are entitled and you are required to notify your CSDP or broker:

- whether you wish to follow your rights in terms of the rights offer and, if so, in respect of how many rights offer shares; and
- if you do not follow all or any of your rights:
 - whether you wish to sell your rights and, if so, how many rights you wish to sell; or
 - whether you wish to renounce your rights and, if so, how many rights and in favour of whom you wish to renounce those rights.

CSDPs effect payment in respect of dematerialised shareholders on a delivery versus payment basis.

If you are a qualifying shareholder holding dematerialised shares and wish to follow your rights in respect of the rights offer, you are required to notify your duly appointed CSDP or broker of your acceptance of the rights offer in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or broker. If you are not contacted, you should contact your CSDP or broker and provide them with your instructions. If your CSDP or broker does not obtain instructions from you, they are obliged to act in terms of the mandate granted to them by you, or if the mandate is silent in this regard, not to subscribe for Illovo shares in terms of the rights offer.

Illovo does not take responsibility and will not be held liable for any failure on the part of any CSDP or broker to notify you of the rights offer and/or to obtain instructions from you to subscribe for the rights offer shares and/or to sell the rights allocated.

SALIENT DATES AND TIMES

Last day to trade in Illovo shares in order to participate in the rights offer (<i>cum</i> entitlement)	Friday, 14 August 2009
Illovo shares commence trading <i>ex</i> -entitlement at 09:00 on	Monday, 17 August 2009
Listing of and trading in the letters of allocation on the JSE commences at 09:00 on	Monday, 17 August 2009
Record date for the rights offer	Friday, 21 August 2009
Rights offer circular and form of instruction, where applicable, posted to Illovo shareholders	Monday, 24 August 2009
Rights offer opens at 09:00 on	Monday, 24 August 2009
Letters of allocation credited to an electronic account held at the transfer secretaries in respect of holders of certificated Illovo shares	Monday, 24 August 2009
CSDP or broker accounts credited with entitlements in respect of holders of dematerialised Illovo shares	Monday, 24 August 2009
Last day for trading letters of allocation on the JSE	Friday, 4 September 2009
Listing of rights offer shares and trading therein on the JSE commences at 09:00 on	Monday, 7 September 2009
Rights offer closes at 12:00 on	Friday, 11 September 2009
Payment to be made and form of instruction to be lodged with the transfer secretaries by holders of certificated Illovo shares	Friday, 11 September 2009
Record date for the letters of allocation	Friday, 11 September 2009
Rights offer shares issued on or about	Monday, 14 September 2009
CSDP or broker accounts in respect of holders of dematerialised Illovo shares debited and updated with rights offer shares and share certificates posted to certificated shareholders by registered post on or about	Monday, 14 September 2009
Results of the rights offer announced on SENS	Monday, 14 September 2009
Results of the rights offer published in the press	Tuesday, 15 September 2009

Notes:

1. Share certificates in respect of Illovo shares may not be dematerialised or rematerialised between Monday, 17 August 2009 and Friday, 21 August 2009, both days inclusive.
2. CSDPs effect payment on a delivery versus payment method in respect of qualifying shareholders holding dematerialised shares.
3. If you are a qualifying shareholder holding dematerialised shares you are required to notify your duly appointed CSDP or broker of your acceptance of the rights offer in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or broker.
4. Unless otherwise indicated, all times are South African times and are subject to change. Any such change will be published on SENS and in the press in South Africa.

DEFINITIONS AND INTERPRETATIONS

Throughout this circular and the annexures hereto, unless the context indicates otherwise, the words in the column on the left below shall have the meaning stated opposite them in the column on the right below, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the other and words and expressions denoting natural persons include juristic persons and associations of persons:

“Articles”	the Articles of Association of the Company;
“the ABF Group”	collectively, Associated British Foods and its subsidiary companies;
“ABFOL”	ABF Overseas Limited (Registration number 03313345), a company incorporated in England, and a wholly-owned subsidiary of Associated British Foods;
“the ABF Scheme of Arrangement”	the scheme of arrangement in terms of section 311 of the Companies Act, in terms of which ABFOL acquired 51% of the fully diluted ordinary share capital of Illovo in September 2006;
“Associated British Foods”	Associated British Foods plc (Registration number 00293262), a public company incorporated in England and listed on The London Stock Exchange plc;
“the board” or “the directors”	the board of directors of Illovo as at the date of this circular;
“British Sugar”	British Sugar plc (Registration number 00315158), a public company incorporated in England and a wholly-owned subsidiary of Associated British Foods;
“broker”	any person registered as a broking member (equities) in terms of the Rules of the JSE made in accordance with the provisions of the Securities Services Act;
“the Code”	the Securities Regulation Code on Take-overs and Mergers and the rules of the SRP;
“the Companies Act”	the South African Companies Act, 1973 (Act 61 of 1973), as amended;
“business day”	any day of the week, excluding Saturdays, Sundays and all official South African public holidays;
“certificated shareholders”	shareholders who hold certificated shares in Illovo;
“certificated shares”	Illovo shares which have not yet been dematerialised in terms of the requirements of Strate, title to which is represented by a share certificate or other documents of title;
“CIPRO”	the Companies and Intellectual Property Registration Office;
“this circular” or “this document”	this bound document, dated 24 August 2009 and incorporating revised listing particulars and a form of instruction, where applicable;
“Common Monetary Area”	collectively, South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“CSDP”	Central Securities Depository Participant, being a “participant” as defined in section 1 of the Securities Services Act and appointed by individual shareholders for the purposes of, and in regard to, dematerialisation in terms of such Act;

“dematerialised shareholders”	shareholders who hold dematerialised shares in Illovo;
“dematerialised shares”	Illovo shares which have been incorporated into the Strate system and which are no longer evidenced by a share certificate or other documents of title;
“documents of title”	share certificates, certified transfer deeds, balance receipts, or any other documents of title to Illovo shares;
“Earnings Per Share” or “EPS”	earnings attributable to each Illovo share. Calculated by dividing the Company’s profit attributable to shareholders by the weighted average number of issued Illovo shares;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the South African Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“form of instruction”	a form of instruction in respect of the letter of allocation reflecting the rights of certificated shareholders and on which certificated shareholders are entitled to indicate whether they wish to take up, sell or renounce all or a portion of their rights;
“Headline Earnings Per Share” or “HEPS”	Earnings Per Share excluding profits or losses associated with the sale or termination of discontinued operations, fixed assets or related businesses, or from any permanent devaluation or write off of their values. Calculated by dividing the Company’s adjusted profit by the weighted average number of issued shares;
“Illovo” or “the Company”	Illovo Sugar Limited (Registration number 1906/000622/06), a public company incorporated in accordance with the laws of South Africa, the entire issued share capital of which is listed on the JSE;
“Illovo Group” or “the Group”	Illovo and its subsidiaries;
“Illovo shareholders” or “shareholders”	registered holders of Illovo shares;
“Illovo shares” or “shares”	ordinary shares with a par value of 4 cents each in the authorised and issued share capital of the Company;
“irrevocable letter of undertaking”	the agreement, dated 16 July 2009, entered into between Illovo and Allan Gray Limited, in terms of which Allan Gray Limited agrees, subject to certain conditions, to procure that its clients follow their rights pursuant to the rights offer;
“the JSE”	JSE Limited (Registration number 2005/022939/06), a public company incorporated in South Africa and licensed as an exchange under the Securities Services Act;
“the King II Report”	The King II Report on Corporate Governance for South Africa 2002;
“last practicable date”	Tuesday, 21 July 2009, the last practicable date prior to the finalisation of this circular;
“letter of allocation”	a renounceable (nil paid) letter of allocation to be issued to Illovo shareholders in electronic form relating to the rights offer;
“Link Market Services” or “the transfer secretaries”	Link Market Services South Africa (Proprietary) Limited (Registration number 2000/007239/07), a private company incorporated in South Africa;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;

“MWK”	Malawian Kwacha, the lawful currency of Malawi;
“MZM”	Mozambique Meticals, the lawful currency of Mozambique;
“Net Asset Value Per Share” or “NAV per share”	Illovo shareholders’ equity, as determined by deducting liabilities from assets, divided by the weighted average number of Illovo shares in issue;
“the Option Scheme”	the Illovo Sugar 1992 Share Option Scheme;
“the Phantom Scheme”	the Illovo Sugar Phantom Share Scheme;
“the Purchase Scheme”	the Illovo Sugar Employees’ Share Purchase Scheme;
“qualifying shareholder”	a registered holder of Illovo shares on the register of shareholders of Illovo as at 17:00 on the record date for the rights offer and which does not have its registered address in any jurisdiction in which it would be unlawful to make the rights offer;
“Rand” or “R”	South African Rand, the lawful currency of South Africa;
“the ratio of entitlement”	the number of rights offer shares to which shareholders are entitled in terms of the rights offer, being 30.83459 shares for every 100 Illovo shares held on the record date for the rights offer, and/or such proportionate lower number of shares in respect of a holding of less than 100 Illovo shares held on the record date for the rights offer;
“the record date for the rights offer”	the last day for shareholders to be recorded in the register in order to participate in the rights offer, being close of business on Friday, 21 August 2009;
“register”	means the register of certificated shareholders maintained by Illovo and the sub-register of dematerialised shareholders maintained by the relevant CSDPs in terms of sections 91A and 105, respectively, of the Companies Act;
“revised listing particulars”	the revised listing particulars of Illovo contained in this document, dated 24 August 2009 and commencing on page 31 of this document;
“rights”	the entitlement to subscribe for Illovo shares pursuant to the rights offer;
“the rights offer”	this rights offer of shares in Illovo at the rights offer share price in the ratio of 30.83459 rights offer shares for every 100 Illovo shares held on the record date for the rights offer;
“rights offer share price”	the price per new Illovo share to be offered to Illovo shareholders in terms of the rights offer being 2 769 cents per Illovo share;
“the rights offer shares”	the 108 342 362 Illovo shares, which are the subject of the rights offer;
“Securities Services Act”	the Securities Services Act, 2004 (Act 36 of 2004), as amended;
“SENS”	the Securities Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“the SRP”	the Securities Regulation Panel, established in terms of section 440B of the Companies Act;
“Standard Bank”	The Standard Bank of South Africa Limited (Registration number 1962/000738/06), a public company incorporated in accordance with the laws of South Africa and a registered bank;

“Strate”	Strate Limited (Registration number 1998/022242/06), a public company incorporated in accordance with the laws of South Africa and a registered central securities depository in terms of the Securities Services Act and responsible for the electronic custody and settlement system used by the JSE;
“Tangible Net Asset Value Per Share” or “TNAV per share”	Net Asset Value Per Share excluding intangible assets;
“TZS”	Tanzanian Shilling, the lawful currency of Tanzania;
“the underwriter”	ABFOL;
“the underwriting agreement”	the agreement entered into between Illovo and the underwriter, dated 23 July 2009, in terms of which the underwriter commits to follow its rights pursuant to the rights offer and agrees, subject to certain limitations, to subscribe for the rights offer shares that are not taken up by shareholders in terms of the rights offer;
“US Dollar” or “US\$”	United States Dollar, the lawful currency of the United States of America;
“VAT”	Value-Added Tax; and
“Zambian Kwacha” or “ZMK”	Zambian Kwacha, the lawful currency of Zambia.



ILLOVO SUGAR LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1906/000622/06)

Share code: ILV ISIN: ZAE000083846

CIRCULAR TO ILLOVO SHAREHOLDERS

1. INTRODUCTION

It was announced on SENS on Friday, 24 July 2009 and on Thursday, 6 August 2009 and published in the South African press on Monday, 27 July 2009 and on Friday, 7 August 2009 that Illovo would raise R3.0 billion from existing shareholders through an underwritten rights offer.

In terms of the rights offer, 108 342 362 Illovo shares will be offered for subscription to Illovo shareholders recorded in the register at the close of trade on Friday, 21 August 2009. Qualifying shareholders will receive rights to subscribe for rights offer shares on the basis of 30.83459 new Illovo shares for every 100 Illovo shares held, for subscription at 2 769 cents per rights offer share.

The rights offer share price represents a discount of 7.5% to the volume-weighted average price of Illovo shares on the JSE for the 5 days ended Monday, 20 July 2009.

Only whole numbers of shares will be issued and Illovo shareholders will be entitled to rounded numbers of shares once the ratio has been applied. No excess applications will be allowed.

The JSE has agreed to the listing of the rights offer shares and the purpose of this circular is to furnish Illovo shareholders with relevant information relating to the rights offer, the action required and the implications thereof, in accordance with the Companies Act and the Listings Requirements.

2. RATIONALE FOR THE RIGHTS OFFER

The Group is consolidating its business in South Africa and continuing to pursue major investments outside South Africa in areas that have positive and stable social, political and economic fundamentals, have adequate water and land resources, favourable climatic and agronomic conditions, strong local sugar markets and good export potential.

In line with this philosophy, the investments and initiatives set out below have either been completed or are underway.

2.1 Malawi

The marginal expansion of both the sugar factories at Nchalo and Dwangwa has been completed, together with the development of new cane land in both areas. This expansion resulted in the production of a further 30 000 tons of sugar in the past season. Opportunities for further significant expansions at both Nchalo and Dwangwa are being investigated.

2.2 Zambia

The final phase of the major expansion project, which increases the capacity of the Nakambala sugar mill to 450 000 tons of sugar per annum, was completed as planned on 1 April 2009.

The Group has acquired a majority stake in Nanga Farms PLC, a cane growing company located adjacent to the Nakambala estate and currently producing 325 000 tons of cane per annum. Nanga Farms PLC has the potential to further increase cane production. This operation delivers its cane to the Nakambala sugar mill.

2.3 **Swaziland**

Expansion of the Ubombo factory to increase sugar production to in excess of 300 000 tons per annum is being progressed, linked to the completion in 2009 of a major new dam and canal system funded by the European Union (“EU”) and the Swaziland Government, which will facilitate expansion of cane growing in the area. The new area under cane is likely to cover some 5 000 hectares of land in the medium-term, with further potential for development available in the longer-term.

Associated with the factory expansion, plans are underway to increase power generating capacity at Ubombo utilising biomass, in the form of residue leaves and tops from harvested cane, as supplementary fuel for the factory boilers. This will enable the factory and surrounding estates to be self-sufficient in electricity for 48 weeks of the year and also provide the ability to export power into the national grid.

2.4 **Tanzania**

Upgrading of the agricultural infrastructure at Kilombero is ongoing, and a marginal expansion of the Ruembe factory completed in the past season has increased sugar production capacity by approximately 15 000 tons per annum. Further opportunities to increase production are under consideration.

2.5 **Mozambique**

The Group will enter into a joint venture with the local community at Maragra to develop 4 000 hectares of land to cane over the next three years at a site located on the east bank of the Inkomati River approximately 40 kilometres from the Maragra sugar mill. The joint venture will produce 400 000 tons of cane per annum. In addition, a further 1 100 hectares of land are to be developed to cane by established local growers. These cane expansions are linked to the doubling of capacity at the Maragra factory, to 150 000 tons of sugar per annum.

The Group is negotiating an exclusivity agreement to investigate the future rehabilitation and expansion of the Búzi sugar estate situated near Beira, which provides the opportunity to erect a sugar factory in this area in the future, sized to produce 150 000 tons of sugar per annum.

2.6 **Mali**

The proposed greenfields project in Mali is progressing. Necessary financial approvals are expected by November 2009 and thereafter cane development will commence in the first half of 2010. Construction and commissioning of a new factory is anticipated by December 2011.

The Malian operation will ultimately produce 195 000 tons of sugar and 15 000 kilolitres of ethanol for fuel blending, and generate sufficient electricity for the agricultural and factory operations, with additional capacity to export power into the national grid.

In respect of the expansion projects above, an amount of R2.3 billion had been committed by 31 March 2009, projects involving capital expenditure of R1.7 billion have since been approved and further projects involving capital expenditure of approximately R2.8 billion are pending future approval.

In addition to the aforementioned expansion projects, other investment opportunities are anticipated to become available in the near future, and this capital raising exercise will place the Group in a position to take advantage of such opportunities if and when they arise.

Illovo’s ability to raise debt funding for the financing of these expansions has been affected by the ongoing global financial crisis. In particular, the cost of debt funding has increased and the conditions and covenants imposed by debt funders have become more onerous. Accordingly, in order to ensure that the Group’s growth plans are not affected and that future debt:equity ratios remain at acceptable levels, an equity capital raising exercise is considered appropriate.

It is the intention of Illovo to use part of the rights offer proceeds to finance certain of the above mentioned expansion projects. The balance of the proceeds will be used to repay certain Group loans.

3. PARTICULARS OF THE RIGHTS OFFER

3.1 Terms of the rights offer

Illovo hereby offers a total of 108 342 362 Illovo shares for subscription, upon the terms and conditions set out in this circular, and insofar as certificated shareholders are concerned, also as set out in the form of instruction. The rights offer is made by way of renounceable rights, at a subscription price of 2 769 cents per Illovo share on the basis of 30.83459 rights offer shares for every 100 Illovo shares held by shareholders at the close of trade on the record date for the rights offer.

Qualifying shareholders recorded in the register of Illovo at the close of business on Friday, 21 August 2009 will be entitled to participate in the rights offer.

The enclosed form of instruction contains details of the rights to which holders of certificated shares are entitled, as well as the procedure for acceptance and/or sale and/or renunciation of all or part of those rights. Holders of dematerialised shares will be advised of the rights to which they are entitled as well as the procedure for acceptance and/or sale and/or renunciation of all or part of those rights by their CSDP or broker in terms of the custody agreement entered into between the shareholder concerned and his CSDP or broker, as the case may be.

The subscription price is payable in full, in Rands, by qualifying shareholders holding certificated shares on acceptance of the rights offer. CSDPs will make payment, on a delivery versus payment basis, in respect of qualifying shareholders holding dematerialised shares who have accepted the rights offer. Qualifying shareholders holding dematerialised shares who have accepted the rights offer must ensure that the necessary funds are deposited with the relevant CSDP or broker, as the case may be.

The rights offer shares will, upon allotment and issue, rank *pari passu* with all other existing ordinary shares in terms of both voting rights and dividends.

The rights offer is underwritten as detailed in paragraph 3.6 of this circular. No excess applications will be allowed.

3.2 Rights offer period

The rights offer will open at 09:00 on Monday, 24 August 2009 and will close at 12:00 on Friday, 11 September 2009.

3.3 Rights offer entitlement

The number of rights offer shares to which qualifying shareholders will be entitled is set out in the Table of Entitlement in Annexure 1 to this circular. The entitlement of each qualifying shareholder holding certificated shares is reflected in the appropriate block in the form of instruction, which is enclosed with this circular. If you are a qualifying shareholder and hold dematerialised shares, you will not receive a printed form of instruction. Qualifying shareholders holding dematerialised shares will have their accounts automatically credited with their entitlements in accordance with Annexure 1.

3.4 Fractional entitlement

The whole number of rights to subscribe for rights offer shares to which shareholders will become entitled will be determined by the ratio of entitlement. Only whole numbers of shares will be issued and shareholders will be entitled to subscribe for rounded numbers of Illovo shares once the ratio of entitlement has been applied. Fractional entitlements of 0.5 or greater will be rounded up and fractional entitlements of less than 0.5 will be rounded down.

3.5 Holdings of odd lots in multiples other than 100 shares

Shareholders holding less than 100 Illovo shares, or not a whole multiple of 100 Illovo shares, will be entitled, in respect of such holdings, to participate in the rights offer in accordance with the Table of Entitlement in Annexure 1 to this circular.

3.6 **Underwriting and irrevocable undertakings**

Associated British Foods, through its wholly owned subsidiary ABFOL, holds 51.3% interest in Illovo. ABFOL has irrevocably undertaken to follow its rights pursuant to the rights offer in respect of its entire interest in Illovo.

Allan Gray Limited, acting on behalf of its clients and subject to such clients' continued investment, has irrevocably undertaken to procure that its clients follow their rights in terms of the rights offer. Allan Gray's clients are the beneficial owners of 23.4% of Illovo.

ABFOL has further agreed to underwrite the balance of the rights offer, subject to its interest in Illovo not exceeding 60% of the total issued share capital of Illovo after the rights offer.

The effect of the above undertakings and underwriting is that the rights offer is expected to be fully subscribed.

In terms of the underwriting agreement, a commitment fee equal to 1.0% of the committed amount and an underwriting fee equal to 2.5% of the underwritten amount is payable by the Company to ABFOL. The underwriting fee is, in the opinion of the board, not greater than the current market rate charged by independent underwriters. The underwriting fee and commitment fee are only payable upon fulfilment of the commitments by ABFOL pursuant to the underwriting agreement.

In terms of the irrevocable letter of undertaking, a commitment fee equal to 1.0% of the committed amount is payable by the Company to the clients of Allan Gray Limited in consideration for such undertaking.

Other than the underwriting fee and commitment fees outlined above, no other commissions or fees are payable or have been paid within the past three years in connection with the issue or sale of any Illovo shares.

Further particulars of the underwriter are set out in Annexure 2 to this circular.

Pursuant to the ABF Scheme of Arrangement, Associated British Foods undertook to not permit any member of the ABF Group, directly or indirectly, to acquire more Illovo shares such that the ABF Group collectively owns Illovo shares in excess of the ownership cap, being 60% of the fully diluted ordinary share capital of Illovo. In this regard, Illovo's Memorandum and Articles were amended by the incorporation of new articles 119 – 126, as set out in Annexure A to the accompanying revised listing particulars.

3.7 **Minimum subscription**

The underwriting agreement and irrevocable letter of undertaking, as discussed in paragraph 3.6 above, together ensure that the rights offer will be fully subscribed and is therefore not conditional on a minimum subscription.

3.8 **Excess applications**

No excess applications will be allowed.

3.9 **Procedures for acceptance of rights offer entitlements**

3.9.1 If you are a qualifying shareholder holding certificated shares and/or have had rights renounced in your favour, and wish to subscribe for all or part of your entitlement in terms of the enclosed form of instruction, you must complete the enclosed form of instruction in accordance with the instructions contained therein and lodge it, together with payment of the subscription price, with the transfer secretaries at the addresses set out in paragraph 3.11.1 of this circular, so as to be received by the transfer secretaries by no later than 12:00 on Friday, 11 September 2009. Once received by the transfer secretaries, the acceptance is irrevocable and may not be withdrawn.

If payment is not received on or before 12:00 on Friday, 11 September 2009, the day of the closing of the rights offer, the qualifying shareholder or renounee concerned will be deemed to have declined the offer to acquire rights offer shares pursuant to the rights offer.

Qualifying shareholders holding certificated shares are advised to take into consideration postal delivery times when posting their forms of instruction, as no late postal deliveries will be accepted. Qualifying shareholders are advised to deliver their completed forms of instruction together with their cheques or bankers' drafts by hand or by courier, where possible.

3.9.2 If you are a qualifying shareholder and have dematerialised your Illovo shares you will not receive a printed form of instruction. You should receive notification from your CSDP or broker regarding the rights to which you are entitled in terms of the rights offer.

If you are a qualifying shareholder holding dematerialised shares and wish to follow your rights in respect of the rights offer, you are required to notify your duly appointed CSDP or broker of your acceptance of the rights offer in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or broker.

Illovo does not take responsibility and will not be held liable for any failure on the part of any CSDP or broker to notify you of the rights offer and/or to obtain instructions from you to subscribe for the rights offer shares and/or to sell the rights allocated.

3.10 Procedures for sale or renunciation of rights offer entitlement

3.10.1 If you are a qualifying shareholder holding certificated shares and do not wish to subscribe for all of the rights allocated to you as reflected in the form of instruction, you may either dispose of or renounce all or part of your entitlement as follows:

- If you wish to sell all or part of your entitlement, you must complete Form A in the enclosed form of instruction and return it to the transfer secretaries to be received by no later than 12:00 on Friday, 4 September 2009. Note that the transfer secretaries will endeavour to procure the sale of rights on the JSE on your behalf and to remit the net proceeds thereof in accordance with your instructions. In this regard, neither the transfer secretaries nor Illovo will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising from the timing of such sales, the price obtained, or the failure to dispose of such entitlements; and
- If you wish to renounce your entitlement in favour of any named renounee, you must complete Form B in the enclosed form of instruction, and the renounee must complete Form C in the enclosed form of instruction and return it to the transfer secretaries, to be received by no later than 12:00 on Friday, 11 September 2009, together with a bank-guaranteed cheque or bank draft for the appropriate amount.

3.10.2 If you are a qualifying shareholder holding dematerialised shares and wish to sell some or all of the rights allocated to you as a holder of dematerialised shares, you should make the necessary arrangements with your CSDP or broker in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or broker.

3.11 Payment

The amount due on acceptance of the rights offer is payable in Rand.

3.11.1 Payment by holders of certificated shares must be made by a bankers' draft drawn on a registered bank or a bank-guaranteed cheque drawn on a South African bank (each of which should be crossed and marked "not transferable" and, in the case of a cheque, with the words "or bearer" deleted) in favour of "**Illovo Sugar Limited – rights offer**" in respect of the amount due and, together with a properly completed form of instruction, should be clearly marked "**Illovo Sugar Limited – rights offer**" and delivered by hand to:

Illovo Sugar Limited – rights offer

c/o Link Market Services South Africa (Proprietary) Limited
16th Floor
11 Diagonal Street
Johannesburg 2001

so as to be received by no later than 12:00 on Friday, 11 September 2009, or may be posted, at the risk of the shareholder or his renounee, to:

Illovo Sugar Limited – rights offer

c/o Link Market Services South Africa (Proprietary) Limited
PO Box 4844
Johannesburg 2000

so as to be received by no later than 12:00 on Friday, 11 September 2009.

All bank-guaranteed cheques or bankers' drafts received by the transfer secretaries will be deposited immediately for payment. The payment will constitute an irrevocable acceptance by the shareholder or renouncee of the rights offer upon the terms and conditions set out in this circular and in the enclosed form of instruction. In the event that any cheque or bankers' draft is dishonoured, Illovo, in its sole discretion, may treat the relevant acceptance as void or may tender delivery of the relevant rights offer shares to which it relates against payment in cash of the issue price for such shares.

Money received in respect of an application that is rejected or otherwise treated as void by Illovo, or which is otherwise not validly received in accordance with the terms stipulated, will be posted by registered post by way of a cheque drawn (without interest) in Rand to the applicant concerned, at the applicant's risk, on or about Monday, 14 September 2009. If the applicant concerned is not a shareholder and gives no address in the attached form of instruction, then the relevant refund will be held by Illovo until collected by the applicant and no interest will accrue to the applicant in respect thereof.

3.11.2 Payment by holders of dematerialised shares will be effected on the shareholder's behalf by the CSDP or broker. The CSDP or broker will make payment in respect of qualifying shareholders holding dematerialised shares on a delivery versus payment basis.

3.12 Exchange Control Regulations

The following summary is intended only as a guide and is, therefore, not comprehensive. If shareholders are in any doubt as to the appropriate course of action they are advised to consult their professional adviser.

Pursuant to the Exchange Control Regulations of South Africa and upon specific approval of the South African Reserve Bank, non-residents, excluding former residents, of the Common Monetary Area will be allowed to:

- take up rights allocated to them in terms of the rights offer;
- purchase letters of allocation on the JSE; and
- subscribe for the rights offer shares arising in respect of the letters of allocation purchased on the JSE provided payment is received either through normal banking channels from abroad or from a non-resident account.

All applications by non-residents for the above purposes must be made through an authorised dealer in foreign exchange. Electronic statements issued in terms of Strate and any share certificates issued pursuant to such applications will be endorsed "non-resident".

Where a right in terms of the rights offer becomes due to a former resident of the Common Monetary Area, which right is based on shares blocked in terms of the Exchange Control Regulations of South Africa, then only emigrant blocked funds may be used to:

- take up the rights allocated to them in terms of the offer;
- purchase letters of allocation on the JSE; and
- subscribe for the rights offer shares arising in respect of the letters of allocation purchased on the JSE.

All applications by emigrants using blocked funds for the above purposes must be made through the authorised dealer in South Africa controlling their blocked assets. Share certificates issued to such emigrants will be endorsed "non-resident" and placed under the control of the authorised dealer in foreign exchange through whom the payment was made. The proceeds due to emigrants from the sale of the letters of allocation, if applicable, will be returned to the authorised dealer in foreign exchange for credit to such emigrants' blocked accounts. Electronic statements issued in terms of Strate and any rights offer share certificates issued pursuant to blocked Rand transactions will be endorsed "non-resident" and placed under the control of the authorised dealer through

whom the payment was made. The proceeds arising from the sale of letters of allocation or arising from the sale of blocked shares will be credited to the blocked accounts of the emigrants concerned.

Any qualifying shareholder resident outside the Common Monetary Area who receives this circular and form of instruction should obtain advice as to whether any governmental and/or other legal consent is required and/or any other formality must be observed to enable a subscription to be made in terms of such form of instruction.

New share certificates issued pursuant to the rights offer to an emigrant will be endorsed "non-resident" and forwarded to the address of the relevant authorised dealer controlling such emigrant's blocked assets for control in terms of the Exchange Control Regulations of South Africa. Where the emigrant's shares are in dematerialised form with a CSDP or broker, the electronic statement issued in terms of Strate will be despatched by the CSDP or broker to the address of the emigrant in the records of the CSDP or broker.

The rights offer does not constitute an offer in any jurisdiction in which it is illegal to make such an offer and this circular and form of instruction should not be forwarded or transmitted by you to any person in any territory other than where it is lawful to make such an offer.

The rights offer shares have not been and will not be registered under the Securities Act of the United States. Accordingly, the rights offer shares may not be offered, sold, resold, delivered or transferred, directly or indirectly, in or into the United States or to, or for the account or benefit of, United States persons, except pursuant to exemptions from the Securities Act. This circular and the accompanying documents are not being, and must not be, mailed or otherwise distributed or sent in, into or from the United States. This circular does not constitute an offer of any securities for sale in the United States or to United States persons.

The rights offer contained in this offering circular does not constitute an offer in the District of Columbia, the Dominion of Canada, the Commonwealth of Australia, Japan or in any other jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. Non-qualifying shareholders should consult their professional advisers to determine whether any governmental or other consents are required or other formalities need to be observed to allow them to take up the rights offer, or trade their entitlement.

Shareholders holding Illovo shares on behalf of persons who are non-qualifying shareholders are responsible for ensuring that taking up the rights offer, or trading in their entitlements under that offer, do not breach regulations in the relevant overseas jurisdictions.

3.13 **South African law**

All transactions arising from the provisions of this circular and the accompanying form of instruction will be governed by and be subject to the laws of South Africa.

3.14 **Tax consequences**

Illovo shareholders are advised to consult their tax and financial advisers regarding any taxation implications pertaining to them regarding the acceptance of their rights in terms of the rights offer.

3.15 **Documents of title**

New share certificates to be issued to qualifying shareholders holding certificated shares in respect of those rights offer shares to which they were entitled and for which they have subscribed, will be posted to persons entitled thereto, by registered post, at the risk of the shareholders concerned, on or about, Monday, 14 September 2009.

Qualifying shareholders holding certificated shares and receiving the rights offer shares must note that such certificated shares are not good for delivery in respect of trades concluded on the JSE until they have been dematerialised.

Qualifying shareholders holding Illovo shares in dematerialised form who have applied for, and been allotted, Illovo shares under the rights offer will have their accounts updated with the rights offer shares to which they are entitled and in respect of which they have accepted the rights offer, on Monday, 14 September 2009.

3.16 Registration of documents

The following documents, in English, have been lodged with and registered by the Registrar of Companies at CIPRO in terms of section 146A of the Companies Act for purposes of implementing the rights offer:

- a copy of the form of instruction with respect to the letters of allocation enclosed with this document;
- a signed copy of this circular;
- powers of attorney signed by each of the directors of Illovo;
- a copy of the underwriting agreement and the sworn declarations in terms of section 153(2) of the Companies Act;
- a copy of the irrevocable letter of undertaking;
- a signed copy of the reporting accountants' report on the *pro forma* financial information of Illovo;
- the letters of consent from the investment bank and transaction sponsor, sponsor, independent reporting accountants, legal advisers, corporate advisers, transfer secretaries and underwriter to act in their respective capacities and to their names being stated in this circular;
- a copy of the application for listing of the rights offer shares to be issued pursuant to the rights offer; and
- a copy of the letter from the JSE agreeing to the listing of the rights offer shares and the letters of allocation.

3.17 Shareholder spread

Illovo's shareholder spread, as at the last practicable date, and the number of rights offer shares accordingly offered to non-public and public shareholders is illustrated below:

	Illovo shares held	Rights offer shares offered	Rights offer (%)
Non-public shareholders			
ABFOL	180 298 980	55 594 451	51.3%
Directors	476 556	146 944	0.1%
Employees and former employees holding shares in terms of the Option Scheme	936 232	288 683	0.3%
Trustees of the Illovo Sugar Employees' Share Purchase Trust	119 018	36 699	0.0%
Non-public shareholders	181 830 786	56 066 777	51.7%
Public shareholders	169 535 516	52 275 585	48.3%
Total	351 366 302	108 342 362	100.0%

The shareholder spread of Illovo will still comply with paragraphs 4.28(e) and (f) of the Listings Requirements after implementing the rights offer.

3.18 JSE listings

The Issuer Services Division of the JSE has approved the listings of:

- the letters of allocation in respect of all of the 108 342 362 rights offer shares with effect from the commencement of trade on Monday, 17 August 2009 to the close of trade on Friday, 4 September 2009, both days inclusive; and
- 108 342 362 rights offer shares with effect from the commencement of trade on Monday, 7 September 2009.

4. PRO FORMA FINANCIAL INFORMATION

The unaudited *pro forma* balance sheet at 31 March 2009 and income statement for the year ended 31 March 2009 are set out in Annexure 3 to this circular.

The unaudited *pro forma* financial effects set out below have been prepared to assist Illovo shareholders to assess the impact of the rights offer on the Earnings Per Share, Headline Earnings Per Share, Net Asset Value Per Share and Tangible Net Asset Value Per Share of Illovo. Due to the nature of these *pro forma* financial effects, they are presented for illustrative purposes only and may not fairly present the Group's financial position or the results of its operations after the rights offer.

The unaudited *pro forma* financial effects have been prepared in accordance with the Listings Requirements and the Guide on *Pro Forma* Financial Information issued by The South African Institute of Chartered Accountants. These unaudited *pro forma* financial effects are the responsibility of the board and are provided for illustrative purposes only. The material assumptions on which the *pro forma* financial effects are based are set out in the notes following the table. The unaudited *pro forma* financial effects set out below should be read in conjunction with the report of the independent reporting accountants, which is included as Annexure 4 to this circular.

Pro forma financial effects for the year ended 31 March 2009

	Audited financial information	Pro forma adjustments	Unaudited Pro forma financial information	Percentage change
EPS (cents)	210.9	10.1	221.0	4.8%
Diluted EPS (cents)	209.8	10.3	220.1	4.9%
HEPS (cents)	211.6	10.0	221.6	4.7%
Diluted HEPS (cents)	210.6	9.9	220.5	4.7%
NAV per share (cents)	981.7	411.9	1 393.6	42.0%
TNAV per share (cents)	964.1	416.1	1 380.2	43.2%
Ordinary shares in issue ('000)	350 924	108 342	459 266	30.9%
Weighted average number of ordinary shares in issue ('000)	350 514	108 342	458 856	30.9%

Notes and assumptions:

1. The audited financial information has been extracted from the published audited annual financial statements of Illovo for the year ended 31 March 2009.
2. The *pro forma* adjustments to the income statement have been calculated on the assumption that the proceeds from the rights issue were received on 1 April 2008 and that the proceeds were used to repay debt.
3. The *pro forma* adjustments to the balance sheet have been calculated on the assumption that the proceeds were received on 31 March 2009.
4. A share issue price of 2 769 cents per share has been used for the *pro forma* adjustments with 108 342 362 shares being issued for a total quantum of R3.0 billion.
5. The interest impact on the income statement has been calculated by analysing the Group borrowings balance on a monthly basis. Interest rates used for calculating the impact are an average rate of 11.1% on cash balances and 12.8% on borrowings. These rates have been applied to the cash and borrowings balances as applicable during the year.
6. A tax rate of 28% has been used on the interest impact.
7. The cash flows for the year have been adjusted to take into account an increased dividend that would have been payable as a result of the decreased financing costs for the year. This dividend is calculated according to the current Illovo policy of two times cover.
8. Estimated transaction costs of R44.5 million, relating to the rights offer, have been taken into account in determining the financial effects.
9. Estimated transaction costs of R44.3 million were previously announced on SENS on Friday, 24 July 2009. The revision of this estimate is insignificant and has resulted in the *pro forma* diluted EPS changing from 220.2 cents to 220.1 cents and the *pro forma* NAV per share changing from 1 393.7 cents to 1 393.6 cents, as previously published.

5. ESTIMATED EXPENSES IN RELATION TO THE RIGHTS OFFER

It is estimated that Illovo's expenses relating to the rights offer will amount to approximately R44.5 million. These expenses will be paid from the proceeds of the rights offer. The expenses (including VAT) relating to the rights offer are detailed below:

Nature of expense	Paid/payable to	R'000
JSE documentation inspection fee	JSE	38
JSE listing fee	JSE	344
Printing, publication and distribution	Ince	240
Legal advisers	Garlicke & Bousfield Inc., Bowman Gilfillan Inc.	400
Investment bank and transaction sponsor	Standard Bank	2 000
Independent reporting accountants	Deloitte & Touche	100
Transfer secretaries	Link Market Services	29
Underwriting fee	ABFOL	18 932
Commitment fee	ABFOL, Allan Gray Limited	22 427
Total		44 510

6. INFORMATION ON ILLOVO

Additional information on Illovo, incorporating the disclosures required by the Listings Requirements, is provided in the accompanying revised listing particulars.

6.1 Background information on Illovo

Information on Illovo's incorporation, history, nature of business and prospects is provided in paragraph 1 of the accompanying revised listing particulars.

6.2 Information on the directors and senior management of Illovo

Please refer to paragraph 3 of the accompanying revised listing particulars for information on the directors and senior management of the Illovo Group.

6.3 Information on the share capital of the Illovo Group

Information on Illovo's share capital is set out in paragraph 4 of the accompanying revised listing particulars.

6.4 Litigation statement

Please refer to paragraph 5.6 of the accompanying revised listing particulars.

6.5 Corporate governance

Please refer to paragraph 3.8 of the accompanying revised listing particulars for information on Illovo's Corporate Governance.

6.6 Trading history of Illovo shares on the JSE

A table setting out the price history of Illovo shares on the JSE has been included in Annexure 5 to this circular.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of Illovo whose names appear on page 2 of this circular, collectively and individually, accept full responsibility for the accuracy of the information given in this circular and certify that, to the best of their knowledge and belief, there are no material facts, the omission of which, would make any statement in this circular false or misleading and that they have made all reasonable inquiries to ascertain such facts and that this circular contains all information required by law and by the Listings Requirements.

8. **CONSENTS**

Each of the advisers, including the reporting accountants, whose names appear in the “Corporate Information and Advisers” section of this circular have consented and have not, prior to the last practicable date, withdrawn their written consent to the inclusion of their names and, where applicable, reports in the form and context in which they appear in this circular.

9. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the registered offices of Illovo and Standard Bank during normal business hours (excluding Saturdays, Sundays and public holidays) from the date of issue of this circular up to and including Friday, 11 September 2009:

- the Memorandum and Articles of Illovo and each of its major operating subsidiaries;
- the annual financial statements of Illovo for the three financial years ended 31 March 2009;
- a copy of the standard directors’ service agreement;
- the *pro forma* income statement and balance sheet of Illovo;
- the signed independent reporting accountants’ report on the *pro forma* financial information of Illovo;
- the latest valuations relative to immovable property;
- the underwriting agreement;
- the irrevocable letter of undertaking;
- written consents of the investment bank and transaction sponsor, sponsor, independent reporting accountants, legal advisers, corporate advisers, transfer secretaries and underwriter to the inclusion of their names in this circular in the context and form in which they appear; and
- a signed copy of this circular and the form of instruction.

Signed at Mount Edgecombe by or on behalf of all the directors of Illovo on Monday, 3 August 2009, in terms of powers of attorney granted by the directors of Illovo

Robert Albert Williams

Donald Gordon MacLeod

Graham John Clark

Mark Ian Carr

Brian Patrick Connellan

Michael John Hankinson

David Lannon Haworth

Deenadayalen Konar

David Robin Langlands

Paul Andrew Lister

Phinda Muziwakhe Madi

Carol Winifred Nosipho Molope

Larry Wilson Riddle

Martin John Shaw

Barry Michael Stuart

Karin Zarnack

G J Clark

Managing Director

TABLE OF ENTITLEMENT

The number of rights offer shares to which qualifying shareholders will be entitled is set out below, based on the assumption that Illovo shareholders will be entitled to 30.83459 rights offer shares for every 100 Illovo shares held. Shareholders' entitlements will be rounded up or down, as appropriate with fractions of 0.5 and above being rounded up, and only whole numbers of rights offer shares will be issued, in accordance with the Listings Requirements.

Number of Illovo shares held	Rights offer shares entitlement	Number of Illovo shares held	Rights offer shares entitlement	Number of Illovo shares held	Rights offer shares entitlement
1	0	41	13	81	25
2	1	42	13	82	25
3	1	43	13	83	26
4	1	44	14	84	26
5	2	45	14	85	26
6	2	46	14	86	27
7	2	47	14	87	27
8	2	48	15	88	27
9	3	49	15	89	27
10	3	50	15	90	28
11	3	51	16	91	28
12	4	52	16	92	28
13	4	53	16	93	29
14	4	54	17	94	29
15	5	55	17	95	29
16	5	56	17	96	30
17	5	57	18	97	30
18	6	58	18	98	30
19	6	59	18	99	31
20	6	60	19	100	31
21	6	61	19		
22	7	62	19		
23	7	63	19		
24	7	64	20		
25	8	65	20		
26	8	66	20		
27	8	67	21		
28	9	68	21		
29	9	69	21		
30	9	70	22		
31	10	71	22		
32	10	72	22		
33	10	73	23		
34	10	74	23		
35	11	75	23		
36	11	76	23		
37	11	77	24		
38	12	78	24		
39	12	79	24		
40	12	80	25		

INFORMATION ON THE UNDERWRITER

The proposed rights offer is underwritten by ABFOL. Details pertaining to the underwriter as required by the Listings Requirements are set out below.

Nature of business:	ABFOL is a wholly-owned subsidiary of Associated British Foods. ABFOL is a holding company of shares in subsidiary companies. The principal activity of these subsidiaries is the manufacture and sale of food products.
Directors:	Mr Harvey John Davenport Mr John George Bason Mr Peter Andrew Russell Mrs Rosalyn Sharon Mendelsohn
Company secretary:	Mrs Rosalyn Sharon Mendelsohn
Date and place of incorporation:	5 February 1997, England
Registration number:	03313345
Registered office:	Weston Centre, 10 Grosvenor Street, London W1K 4QY
Auditors:	KPMG Audit plc
Bankers:	Barclays Bank plc Lloyds TSB Bank plc The Royal Bank of Scotland plc
Authorised share capital:	2 000 000 000 £1 ordinary shares 500 000 000 US\$1 preference shares
Issued share capital:	1 397 901 602 £1 ordinary shares 500 000 000 US\$1 preference shares

UNAUDITED *PRO FORMA* BALANCE SHEET AND INCOME STATEMENT OF ILLOVO

The unaudited *pro forma* balance sheet at 31 March 2009 and income statement for the year ended 31 March 2009 are set out below. The unaudited *pro forma* balance sheet and income statement have been prepared for illustrative purposes only to provide information on how the transactions might have impacted on the financial position and results of the Group. Because of their nature, the unaudited *pro forma* balance sheet and income statement may not be a fair reflection of the Group's financial position after the rights offer, nor of its future earnings.

The unaudited *pro forma* balance sheet and income statement as set out below should be read in conjunction with the report of the independent reporting accountants which is included as Annexure 4 to this circular.

The directors of Illovo are responsible for the preparation of the unaudited *pro forma* balance sheet and income statement.

UNAUDITED *PRO FORMA* BALANCE SHEET OF ILLOVO

	Group		
	March 2009 Audited Rm	<i>Pro forma</i> Adjustments Rm	March 2009 <i>Pro forma</i> Rm
ASSETS			
Non-current assets	5 370.2		5 370.2
Property, plant and equipment	4 087.7		4 087.7
Cane roots	1 132.3		1 132.3
Investments	150.2		150.2
Current assets	2 894.2		2 894.2
Inventories	513.8		513.8
Growing cane	1 222.9		1 222.9
Trade and other receivables	756.3		756.3
Factory overhaul costs	212.0		212.0
Derivative financial instruments	189.2		189.2
Total assets	8 264.4		8 264.4
EQUITY AND LIABILITIES			
Equity holders' interest	2 773.8	2 955.5	5 729.3
Minority interest	671.2		671.2
Total equity	3 445.0	2 955.5	6 400.5
Non-current liabilities	3 112.2	(2 955.5)	156.7
Deferred taxation	701.1		701.1
Net borrowings	2 411.1	(2 955.5)	(544.4)
Current liabilities	1 707.2		1 707.2
Accounts payable and provisions	1 702.0		1 702.0
Derivative financial instruments	5.2		5.2
Total equity and liabilities	8 264.4		8 264.4
NAV per share (cents)	981.7	411.9	1 393.6
TNAV per share (cents)	964.1	416.1	1 380.2
Number of shares ('000)	350 924	108 342	459 266

UNAUDITED PRO FORMA INCOME STATEMENT OF ILLOVO

	Group		
	March 2009 Audited Rm	<i>Pro forma</i> Adjustments Rm	March 2009 <i>Pro forma</i> Rm
Revenue	8 601.7		8 601.7
Operating profit	1 386.2		1 386.2
Net financing costs/(income)	183.7	(389.4)	(205.7)
Profit before taxation and material items	1 202.5	389.4	1 591.9
Material items	0.3		0.3
Profit before taxation	1 202.8	389.4	1 592.2
Taxation	238.9	114.4	353.3
Profit for the year	963.9	275.0	1 238.9
Attributable to:			
Shareholders of Illovo Sugar Limited	739.1	275.0	1 014.1
Minority interest	224.8		224.8
	963.9	275.0	1 238.9
EPS (cents)	210.9	10.1	221.0
HEPS (cents)	211.6	10.0	221.6
Weighted average number of shares ('000)	350 514	108 342	458 856
Reconciliation of headline earnings			
Net profit attributable to ordinary shareholders	739.1	275.0	1 014.1
<i>Adjusted for:</i>			
Loss on disposal of property, plant and equipment	2.7		2.7
Headline earnings	741.8	275.0	1 016.8

Notes and assumptions:

1. The audited financial information has been extracted from the published audited annual financial statements of Illovo for the year ended 31 March 2009.
2. The *pro forma* adjustments to the income statement have been calculated on the assumption that the proceeds from the rights issue were received on 1 April 2008 and that the proceeds were used to repay debt.
3. The *pro forma* adjustments to the balance sheet have been calculated on the assumption that the proceeds were received on 31 March 2009.
4. A share issue price of 2 769 cents per share has been used for the *pro forma* adjustments with 108 342 362 shares being issued for a total quantum of R3.0 billion.
5. The interest impact on the income statement has been calculated by analysing the Group borrowings balance on a monthly basis. Interest rates used for calculating the impact are an average rate of 11.1% on cash balances and 12.8% on borrowings. These rates have been applied to the cash and borrowings balances as applicable during the year.
6. A tax rate of 28% has been used on the interest impact.
7. The cash flows for the year have been adjusted to take into account an increased dividend that would have been payable as a result of the decreased financing costs for the year. This dividend is calculated according to the current Illovo policy of two times cover.
8. Estimated transaction costs of R44.5 million, relating to the rights offer, have been taken into account in determining the financial effects.
9. Estimated transaction costs of R44.3 million were previously announced on SENS on Friday, 24 July 2009. The revision of this estimate is insignificant and has resulted in the *pro forma* diluted EPS changing from 220.2 cents to 220.1 cents and the *pro forma* NAV per share changing from 1 393.7 cents to 1 393.6 cents, as previously published.

**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED
PRO FORMA FINANCIAL INFORMATION OF ILLOVO**

"29 July 2009

The Directors
Illovo Sugar Limited
PO Box 194
Durban

Dear Sir/Madam

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE PRO FORMA
FINANCIAL INFORMATION OF ILLOVO SUGAR LIMITED**

We have performed our limited assurance engagement in respect of the *pro forma* financial information set out in paragraph 4 and Annexure 3 of the circular dated 24 August 2009 issued in connection with the rights offer of approximately R3.0 billion that is the subject of this circular of Illovo Sugar Limited. The *pro forma* financial information has been prepared in accordance with the requirements of the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the rights issue might have affected the reported historical financial information presented, had the corporate action been undertaken at the commencement of the period or at the date of the *pro forma* balance sheet being reported on.

Directors' responsibility

The directors are responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the *pro forma* financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Illovo Sugar Limited; and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

Reporting accountants' responsibility

Our responsibility is to express our limited assurance conclusion on the *pro forma* financial information included in the circular to Illovo Sugar Limited shareholders. We conducted our assurance engagement in accordance with the *International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the *Guide on Pro Forma Financial Information* issued by The South African Institute of Chartered Accountants.

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Illovo Sugar Limited, the issuer, considering the evidence supporting the *pro forma* adjustments and discussing the adjusted *pro forma* financial information with the directors of the Company in respect of the corporate actions that are the subject of this circular.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of Illovo Sugar Limited and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with *International Standards on Auditing* or *International Standards on Review Engagements* and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that, in terms of the sections 8.17 and 8.30 of the JSE Listings Requirements:

- the *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of the issuer; and
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed.

Consent

We consent to the inclusion of this report, which will form part of the circular, to be issued on or about 24 August 2009, in the form and context in which it will appear.

Deloitte & Touche
Registered Auditors
Per Craig Sagar
Partner

2 Pencarrow Crescent
Pencarrow Park
La Lucia Ridge Office Estate
La Lucia
4051

National Executive: G G Gelink *Chief Executive* A E Swiegers *Chief Operating Officer* G M Pinnock *Audit* D L Kennedy *Tax & Legal and Risk Advisory* L Geeringh *Consulting* L Bam *Corporate Finance* C R Beukman *Finance* T J Brown *Clients & Markets* N T Mtoba *Chairman of the Board*

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

TRADING HISTORY OF ILLOVO SHARES ON THE JSE

The trading history of Illovo shares on the JSE is set out below:

	High (cents)	Low (cents)	Close (cents)	Volume traded (million)	Value traded (R million)
Quarter ended					
29 September 2006	2 039	1 531	1 590	47.9	860.1
29 December 2006	2 020	1 560	1 980	30.4	538.8
30 March 2007	2 100	1 825	1 900	42.0	820.7
29 June 2007	2 628	1 850	2 335	15.7	354.0
28 September 2007	2 600	2 050	2 457	16.3	370.6
28 December 2007	2 580	2 200	2 235	13.6	319.4
31 March 2008	3 115	2 200	2 964	25.6	680.6
30 June 2008	3 500	2 649	2 675	26.4	824.3
Month ended					
31 July 2008	2 751	2 200	2 325	7.1	176.9
29 August 2008	2 551	2 275	2 551	5.8	140.8
30 September 2008	2 600	2 275	2 490	6.3	151.0
31 October 2008	2 600	1 710	2 160	6.3	140.3
28 November 2008	2 475	2 150	2 200	6.1	138.1
30 December 2008	2 397	2 185	2 251	2.1	47.9
30 January 2009	2 610	2 250	2 386	2.9	71.4
27 February 2009	2 899	2 300	2 523	4.0	102.0
31 March 2009	3 290	2 455	2 849	7.1	194.9
30 April 2009	2 999	2 499	2 600	7.4	195.8
29 May 2009	2 840	2 518	2 639	7.7	203.6
30 June 2009	3 000	2 521	2 801	8.3	230.8
Daily					
9 June 2009	2 900	2 737	2 866	0.2	4.5
10 June 2009	2 899	2 810	2 870	0.1	3.1
11 June 2009	2 895	2 770	2 770	0.1	1.9
12 June 2009	2 754	2 700	2 754	0.7	18.1
15 June 2009	2 799	2 521	2 735	0.1	1.9
17 June 2009	2 875	2 530	2 698	0.3	8.6
18 June 2009	2 899	2 590	2 700	0.4	10.1
19 June 2009	2 787	2 650	2 730	0.2	4.8
22 June 2009	2 800	2 610	2 775	0.1	2.4
23 June 2009	2 820	2 725	2 735	0.2	4.6
24 June 2009	2 842	2 740	2 781	0.2	6.9
25 June 2009	2 800	2 763	2 774	0.5	13.7
26 June 2009	2 800	2 770	2 790	0.4	12.3
29 June 2009	2 800	2 800	2 800	0.0	0.1
30 June 2009	2 850	2 701	2 801	1.5	40.8
1 July 2009	2 990	2 785	2 830	0.5	13.2
2 July 2009	2 889	2 715	2 802	0.3	9.6
3 July 2009	2 928	2 802	2 845	0.0	1.1
6 July 2009	2 930	2 807	2 899	0.2	6.3
7 July 2009	2 979	2 826	2 826	0.3	8.7
8 July 2009	2 910	2 873	2 910	0.1	3.6
9 July 2009	2 925	2 880	2 905	0.3	8.0

	High (cents)	Low (cents)	Close (cents)	Volume traded (million)	Value traded (R million)
10 July 2009	2 930	2 891	2 895	0.3	7.9
13 July 2009	2 995	2 896	2 956	0.7	19.6
14 July 2009	3 093	2 905	2 950	0.6	19.3
15 July 2009	3 090	2 950	3 000	0.3	9.0
16 July 2009	3 088	2 850	2 950	0.4	11.9
17 July 2009	3 000	2 860	2 925	0.0	1.2
20 July 2009	2 950	2 925	2 930	0.1	2.0
21 July 2009	2 950	2 900	2 915	0.1	3.3

Note: The above information was sourced from I-Net Bridge.



(Incorporated in the Republic of South Africa)
(Registration number 1906/000622/06)
Share code: ILV ISIN: ZAE000083846
("Illovo" or "the Company")

REVISED LISTING PARTICULARS

The "Definitions and Interpretations" commencing on page 8 of the accompanying circular apply, *mutatis mutandis*, throughout these revised listing particulars including this page.

These revised listing particulars are issued in compliance with the Listings Requirements for the purposes of providing information to the public with regards to Illovo because the Company will, as a result of the rights offer, be issuing more than 25% of its present issued share capital.

At the last practicable date, the share capital of Illovo comprised 900 000 000 authorised ordinary shares with a par value of 4 cents each of which 351 366 302 shares with a total par value of R14.1 million were in issue. The share premium relating to the ordinary shares amounted to R356.4 million. No Illovo shares are held in treasury.

A total of 108 342 362 Illovo shares are offered for subscription, upon the terms and conditions set out in the accompanying circular. The rights offer is made by way of renounceable rights, at a subscription price of 2 769 cents per Illovo share on the basis of 30.83459 rights offer shares for every 100 Illovo shares held by shareholders at the close of trade on the record date for the rights offer.

The rights offer shares will, upon allotment and issue, rank *pari passu* with all other existing ordinary shares in terms of both voting rights and dividends.

Illovo shares will be traded on the JSE as dematerialised shares only and, accordingly, all existing Illovo shareholders who hold certificated shares and any future shareholders who elect to receive certificated shares will have to dematerialise their certificated shares should they wish to trade on the JSE.

Only whole numbers of shares will be issued and shareholders will be entitled to subscribe for rounded numbers of Illovo shares once the ratio of entitlement has been applied. Fractional entitlements of 0.5 or greater will be rounded up and fractional entitlements of less than 0.5 will be rounded down.

No excess applications will be allowed.

The directors of Illovo whose names appear on page 2 of the accompanying circular, collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other material facts, the omission of which, would make any statement in these revised listing particulars false or misleading and that they have made all reasonable enquiries to ascertain such facts and that these revised listing particulars contain all information required in South African law and by the Listings Requirements.

Standard Bank, which is regulated in terms of the Listings Requirements, is acting for Illovo and no one else in relation to the preparation of these revised listing particulars and will not be responsible to anyone other than Illovo in relation to the preparation of these revised listing particulars.

The investment bank and transaction sponsor, sponsor, independent reporting accountants, legal advisers, corporate advisers, transfer secretaries and underwriter have consented in writing to act in the capacities stated and to their names being stated in these revised listing particulars and have not withdrawn their consents prior to the publication of these revised listing particulars.

**Investment bank and
transaction sponsor
to Illovo**



**Legal adviser to
Illovo**



**Independent reporting
accountants**



Sponsor to Illovo



Underwriter



**Corporate adviser to the
underwriter**



**Legal adviser to the
underwriter**



Date of issue: 24 August 2009

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REVISED LISTING PARTICULARS

1. INFORMATION ON ILLOVO

1.1 Incorporation

Illovo was founded and incorporated in Pretoria, South Africa in 1906 and listed on the JSE in 1992.

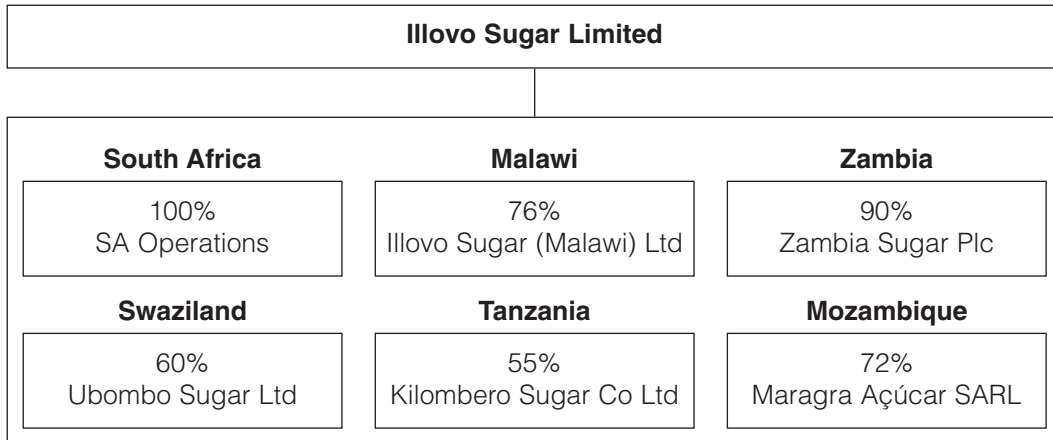
1.2 History

- 1891 Reynolds Brothers Limited (“Reynolds Brothers”) is listed as a public company and Charles George Smith is appointed as its agent in Durban;
- 1893 C G Smith, entrepreneur and sugar agent, becomes a shareholder in Reynolds Brothers;
- 1904 C G Smith and associates buy the Umzimkulu mill and estates;
- 1915 Reynolds Brothers opens the Sezela mill; and
The Natal Cane By-Products Limited (now the Merebank operation of Illovo) is listed as a public company;
- 1952 Reynolds Brothers moves the Esperanza mill to Pongola;
- 1975 The sugar-related assets of C G Smith & Company Limited, together with the Gledhow Sugar Company Limited, are amalgamated with Reynolds Brothers into a single new entity under the name of C G Smith Sugar Limited (“C G Smith Sugar”);
- 1977 C G Smith Sugar acquires the Illovo and Noodsberg sugar mills and estates from Tate & Lyle plc;
- 1992 C G Smith Sugar is listed on The Johannesburg Stock Exchange (now the JSE Limited); and C G Smith Sugar acquires the Umfolozi sugar mill;
- 1994 C G Smith Sugar changes its name to Illovo Sugar Limited to identify with the Illovo brand of sugars and syrups;
- 1995 As a purely South African sugar company with five agricultural estates and seven factories, Illovo cultivates around one million tons of sugar cane and produces an equal amount of sugar. Revenue amounts to R1.6 billion and the share price trades at R6.70 (year-end);
- 1996 Illovo acquires a 50% stake in Maragra Açúcar SARL in Mozambique;
- 1997 Illovo acquires Lonrho Sugar Corporation Limited, with sugar assets in Malawi, Swaziland, Mauritius and South Africa;
- 1998 Illovo acquires a 55% stake in Kilombero Sugar Company Limited in Tanzania;
- 1999 The Company acquires Monitor Sugar Company in the United States;
- 2001 Illovo sells its Mauritian interests and acquires a controlling interest in Zambia Sugar Plc;
- 2004 The Gledhow sugar mill and estates are sold to a Black Economic Empowerment company; and
the Company sells its interests in Monitor Sugar Company;
- 2006 Associated British Foods plc, a company listed on the London Stock Exchange, acquires a 51% controlling stake in Illovo;
- 2007 A major expansion of the Zambia Sugar Plc operation is announced, to increase cane production by 50% and annual sugar production to 450 000 tons of sugar;
- 2009 The Zambia Sugar Plc expansion project is completed on 1 April 2009; and
Illovo sells the Umfolozi sugar mill and announces the conditional sale of the Pongola sugar mill.
- Today Illovo has extensive agricultural and manufacturing assets in six Southern African countries, with capacity to produce six million tons of cane and two million tons of sugar per annum. Revenue amounts to R8.6 billion and the share price trades at R28.49 (year-end).

1.3 Nature of business

Illovo is a leading, global, low-cost sugar producer and a significant manufacturer of high-value downstream products. The Group is Africa's biggest sugar producer and has extensive agricultural and manufacturing operations in six African countries.

Illovo Group Structure:



Downstream products include furfural (used mainly in lube oil refineries for the purification of oils), furfuryl alcohol (used mainly to produce a resin in the foundry industry as a binder for foundry sands), Agriguard (an agricultural nematicide), diacetyl and 2,3-pentanedione (both used as high-quality natural flavourants), BioMass Sugar (a sugar cane-based fertiliser), ethyl alcohol and lactulose (a natural laxative).

Excellent climatic and soil conditions in the Group's countries of operation, accompanied by irrigation from secure water sources, are ideal for the cultivation of high-yielding and excellent quality sugar cane. The Group manages agricultural estates in each of the countries in which it operates and in the past season, these estates produced an aggregate of 5.1 million tons of cane. In addition, independent growers supplied an aggregate of 10.3 million tons of cane to Illovo's sugar factories, mainly to those in South Africa. Sugar production in 2008/09 amounted to 1.8 million tons, comprising 920 000 tons produced in South Africa, Malawi 304 000 tons, Zambia 193 000 tons, Swaziland 210 000 tons, Tanzania 118 000 tons and Mozambique 76 000 tons.

The Group is a major supplier of sugar to African consumers and industrial markets, particularly in its own countries of operation. In Malawi, Illovo is that country's sole sugar producer and in Zambia, manufactures 87% of all local production. The Group's share of industry production in South Africa is 41%, Swaziland 33%, Tanzania 42% and Mozambique 31%. Illovo has significant and increasing access to preferential markets in the EU and the United States, whilst the operations outside South Africa also have access to the South African Customs Union ("SACU") market in terms of the Southern African Development Community ("SADC") Sugar Protocol on Trade. Pre-packed and bagged sugar is supplied into other regional markets within Africa. The Group, through the South African sugar industry, exports sugar into the world free market. Syrup and speciality sugars are produced in South Africa and Zambia mainly for domestic consumption, whilst speciality sugars made in Malawi and Zambia are produced for preferential markets in the EU and in the case of Malawi also in the United States.

The majority of downstream products are sold internationally into high-value, niche markets. Furfural and its derivatives are produced at the Sezela mill complex on the south coast of KwaZulu-Natal. High quality ethyl alcohol, from which various grades of alcohol are made, is produced at the Merebank plant in Durban and at the Glendale distillery on the north coast. Lactulose is also manufactured at Merebank.

While the Group receives no direct government protection, consistent with sugar producing countries and regions worldwide, various statutory regulations in respect of imported sugar prevail in each of the countries in which Illovo operates.

- in SACU, including South Africa and Swaziland, an import tariff is determined based on the difference between the World No 5 Refined Price of sugar and a government-determined US Dollar-based reference price;

- in Malawi, imported sugar is subject to a tariff of 25% and a legislated licensing system;
- in Zambia, a customs duty of 25% is applicable to world market and non-COMESA sugar imports, and a system of import permits prevails. In addition, all sugar for domestic consumption is required to be fortified with Vitamin A;
- in Tanzania, an effective duty of 25% is applicable to imported brown sugar, whilst imported industrial/white sugar is subject to a duty of 10%. In addition, all imported sugar is subject to a licensing system operated by the Tanzania Sugar Board; and
- in Mozambique, a dual duty system is in place; the first being determined as the difference between a fixed government-determined reference price, for each of white and brown sugar, and the current cost of imported world market sugar; and the second being a fixed duty of 7.5% applicable to all imports, not just sugar.

In recognition of the Group's interdependence with the communities in which it operates, Illovo coordinates a wide range of social investment-related programmes focusing on basic needs such as the provision of water and sanitation, access to health care, education delivery and involvement in community outreach programmes. Illovo also provides considerable training and other support to local indigenous growers in order to promote sustainable agriculture and economic development activities. Total cane supplies from small and medium-scale growers, including community-based co-operative schemes, amount to 2.3 million tons annually, generating revenue of approximately R675 million. Particular attention is given to preferential procurement with the aim of promoting and supporting the development of small and medium-sized businesses which supply goods and services to both cane growers and neighbouring communities, and to the Group.

There have been no material changes in the nature of business of Illovo during the past five years.

No business of Illovo or any of its subsidiaries or any part thereof is managed or proposed to be managed by a third party under contract.

1.4 **Prospects**

In the opinion of the directors, Illovo's own cane and sugar production, in the current year, is anticipated to exceed the levels achieved in the last season, whilst downstream production is expected to be at similar levels to those of last year.

World sugar prices are anticipated to remain above last year's levels but to continue to be volatile. Provided they remain at current levels, it will be favourable for revenues from both world and regional markets.

Downstream market offtake is expected to remain positive.

The results for the current year will be affected by the level of the Rand, which has strengthened this year, compared to other currencies.

Financing costs, as a result of increased borrowings related to the expansion projects, are anticipated to increase significantly, although this will be tempered as a result of the rights offer.

The effective tax rate is expected to normalise at around 30%.

2. **FINANCIAL INFORMATION**

2.1 **Historical financial information**

The historical financial information of Illovo for the three financial years ended 31 March 2007, 31 March 2008 and 31 March 2009 is included in Annexure C to these revised listing particulars.

The directors of Illovo are responsible for the accuracy of the relevant information extracted from the year end statements.

2.2 **Material capital commitments, contingent liabilities and lease payments**

2.2.1 **Material capital commitments**

Details of all material capital commitments are provided in note 9.32 to the financial statements in Annexure C to these revised listing particulars.

2.2.2 **Contingent liabilities**

Details of all contingent liabilities are provided in note 9.33 to the financial statements in Annexure C to these revised listing particulars.

Details regarding litigation are set out in paragraph 5.6 below.

2.2.3 **Lease payments**

Details of all lease payments are provided in note 9.34 to the financial statements in Annexure C to these revised listing particulars.

There have been no changes to the material capital commitments, lease payments and contingent liabilities between 31 March 2009 and the last practicable date.

2.3 **Material borrowings and loans receivable**

2.3.1 **Borrowings**

Details of all material loans to the Illovo Group at the last practicable date are set out in Annexure D to these revised listing particulars.

No debentures have ever been issued by Illovo or any of its subsidiaries and currently there is no loan capital outstanding.

2.3.2 **Loans receivable**

No material loans have been made by the Illovo Group.

No loans have been made to the directors of Illovo.

2.3.3 **Material inter-company finance**

Details of all material inter-company loans at the last practicable date are set out in Annexure D to these revised listing particulars.

2.4 **Dividends and dividend policy**

The current dividend policy adopted by the directors is to declare an interim and a final dividend annually with combined earnings cover of two times. The dividend policy is reviewed by the directors from time to time in light of the then prevailing business circumstances and cash requirements of Illovo.

An interim ordinary dividend (No. 34) of 41.5 cents per share was declared on 12 November 2008, and a final ordinary dividend (No. 35) of 64.5 cents per share was declared on 26 May 2009, making a total distribution for the year ended 31 March 2009 of 106.0 cents per share. The record date for this final ordinary dividend was 10 July 2009. As such, the rights offer shares will not be entitled to this final ordinary dividend.

In accordance with the Articles, and upon resolution of the directors, dividends not claimed within 12 years of being payable will be forfeited in favour of Illovo. There are no arrangements under which future dividends are waived or agreed to be waived.

2.5 **Material changes**

There have been no material changes in the financial or trading position of Illovo and its subsidiaries between the publication of Illovo's year end results for the period ended 31 March 2009, which results were released on SENS on 27 May 2009, and the last practicable date.

2.6 **Adequacy of capital**

The directors are of the opinion that the working capital available to Illovo and its subsidiaries is sufficient for the Group's present requirements, that is for at least the next 12 months from the date of issue of these revised listing particulars.

3. INFORMATION ON THE DIRECTORS AND SENIOR MANAGEMENT OF ILLOVO

3.1 Directors

The full names, positions, dates of appointment, ages, nationalities, business addresses, qualifications, experience and other directorships of the directors are set out below:

Robert Albert Williams

Position: Non-executive and independent chairman
Chairman of Nomination Committee

Appointed: Appointed to the board in 1985 and as chairman in 1997

Age: 68

Nationality: South African

Business address: 13A Broome Manor, 133 Curzon Road
Bryanston 2021
Johannesburg

Qualifications: BA, LLB

Experience: After completing his studies, he joined Barlows Manufacturing Company where he became the managing director in 1979. He is a past chairman of CG Smith Foods Limited (1970/010062/06) and Tiger Brands Limited (1944/017881/06).

Other directorships: Oceana Group Limited, Pescanova SA (Spain).

Donald Gordon MacLeod

Position: Non-executive deputy chairman

Appointed: Appointed to the board in 1983

Age: 62

Nationality: South African

Business address: Illovo Sugar Park
1 Montgomery Drive
Mount Edgecombe, KwaZulu-Natal

Qualifications: BCom, AMP

Experience: Joined the sugar industry in 1971 and became part of the Illovo Group in 1973. He spent 10 years in various management positions before being appointed to the board in 1983. He was previously finance director, was appointed managing director in 1992 and became chief executive in 1995. He retired as managing director on 31 March 2009 and became a non-executive director and deputy chairman on 1 April 2009. He is a past chairman of the South African Sugar Association (1915/000023/00) and the South African Sugar Millers' Association (1964/005732/09).

Other directorships: Certain of the subsidiaries of Illovo.

Graham John Clark

Position: Managing Director

Appointed: Appointed to the board in 1997 and as managing director on 1 April 2009

Age: 54

Nationality: Australian

Business address: Illovo Sugar Park
1 Montgomery Drive
Mount Edgecombe, KwaZulu-Natal

Qualifications: BAcct(Hons), FCA(Australia)
Qualified with an honours degree in accounting and is a Fellow of the Institute of Chartered Accountants in Australia.

Experience: He joined the sugar industry in Malawi in 1980 and occupied several financial and management positions, as part of which he obtained extensive sugar industry experience throughout Africa and internationally. Participation in the 2005/06 reform of the EU sugar regime resulted in him occupying a leadership role representing the interests of sugar producers in Least Developed Countries. He joined Illovo in 1997 when he was appointed as operations director responsible for operations outside South Africa.

Other directorships: Certain of the subsidiaries of Illovo.

Mark Ian Carr (Dr)

Position: Non-executive director

Appointed: Appointed to the board in 2006

Age: 47

Nationality: British

Business address: British Sugar plc
Sugar Way
Peterborough PE2 9AY

Qualifications: BSc, PhD, MBA (Warwick University), CEng, MIMechE (Swansea University)

Experience: Appointed chief executive of British Sugar in April 2004. He was previously managing director of Corus Strip Products UK, part of Corus Group plc. He held a variety of senior positions within Corus, formerly British Steel plc, including assignments in the United States with CSX Transportation Inc. and Avesta Sheffield Inc.

Other directorships: Azucarera Ebro SLU, British Sugar Foundation, British Sugar (Overseas) Ltd, British Sugar plc, BSO (China) Limited, C Czarnikow Limited, Wereham Gravel Company Limited, World Sugar Research Organisation Limited, Vivergo Fuels Limited.

Brian Patrick Connellan

Position: Non-executive and independent director

Appointed: Appointed to the board in 1993

Age: 69

Nationality: South African

Business address: 14 Villa Torino, 66 Cumberland Road
Bryanston 2021
Johannesburg

Qualifications: CA(SA)

Experience: After qualifying as a Chartered Accountant, he joined the Barlows group where he managed a number of subsidiaries and was appointed as a director of Barlow Rand Limited (1921/000094/06) in 1985. He was executive chairman of the Building Materials, Steel and Paint Division until 1990. Thereafter he was appointed executive chairman of Nampak Limited (1968/008070/06), a position he held until retirement in 2000.

Other directorships: ABSA Bank Limited (1966/003365/07), ABSA Group Limited (1986/003934/06), Reunert Limited (1913/004355/96), Sasol Limited (1979/003231/06).

Michael John Hankinson

Position: Non-executive and independent director

Appointed: Appointed to the board in 2008

Age: 60

Nationality: South African

Business address: 262 Main Road
Hermanus 7200

Qualifications: BCom, CA(SA)

Experience: After qualifying as a Chartered Accountant, he joined the Romatex Group (1944/016831/07) in 1976 where he managed a number of subsidiaries and was appointed group chief executive in 1994. He was president of the Textile Federation and a member of the S.A. Wool Board. He joined Dunlop Tyres International (Pty) Limited (1997/021619/07) in 1997 as chief executive officer, and during his tenure presided over the sale of the business to a private consortium, its delisting from the JSE, and its sale to Apollo Tyres Limited (1997/021619/07) an Indian-based listed company. In 2007, he was appointed as a non-executive director of Apollo Tyres and relinquished his position at Dunlop. He is chairman of The Spar Group Limited (1967/001572/06).

Other directorships: Apollo Tyres Limited, Brandcorp (Pty) Limited (2007/014063/07), Main Street 63 (Pty) Limited (2001/004088/07), Pollock & Aitken (Pty) Limited (1960/001703/07), Sovereign Foods Investments Limited (1995/003990/06), The Spar Group Limited (1967/001572/06), Transnet Limited (1990/000900/06).

David Lannon Haworth

Position: Business Development Director

Appointed: Appointed to the board on 1 April 2009

Age: 60

Nationality: British

Business address: Illovo Sugar Park
1 Montgomery Drive
Mount Edgecombe, KwaZulu-Natal

Qualifications: BSc(Hons) majoring in geology from the University of Edinburgh

Experience: Having previously held a number of senior positions in several companies operating in East and Southern Africa, he first joined Illovo in 1999, as managing director of Kilombero Sugar Company Limited. Prior to his appointment as a director, he was managing director of Illovo Sugar (Malawi) Limited, having been appointed to that position in March 2006.

Other directorships: None

Deenadayalen Konar (Dr)

Position: Non-executive and independent director
Chairman of Audit Committee

Appointed: Appointed to the board in 1995

Age: 55

Nationality: South African

Business address: 42 Wierda Road West,
Wierda Valley, Sandton 2146
Johannesburg

Qualifications: CA(SA), MAS, DCom

Experience: Appointed as chairman of the Audit Committee in 1997. He is a Chartered Accountant who acts as a professional director of companies. He was previously executive director of the Independent Development Trust where he was, amongst other activities, responsible for the internal audit and investment portfolios. Prior to that, he was professor and head of the Department of Accountancy at the University of Durban-Westville. He currently lectures on an ad hoc basis at the Universities of Witwatersrand and Pretoria. He is a member of the King Committee on Corporate Governance, the Securities Regulation Panel and the Institute of Directors.

Other directorships: Alexander Forbes Equity Holdings (Pty) Limited (2006/025226/07), Automobile Association of South Africa (1932/004001/08), CIC Energy Corporation, Development Bank of Southern Africa, Exxaro Resources Limited (2000/011076/06), J D Group Limited (1981/009108/06), Macsteel Service Centres SA 2005 (Pty) Limited (2005/016292/07), Makalani Holdings Limited (2005/000726/06), Mustek Limited (1987/070161/06), Old Mutual Life Assurance Company (South Africa) Limited (1999/004643/06), Old Mutual Life Holdings (South Africa) Limited (1998/012277/06), Old Mutual Investment Group (South Africa) (Pty) Limited (1993/003023/07), Outsourced Risk and Compliance Assessment (Pty) Limited (2000/031879/07), Sappi Limited (1936/008963/06), Securities Regulation Panel, Sentech Limited (1990/001791/06), South African Reserve Bank (2000/027085/06), Steinhoff International Holdings Limited (1998/003951/06), The National Horseracing Authority, Transaction Capital (Pty) Limited (2002/031730/07), Yakani Group (Pty) Limited (1998/012147/07), Yeboyetu Limited (2008/014734/06).

David Robin Langlands

Position: Non-executive director

Appointed: Appointed to the board in 2006

Age: 43

Nationality: British

Business address: British Sugar plc
Sugar Way
Peterborough PE2 9AY

Qualifications: BScMaths (University of Manchester), ACA

Experience: He joined the Associated British Foods group in 1994, during which time he held various senior positions. Prior to his appointment as finance director of British Sugar in June 2003, Mr Langlands was finance and information technology director at ABNA, the agricultural division of Associated British Foods plc. He also worked at KPMG for six years.

Other directorships: Azucarera Ebro SLU, British Sugar (Overseas) Limited, British Sugar plc, BSO (China) Limited, C Czarnikow Limited, Germaines (UK) Limited, Vivergo Fuels Limited.

Paul Andrew Lister

Position: Non-executive director

Appointed: Appointed to the board in 2006

Age: 45

Nationality: British

Business address: Weston Centre, 10 Grosvenor Street
London W1K 4QY

Qualifications: LLB (University College London), qualified solicitor in England and Wales

Experience: He is currently director of legal services and company secretary of Associated British Foods, having joined the ABF Group in that role in January 2001. Mr Lister was formerly associate general counsel of Diageo plc.

Other directorships: Associated British Foods Pension Trustees Limited.

Phinda Muziwakhe Madi

Position: Non-executive and independent director

Appointed: Appointed to the board in 2002

Age: 45

Nationality: South African

Business address: 3 Angus Road
Bedfordview 2007

Qualifications: BProc, EDP

Experience: Joined the French Bank of South Africa in 1987 as corporate banking and legal officer, and from 1992 to 1994 acted as an in-house consultant on employment equity for the Standard Bank Group (1969/017128/06). He is a founder of several consulting and publishing companies and author of three books on business strategy and transformation. In 2001, he was appointed Visiting Professor of Business Leadership Studies at Rhodes University and currently is deputy chairman of one of South Africa's major medical aid companies, Allcare Medical Aid Administrators (Pty) Limited (1969/013212/07).

Other directorships: Allcare Medical Aid Administrators (Pty) Limited (1969/013212/07), Madi Investments (Pty) Limited (1998/003967/07), Nampak Limited (1968/008070/06), Sovereign Food Investments Limited (1995/003990/06), Siyafika Recruitment Advertising (Pty) Limited (1997/008889/07), Siyafika Ikapa (Pty) Limited (2002/006665/07), The Spar Group Limited (1967/001572/06).

Carol Winifred Nosipho Molope

Position: Non-executive and independent director

Appointed: Appointed to the board in 2008

Age: 44

Nationality: South African

Business address: 68 Dennis Road
Atholhurst 2196
Johannesburg

Qualifications: BSc, BCompt(Hons), CA(SA)

Experience: She was previously the chief financial officer of the Financial Services Board, and has considerable financial and business experience. After qualifying as a Chartered Accountant in 1999, she was appointed finance executive of Akulalwa Corporate Advisors (1998/022462/07). In 2001, she joined Wipcapital as manager: specialised funds management, and later that year was appointed group financial executive of Viamax (1990/002782/07), a subsidiary of Transnet. In 2004, she joined Zungu Investments Company (2000/009603/07) as financial director, and in 2005 was appointed as chief financial officer of the Financial Services Board.

Other directorships: Breakeven 30 (Pty) Limited (2003/028397/07), Hudaco Industries Limited (1985/004617/06), Hudaco Trading (Pty) Limited (1984/005432/07), Nampak Limited (1968/008070/06), Lonestar Communications Corporation (Liberia), MTN South Africa (Pty) Limited (2007/020522/08), MTN Business Solutions (Pty) Limited (1994/009944/07), MTN Service Provider (Pty) Limited (1993/002648/07), MTN Cameroon Limited, MTN Cote D'Ivoire, MTN Rwandacell SARL, MTN (Uganda) Limited, The Petroleum Oil and Gas Corporation of South Africa (Pty) Limited (1970/008130/07), Spacetel Benin SA.

Larry Wilson Riddle

Position: Commercial Director

Appointed: Appointed to the board on 1 April 2009

Age: 49

Nationality: South African

Business address: Illovo Sugar Park
1 Montgomery Drive
Mount Edgecombe, KwaZulu-Natal

Qualifications: BCom, CA(SA)

Experience: After qualifying as a Chartered Accountant, he joined Illovo Sugar in 1986. He has held a number of senior management positions within the Company, most recently being general manager with overall responsibility for the South African operations. He was appointed as a member of the Group Executive Committee in March 2005. He is a past chairman of the South African Sugar Millers' Association (1964/005732/09) and the Ethanol Producers' Association of South Africa.

Other directorships: Certain of the subsidiaries of Illovo.

Martin John Shaw

Position: Non-executive and independent director
Chairman of Remuneration Committee and Risk Management Committee

Appointed: Appointed to the board in 2001

Age: 70

Nationality: South African

Business address: 815 Centre Road
Morningside, Sandton 2057
Johannesburg

Qualifications: CA(SA), SEP

Experience: Joined Deloitte & Touche (1986/000556/07) in 1956 in Johannesburg. He was appointed a partner in 1968 and transferred to Durban. He returned to Johannesburg in 1983 and was appointed managing partner. In 1991 he became chief executive, a position he held to 1999. Thereafter he acted as chairman of the board until his retirement in 2001. He served as president of the Natal Society of Chartered Accountants in 1977/78 and president of The South African Institute of Chartered Accountants in 1982/83.

Other directorships: J D Group Limited (1981/009108/06), Reunert Limited (1913/004355/06), Standard Bank Group Limited (1969/017128/06), The Standard Bank of South Africa Limited (1962/000738/06).

Barry Michael Stuart

Position: Operations Director

Appointed: Appointed to the board in 1994

Age: 61

Nationality: South African

Business address: Illovo Sugar Park
1 Montgomery Drive
Mount Edgecombe, KwaZulu-Natal

Qualifications: BCom, Dip Sugar Tech, SEP

Experience: Joined the Illovo Group in 1973 and spent 13 years in various production management positions before being appointed as general manager of the Umzimkulu mill and later general manager of the Sezela mill. He was appointed to the board as cane procurement director in 1994, became operations director responsible for operations in South Africa in 1995, was appointed technical director in 2006 and operations director in 2008. He is a past chairman of the South African Sugar Millers' Association (1964/005732/09).

Other directorships: Certain of the subsidiaries of Illovo.

Karin Zarnack

Position: Financial Director

Appointed: Appointed to the board in 2005

Age: 36

Nationality: South African

Business address: Illovo Sugar Park
1 Montgomery Drive
Mount Edgecombe, KwaZulu-Natal

Qualifications: CA(SA)

Experience: Appointed to the board as financial director in October 2005. After completing her training contract with Deloitte & Touche (1986/000556/07), she was appointed a manager of its audit services division where she was responsible for the audits of both listed and private companies mainly in the manufacturing sector, including Illovo. In 2004, she was admitted as an audit partner. Her international experience includes secondments to Miami, United States and Manila in the Philippines.

Other directorships: Certain of the subsidiaries of Illovo.

3.2 Directors' declarations

None of the directors mentioned above has:

- ever been convicted of an offence resulting from dishonesty, fraud or embezzlement;
- ever been declared bankrupt or sequestered in any jurisdiction;
- at any time been a party to a scheme or arrangement or made any other form of compromise with their creditors;
- ever been found guilty in disciplinary proceedings by an employer or regulatory body, due to dishonest activities;
- ever been involved in any receiverships, compulsory liquidations or creditors voluntary liquidations;
- ever received public criticisms from statutory or regulatory authorities, including professional bodies, and have ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;

- ever been barred from entry into a profession or occupation; or
- ever been convicted in any jurisdiction of any criminal offence.

All of the directors appointed in 2002 or later have completed directors' declarations in terms of Schedule 21 of the Listings Requirements.

3.3 **Directors of major subsidiaries**

The full names, positions, ages, nationalities, business addresses and qualifications of the directors of Illovo Sugar (Malawi) Limited are set out below:

Donald Gordon MacLeod

Position: Non-executive chairman

Appointed: Appointed to the board in 1997

Please refer to paragraph 3.1 above for additional details.

Ian George Parrott

Position: Managing director

Appointed: Appointed to the board in 2003

Age: 42

Nationality: South African

Business address: Illovo Sugar (Malawi) Limited
Illovo House, Churchill Road
Limbe, Malawi

Qualifications: BCom, CIA

Other directorships: Dwanga Sugar Corporation Limited, Malawi Sugar Limited

Mathews Aurelious Padzuwa Chikaonda (Dr)

Position: Non-executive director

Appointed: Appointed to the board in 2006

Age: 54

Nationality: Malawian

Business address: Press Corporation Limited
Chayamba Building, Victoria Avenue
Blantyre, Malawi

Qualifications: DipBus, BA(Hons), MBA, PhD

Other directorships: BP Malawi Limited, Limbe Leaf Tobacco Company, Macsteel (Malawi) Limited, Malawi Telecommunications Limited, Manzinzi Bay Limited, MTL Mobile Limited, National Bank of Malawi, People's Trading Centre Limited, Press Management Services Limited, Press Cane Limited, Press Corporation Limited, Telecoms Holdings Limited, The Bottling and Brewing Group Limited.

Graham John Clark

Position: Non-executive director

Appointed: Appointed to the board in 1996

Please refer to paragraph 3.1 above for additional details.

Wesley Arno Cowden

Position: Financial director
Appointed: Appointed to the board in 2009
Age: 30
Nationality: South African
Business address: Illovo Sugar (Malawi) Limited
Illovo House, Churchill Road
Limbe, Malawi
Qualifications: BAcct(Hons), CA(SA)
Other directorships: None

Stewart Lucky Gray Malata

Position: Non-executive director
Appointed: Appointed to the board in 2003
Age: 47
Nationality: Malawian
Business address: MDC Limited
MDC House
Blantyre, Malawi
Qualifications: BCom, MSc(Fin & Acc)
Other directorships: Eagles Trust Investment, ESCOM, Indefund, Malawi Properties Investment Company Limited, MLC Credit and Asset Limited, Tambala Foods Products Limited, Trust Finance Limited, Veolia Malawi.

Dyress Baxton Mawindo

Position: Non-executive director
Appointed: Appointed to the board in 2005
Age: 51
Nationality: Malawian
Business address: 2nd Floor, Development House
City Centre
Lilongwe, Malawi
Qualifications: LLB(Hons), MBA
Other directorships: Alexander Forbes Malawi Limited, Cumo Micro-Finance Inc, John Sisk Limited, Leopard Match Limited, National Bank of Malawi, Old Mutual Life Assurance Company Limited, Premium Tama Tobacco Limited, Press Agriculture Limited, Wood Industries Malawi Limited.

Ami Ramadhan Mpungwe

Position: Non-executive director
Appointed: Appointed to the board in 2006
Age: 58
Nationality: Tanzanian
Business address: 1st Floor, AMI Building
Corner Samora Avenue/Mkwepu Street
Dar Es Salaam, Tanzania
Qualifications: BA(Hons)
Other directorships: Kilombero Sugar Company Limited, Kilwa Resources Limited, Multichoice Tanzania Limited, National Bank of Commerce Limited, Niko Insurance Tanzania Limited, Nyota Tanzania Limited, Strategic Works Consulting, Tanzania Breweries Limited, Tanzaniteone Limited, Zambia Sugar Plc.

Barry Michael Stuart

Position: Non-executive director
Appointed: Appointed to the board in 2007
Please refer to paragraph 3.1 above for additional details.

Eddie Idris Williams

Position: Executive director
Appointed: Appointed to the board in 2009
Age: 62
Nationality: South African
Business address: Illovo Sugar (Malawi) Limited
Illovo House, Churchill Road
Limbe, Malawi
Qualifications: GCC(Factories – Elect & Mech), SMSAIEE
Other directorships: None

Karin Zarnack

Position: Non-executive director
Appointed: Appointed to the board in 2005
Please refer to paragraph 3.1 above for additional details.

3.4 Senior management

The full names, positions, ages, nationalities, business addresses, qualifications and experience of the Group's senior management are set out below:

William Michael Buchanan

Position: General manager – Mozambique
Age: 59
Nationality: South African
Business address: Maragra Açúcar SARL
Kilometre 75 EN1, District of Manhiça
Maputo Province, Mozambique
Qualifications: BTechMkt, SEP
Experience: Joined the Illovo Group in 1981

Donald Harold Carter-Brown

Position: Managing director – Tanzania
Age: 59
Nationality: South African
Business address: Kilombero Sugar Corporation
Kidatu
Morogoro Region, Tanzania
Qualifications: BScAgricEng
Experience: Joined the Illovo Group in 1978

Simon James Mathewson Cleasby

Position: Managing director – Swaziland
Age: 50
Nationality: South African
Business address: Ubombo Sugar Limited
Big Bend, Swaziland
Qualifications: BScEng(Chem), MBA
Experience: 14 years experience in Southern Africa sugar industries. Joined the Illovo Group in 2009

David George Coates

Position: Group operations
Age: 58
Nationality: South African
Business address: Illovo Sugar Park
1 Montgomery Drive
Mount Edgecombe, KwaZulu-Natal
Qualifications: HNDipMechEng, GCOC
Experience: Joined the Illovo Group in 1983

David William Hal Cousens

Position: General manager – Mali
Age: 60
Nationality: South African
Business address: Illovo Sugar Park
1 Montgomery Drive
Mount Edgecombe, KwaZulu-Natal
Qualifications: MScEng, MBL
Experience: Joined the Illovo Group in 1988

Nigel McKenzie Hawley

Position: Group human resources
Age: 52
Nationality: South African
Business address: Illovo Sugar Park
1 Montgomery Drive
Mount Edgecombe, KwaZulu-Natal
Qualifications: BCom(Hons)
Experience: Joined the Illovo Group in 1978

David Evan Howells

Position: General manager – South Africa
Age: 45
Nationality: South African
Business address: Illovo Sugar Park
1 Montgomery Drive
Mount Edgecombe, KwaZulu-Natal
Qualifications: CA(SA)
Experience: Joined the Illovo Group in 1995

Gordon Douglas Knox

Position: Group administration
Age: 60
Nationality: British
Business address: Illovo Sugar Park
1 Montgomery Drive
Mount Edgecombe, KwaZulu-Natal
Qualifications: BCom
Experience: Joined the Illovo Group in 1984

Steven Douglas Langton

Position: Managing director – Zambia
Age: 48
Nationality: South African
Business address: Zambia Sugar Plc
Nakambala Estate
Mazabuka, Zambia
Qualifications: PrEng, BScEng
Experience: Joined the Illovo Group in 1996

Ian George Parrott

Position: Managing director – Malawi
Experience: Joined the Illovo Group in 1997
Please refer to paragraph 3.3 above for additional details.

3.5 Senior management declarations

None of the senior managers mentioned above has:

- ever been convicted of an offence resulting from dishonesty, fraud or embezzlement;
- ever been declared bankrupt or sequestrated in any jurisdiction;
- at any time been a party to a scheme or arrangement or made any other form of compromise with their creditors;
- ever been found guilty in disciplinary proceedings by an employer or regulatory body, due to dishonest activities;
- ever been involved in any receiverships, compulsory liquidations or creditors voluntary liquidations;
- ever received public criticisms from statutory or regulatory authorities, including professional bodies, and have ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- ever been barred from entry into a profession or occupation; or
- ever been convicted in any jurisdiction of any criminal offence.

3.6 Qualification, remuneration, borrowing powers and appointment of directors

3.6.1 *Extracts from the Articles relating to the directors*

The relevant provisions of the Articles concerning the qualification, remuneration, borrowing powers and appointment of the directors of Illovo are set out in Annexure A to these revised listing particulars.

The relevant provisions of the memorandum and articles concerning the qualification, remuneration, borrowing powers and appointment of the directors of Illovo's major subsidiaries are set out in Annexure B to these revised listing particulars.

3.6.2 *Borrowing powers*

The Articles do not impose any limitation on the borrowing powers of directors of Illovo.

No subsidiary of Illovo has exceeded its borrowing powers during the preceding three years.

3.6.3 **Directors' emoluments**

The total remuneration, benefits and fees received by directors for the year ended 31 March 2009 was as follows:

Director	Basic salary R'000	Bonus R'000	Retirement and medical contributions R'000	Other benefits R'000	Directors' fees R'000	Gains on exercise of share options R'000	Total emoluments R'000
Executive							
Clark G J	2 177	2 368	268	123		1 078	6 014
MacLeod D G	3 890	4 259	441	183		1 747	10 520
Russell J TØ	1 818	1 973	222	195		–	4 208
Stuart B M	1 930	2 126	234	196		–	4 486
Zarnack K	1 603	1 740	189	176		–	3 708
Sub-total	11 418	12 466	1 354	873		2 825	28 936
Non-executive							
Connellan B P					150		150
Hankinson M J#					229		229
Konar D					268		268
Madi P M					220		220
Mkhize I N¶					210		210
Molope C W N*					84		84
Norton R A					314		314
Shaw M J					367		367
Williams R A					1 640		1 640
Carr M I+							
Langlands D R+							
Lister P A+							
Total	11 418	12 466	1 354	873	3 482	2 825	32 418

Ø Retired with effect from 31 March 2009

Appointed 20 May 2008

¶ Resigned with effect from 31 March 2009

* Appointed 16 September 2008. Fees due to 31 December 2008, amounting to R43 614, were paid to the Financial Services Board

+ These directors, nominated by the holding company, have each elected not to receive the payment of the fees due to them as non-executive members of the board and the board committees upon which they serve

None of the directors of Illovo receive directors' emoluments from any of Illovo's holding company, subsidiaries, associates or joint-ventures.

There have been no fees paid or accrued as payable to a third party in lieu of directors' fees.

The remunerations receivable by any of the directors of Illovo will not be varied in consequence of the rights offer or any related transaction.

3.6.4 **Directors' service contracts and restraints of trade**

None of the directors of Illovo has a fixed-term service contract with the Company. Each executive director has entered into an employment contract with Illovo which incorporates the normal terms of an employment contract, including a notice period applicable to termination of employment of either three or six months. In respect of severance as contemplated by labour legislation, longer notice periods are applicable to certain of the executive directors, varying between 12 and 36 months. None of the executive directors are subject to restraints of trade.

The total remuneration, benefits and fees received by directors for the year ended 31 March 2009 is disclosed in paragraph 3.6.3 above.

There are no contractual secretarial or technical fees payable.

3.7 Interests of directors

3.7.1 Directors' interests in Illovo shares

The direct and indirect beneficial interests in Illovo shares held by all the directors of Illovo as at 31 March 2009, being the Company's most recent year end is set out in the table below:

Name of director	Direct	Indirect	Total	% Holding
Executive				
Clark G J	75 000	–	75 000	0.02
Stuart B M	62 908	–	62 908	0.02
Sub-total	137 908	–	137 908	0.04
Non-executive				
Williams R A	18 223	3 479	21 702	0.01
MacLeod D G	300 000	–	300 000	0.09
Connellan B P	12 358	1 588	13 946	0.00
Hankinson M J	3 000	–	3 000	0.00
Sub-total	333 581	5 067	338 648	0.10
Total	471 489	5 067	476 556	0.14

There has been no movement in direct and indirect beneficial holdings of directors of Illovo shares between 31 March 2009 and the last practicable date.

The table below reflects options previously granted to directors, any options exercised during the year ended 31 March 2009, and options unexpired and unexercised as at 31 March 2009 under the Option Scheme, which is more fully explained in paragraph 4.5.1 below.

	Options as at 31 March 2008	Option price (cents)	Options exercised during the year	Exercise price (cents)	Options as at 31 March 2009	Grant date	Expiry date
Clark G J	13 100	443	13 100	2 400	–	12.07.2000	11.07.2010
	44 100	650	44 100	2 400	–	07.06.2001	06.06.2011
	53 800	805	3 102	2 400	50 698	21.05.2002	20.05.2012
	68 500	680	–	–	68 500	21.05.2003	20.05.2013
	46 000	770	–	–	46 000	02.06.2004	01.06.2014
					165 198		
MacLeod D G*	40 800	805	40 800	2 515	–	21.05.2002	20.05.2012
	114 300	680	57 200	2 515	57 100	21.05.2003	20.05.2013
	105 300	770	–	–	105 300	02.06.2004	01.06.2014
					162 400		
Riddle L W	5 700	680	5 700#	3 120	–	21.05.2003	20.05.2013
	10 700	770	7 100#	3 010	3 600	02.06.2004	01.06.2014
					3 600		
Stuart B M	17 900	805	–	–	17 900	21.05.2002	20.05.2012
	45 700	680	–	–	45 700	21.05.2003	20.05.2013
	46 000	770	–	–	46 000	02.06.2004	01.06.2014
					109 600		
Total	611 900		171 102		440 798		

* Options granted to Mr MacLeod whilst an executive director

Options exercised prior to Mr Riddle's appointment as a director

The table below reflects options previously granted to directors, any options exercised during the year ended 31 March 2009, and options unexpired and unexercised as at 31 March 2009 under the Phantom Scheme, which is more fully explained in paragraph 4.5.2 below.

	Options as at 31 March 2008	Option price (cents)	Options granted during the year	Options exercised during the year	Exercise price (cents)	Options as at 31 March 2009	Grant date	Expiry date
Clark G J	92 500	829	–	–		92 500	13.07.2005	12.07.2015
	50 000	1 634	–	–		50 000	30.10.2006	29.10.2016
	90 000	2 364	–	–		90 000	24.07.2007	23.07.2017
		2 867	70 000	–		70 000	10.07.2008	09.07.2018
						302 500		
Haworth D L	45 000	829	–	–		45 000	13.07.2005	12.07.2015
	26 000	1 634	–	–		26 000	30.10.2006	29.10.2016
	12 000	2 364	–	–		12 000	24.07.2007	23.07.2017
		2 867	30 000	–		30 000	10.07.2008	09.07.2018
						113 000		
MacLeod D G *	225 000	829	–	–		225 000	13.07.2005	12.07.2015
	115 000	1 634	–	–		115 000	30.10.2006	29.10.2016
	100 000	2 364	–	–		100 000	24.07.2007	23.07.2017
		2 867	140 000	–		140 000	10.07.2008	09.07.2018
						580 000		
Riddle L W	80 000	829	–	22 000 [#]	2 595	58 000	13.07.2005	12.07.2015
	20 000	1 634	–	–		20 000	30.10.2006	29.10.2016
	33 500	2 364	–	–		33 500	24.07.2007	23.07.2017
		2 867	25 000	–		25 000	10.07.2008	09.07.2018
						136 500		
Stuart B M	92 500	829	–	–		92 500	13.07.2005	12.07.2015
	45 000	1 634	–	–		45 000	30.10.2006	29.10.2016
	42 500	2 364	–	–		42 500	24.07.2007	23.07.2017
		2 867	51 500	–		51 500	10.07.2008	09.07.2018
						231 500		
Zarnack K	125 000	829	–	–		125 000	13.07.2005	12.07.2015
	70 000	1 634	–	–		70 000	30.10.2006	29.10.2016
	80 000	2 364	–	–		80 000	24.07.2007	23.07.2017
		2 867	34 500	–		34 500	10.07.2008	09.07.2018
						309 500		
Total	1 344 000		351 000	22 000		1 673 000		

* Options granted to Mr MacLeod whilst an executive director

Options exercised prior to Mr Riddle's appointment as a director

3.7.2 **Directors' interests in transactions**

None of the directors had any interest, direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group taken as a whole and which was effected by the Company during the current or immediately preceding financial year or in an earlier year and which remains in any respect outstanding or underperformed.

3.8 **Corporate governance**

The board of directors accepts full responsibility for corporate governance and is committed to ensuring a high standard of discipline, independence, ethics, responsibility, equity, social responsibility, accountability, co-operation and transparency. The board believes that the Group has materially complied with the principles of The King II Report and has met the Listings Requirements.

Annexure G to these revised listing particulars contains further information on Illovo's Corporate Governance.

4. SHARE CAPITAL AND MAJOR SHAREHOLDERS

4.1 Authorised and issued share capital

The authorised and issued share capital of Illovo, at the last practicable date and after giving effect to the rights offer, is set out below:

	Rand million
Before the rights offer	
<i>Authorised</i>	
900 000 000 ordinary shares of 4 cents each	36.0
<i>Issued and fully paid</i>	
351 366 302 ordinary shares of 4 cents each	14.1
<i>Share premium account</i>	356.4
After the issue of shares in relation to the rights offer	
<i>Authorised</i>	
900 000 000 ordinary shares of 4 cents each	36.0
<i>Issued</i>	
459 708 664 ordinary shares of 4 cents each	18.4
<i>Share premium account</i>	3 352.1

As at the last practicable date, no Illovo shares were held in treasury.

There are no other classes of securities listed and no securities of the Company are listed on any stock exchanges, other than the JSE.

4.2 Alterations to share capital

The summarised changes to Illovo's issued share capital during the three financial years ended 31 March 2009 are set out below:

Changes to issued share capital	Number of shares	Weighted average price per share (Rand)
2009		
Issued ordinary shares at end of year	350 923 902	
Issued ordinary shares in terms of the Option Scheme	1 065 102	6.1145
2008		
Issued ordinary shares at end of year	349 858 800	
Issued ordinary shares in terms of the Option Scheme	991 000	6.5747
2007		
Issued ordinary shares at end of year	348 867 800	
Issued ordinary shares relating to the ABF Scheme of Arrangement	6 203 600	6.5329
Issued ordinary shares in terms of the Option Scheme	2 536 400	6.1099
Issued ordinary shares at start of year	340 127 800	

442 400 ordinary shares have been issued in terms of the Option Scheme since 31 March 2009, being the end of the preceding financial year, at a weighted average price of R6.6965 per share, bringing the number of shares in issue to 351 366 302 as at the last practicable date.

There have been no other offers or issues of any securities by Illovo or any of its subsidiaries during the preceding three years.

There have been no share repurchases by Illovo or any of its subsidiaries during the preceding three years.

There have been no consolidations or sub-divisions of shares of Illovo or any of its subsidiaries during the three years prior to the date of these revised listing particulars.

4.3 Commissions

Save as disclosed in paragraph 3.6 of the accompanying circular, no commissions or consideration, including underwriting commission in respect of the allotment or issue of shares has been paid by Illovo in the three years preceding the date of this circular.

4.4 Rights attaching to shares and power to issue shares

All of the authorised and issued Illovo shares are of the same class, rank *pari passu* with each other in all respects and are fully paid. Accordingly, no share has any special right to any dividends, capital or profits of Illovo. No share has any preferential voting, exchange or conversion rights.

In accordance with the Articles, at a general meeting of the shareholders of Illovo every shareholder present in person or by proxy, shall have one vote on a show of hands, and on a poll every person present in person or by proxy shall have one vote per share held or represented.

The rights attaching to Illovo shares may only be varied by a special resolution passed by the requisite majority of Illovo shareholders at a general meeting.

The relevant provisions of the Articles relating to voting procedures at general meetings, rights attaching to shares, the power to issue shares and the variation of rights are set out in Annexure A to these revised listing particulars.

For the purposes of the rights offer and to the extent required thereto, the unissued ordinary shares in the capital of the Company have been placed under the control of the directors, who are authorised, subject to the requirements of the Companies Act and the Listings Requirements, to allot and issue these shares at such times and at such prices as they may determine, at their discretion, provided that such authority shall be valid only until the next annual general meeting of the Company or 15 months from the date of passing of the relevant resolution at the annual general meeting held on 14 July 2009.

4.5 Share incentive schemes

4.5.1 *Illovo Sugar 1992 Share Option Scheme*

During the financial year ended 31 March 2006, the introduction of the Phantom Scheme, which is more fully explained in paragraph 4.5.2 below, replaced the further granting of share options in terms of the Option Scheme. The Option Scheme, however, continues to operate relative to share options previously granted.

The Remuneration/Nomination Committee previously approved the granting of all share options in terms of the Option Scheme. 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 Illovo 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 members 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.

Options granted to executive directors and senior managers as at 31 March 2009 comprise:

	Number of shares
Options granted and unexpired as at 1 April 2008	27 866 400
Less: Options forfeited during the year	(41 300)
Options granted and unexpired as at 31 March 2009	27 825 100

The Option Scheme, other than the future exercising of existing unexpired options, has been closed.

During the year ended 31 March 2009, options were exercised in respect of 1 065 102 shares which were allotted and issued by the directors, bringing the aggregate number of shares allotted and issued since the inception of the Option Scheme to 25 281 002.

The options granted, and unexpired and unexercised as at 31 March 2009 are categorised as:

Number of shares	Expiry date	Option price (cents)
176 600	29 August 2009	562
61 200	11 July 2010	443
88 800	12 September 2010	520
251 200	6 June 2011	650
363 898	20 May 2012	805
841 700	20 May 2013	680
760 700	1 June 2014	770
2 544 098		

Details of options previously granted to directors, any options exercised during the year, and options unexpired and unexercised as at 31 March 2009, are provided in paragraph 3.7.1 of these revised listing particulars.

4.5.2 ***Illovo Sugar Phantom Share Scheme***

The board approved the adoption of the Phantom Scheme in 2005, and in 2007 introduced certain performance hurdles related to the future earnings of the Company.

Whilst the rules of the Phantom Scheme are modelled on those of the Option Scheme, which is more fully explained in paragraph 4.5.1 above, the important difference is that options under the Phantom Scheme are cash settled rather than equity settled. The vesting periods remain unchanged; 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.

In terms of the rules of the Phantom Scheme, the grant price of an option is determined as being equal to the average of the closing market prices of the 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 date upon 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 which are payable under the Option Scheme upon the disposal of shares.

The advantages to the Company in adopting the Phantom Scheme include:

- no necessity to issue new shares when options are exercised, i.e. no share dilution;
- ease of administration; and
- tax effectiveness of 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.

Options granted to executive directors and senior managers as at 31 March 2009 comprise:

	Number of notional shares
Options granted and unexpired as at 1 April 2008	4 187 250
New options granted during the year	1 431 250
Less: Options forfeited during the year	(229 500)
Options granted and unexpired as at 31 March 2009	5 389 000

During the year ended 31 March 2009, 198 600 options were exercised.

The options granted, and unexpired and unexercised as at 31 March 2009 are categorised as:

Number of notional shares	Expiry date	Option price (cents)
1 773 650	12 July 2015	829
945 500	29 October 2016	1 634
1 081 500	23 July 2017	2 364
1 389 750	9 July 2018	2 867
5 190 400		

Details of options granted to directors, any options exercised during the year, and options unexpired and unexercised as at 31 March 2009 are provided in paragraph 3.7.1 of these revised listing particulars.

4.5.3 ***Illovo Sugar Employees' Share Purchase Scheme***

The Purchase Scheme was established in 1996 to give employees the opportunity of sharing directly in the profitability and growth of the Company by assisting them to acquire shares in the Company. Subject to exchange control regulations, the Purchase Scheme is available to all permanent employees, except directors and those employees who are participants in the Option Scheme or the Phantom Scheme.

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. Either by means of regular salary deductions or once-off payments, employees may acquire up to 5 000 shares in the aggregate and 1 000 shares in a continuous 12-month period.

The Purchase Scheme is administered by a trust, the trustees of which are appointed by the board.

During the year ended 31 March 2009, the trustees of the purchase scheme undertook net purchases of 12 842 shares in the Company thereby increasing the total number of shares held to 113 983. Of these shares, which are all registered in the name of the trustees, 113 981 are held on behalf of 384 participants. All such shares have been fully paid for by the participants.

A similar scheme is operated in Malawi in respect of shares in Illovo Sugar (Malawi) Limited.

Except as contemplated in the Option Scheme, neither Illovo nor any of its subsidiaries is party to any contract or arrangement (or proposed contract or arrangement) whereby an option or preferential right of any kind is (or is proposed to be) given to any person to subscribe for any Illovo shares.

4.6 **Major shareholders**

On 4 September 2006, pursuant to the ABF Scheme of Arrangement, ABFOL acquired 51% of Illovo's issued share capital to become the controlling shareholder of Illovo. ABFOL is a wholly-owned subsidiary of Associated British Foods which is therefore the ultimate holding company of Illovo. Associated British Foods is listed on the London Stock Exchange.

The above mentioned acquisition was the only change to Illovo's controlling shareholder in the last five years.

At the last practicable date, ABFOL was the only shareholder who directly or indirectly, held a beneficial interest of 5% or more of Illovo shares in issue. At such date, ABFOL directly held 180 298 980 shares, representing 51.3% of shares issued.

At the last practicable date, Allan Gray Limited, on behalf of its clients, held 82 373 786 shares in Illovo, representing 23.4% of shares issued. Allan Gray's clients are the beneficial shareholders.

The controlling shareholder will not change as a result of the rights offer.

5. ADDITIONAL INFORMATION

5.1 Principal immovable property

5.1.1 *Principal immovable property owned or leased*

Details of the principal immovable properties owned or leased by Illovo and its subsidiaries are set out in Annexure E to these revised listing particulars.

5.1.2 *Material acquisitions of property*

On 11 April 2008, due to the non-fulfilment of certain key considerations of the sale agreement by the purchaser, Umvoti Transport (Proprietary) Limited (situated at 6 Milkwood Drive, Umhlanga), it became necessary for Illovo to cancel the sale of the Umfolozi Sugar mill. The mill was originally sold in 2005. The value of the assets taken back was R125.1 million and this was settled by releasing the sellers' obligation.

On 15 June 2009, Zambia Sugar Plc (through a 100% owned intermediary company) purchased an 85.7% shareholding in Nanga Farms PLC from Zambeef Products Plc (situated at Plot 1164, Nkanchibaya Road, Lusaka, Zambia). The purchase consideration of ZMK151.9 billion (approximately R248 million) was settled as cash. This consideration included a payment for goodwill but the amount will only be determined once the assets have been valued. The seller has not guaranteed the book debts or other assets but has given normal warranties. The tax liability up to the date of acquisition will be paid by Nanga Farms PLC. The shares have been transferred into the name of Whirlpool Trading Limited (situated at Nakambla estate, Mazabuka, Zambia).

Illovo will acquire a 30% shareholding in Carabello Trading and Investments (Proprietary) Limited ("Carabello"), a new business entity which will purchase the Gledhow Sugar Mill. This transaction has not yet been finalised.

No director of Illovo had any beneficial interest in any of the acquisitions described above.

5.1.3 *Material disposals of property*

On 31 March 2009, the Umfolozi Sugar mill was sold to Umfolozi Sugar Mill (Proprietary) Limited (situated at Mill Road, Riverview) at book value. The proceeds were received as cash.

On 3 July 2009, Illovo reached agreement to sell the Pongola sugar mill to TSB Sugar RSA Limited (situated at Mhlathi Farm, Malelane). The proceeds will be received as cash. The sale will be concluded once all suspensive conditions in the sale agreement have been fulfilled.

5.2 Subsidiary companies

Details of Illovo's principal subsidiary companies are set out in Annexure F to these revised listing particulars.

5.3 Royalties

There are no existing or proposed material contracts relating to royalties or secretarial or technical fees payable by Illovo and its subsidiaries.

5.4 Promoters

Illovo has not entered into any promoters' agreements during the three years preceding the date of issue of these revised listing particulars. Accordingly, there were no payments made to promoters within the three years prior to the last practicable date nor are there any promoters' interests in the securities or property of Illovo.

No payments have been made to any director, either directly or indirectly, by Illovo or any other person in the three years preceding the date of these revised listing particulars to induce him/her to become, or to qualify him/her as a director or otherwise for services rendered by him/her or by the associate's company or the associate entity in connection with the promotion or formation of the Company.

5.5 **Material contracts**

There are no material contracts that have been entered into by the Company or its subsidiaries within the two years immediately preceding the date of these revised listing particulars, other than in the ordinary course of business, which are, or may be, material to Illovo or its subsidiaries at the date of these revised listing particulars.

5.6 **Litigation statement**

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened of which Illovo is aware, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

The directors of Illovo whose names appear on page 2 of this circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other material facts, the omission of which would make any statement in these revised listing particulars false or misleading and that they have made all reasonable enquiries to ascertain such facts and that these revised listing particulars contain all information required in law and by the Listings Requirements.

7. **CONSENTS**

Each of the advisers, including the reporting accountants, whose names appear in the "Corporate Information and Advisers" section of this circular have consented in writing to act in the capacities stated and to their names being stated in these revised listing particulars and have not withdrawn their consent prior to the publication of these revised listing particulars.

8. **DOCUMENTS AVAILABLE FOR INSPECTION**

Details on the documents available for inspection are set out in paragraph 9 of the accompanying circular.

Signed at Mount Edgecombe by or on behalf of all the directors of Illovo on Monday, 3 August 2009, in terms of powers of attorney granted by the directors of Illovo

Robert Albert Williams

Donald Gordon MacLeod

Graham John Clark

Mark Ian Carr

Brian Patrick Connellan

Michael John Hankinson

David Lannon Haworth

Deenadayalen Konar

David Robin Langlands

Paul Andrew Lister

Phinda Muziwakhe Madi

Carol Winifred Nosipho Molope

Larry Wilson Riddle

Martin John Shaw

Barry Michael Stuart

Karin Zarnack

G J Clark

Managing Director

EXTRACTS FROM THE ARTICLES OF ILLOVO

SHARES

- 3 Subject to the relevant provisions (if any) of the Memorandum of Association of the company and without prejudice to any special rights previously conferred on the holders of existing shares in the company, any shares may be issued with or subject to such preferred, deferred, qualified or other special rights or conditions or to such restrictions, whether in regard to dividends, voting power, return of capital or otherwise, as the company may from time to time in general meeting determine. The company in general meeting may authorise the issue of preference shares on the terms that they are or at the option of the company are liable to be redeemed on such terms and in such manner as the company in general meeting may direct.

If at any time there are any preference shares in the issued capital of the company, no further shares ranking in priority to or *pari passu* with such preference shares shall be created or issued without the consent in writing of the holders of 75% of such preference shares or the sanction of a resolution of the holders of such preference shares passed at a separate general meeting of such holders and at which members holding in the aggregate not less than 25% of the total votes of all the members holding shares in that class entitled to vote at that meeting are present in person or by proxy and the resolution has been passed by not less than 75% of the total votes to which the members of that class present in person or by proxy are entitled.

- 4 Subject to any directions to the contrary that may be given by the company in general meeting at the time new shares are created, any equity shares for the time being unissued – whether forming part of the original or any increased capital – shall, before issue, be first offered, at par (if applicable) or at a premium, to all the existing holders of equity shares, as nearly as circumstances permit *pro rata* in proportion to their shareholdings – unless issued for the purpose of the acquisition of assets. If, however, the company in general meeting gives general authority to the directors to allot or issue any shares in their discretion, the directors may – subject to the provisions of the Act and subject to the prior approval of the JSE – allot, grant options over, or otherwise deal with or dispose of such shares or any of them to such persons at such times on such terms and conditions and for such consideration, whether payable in cash or otherwise, as they may from time to time think fit; provided that any such general authority shall be valid only until the next annual general meeting of the company and may be varied or revoked by any general meeting of the company prior to such annual general meeting. No shares shall be issued at a discount except in accordance with the relevant provisions of the Act.
- 5 The company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures or debenture stock of the company, or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares, but so that if the commission in respect of shares shall be paid or payable out of capital, the statutory conditions and requirements shall be observed and complied with, and the amount or rate of commission, whether payable out of profits or capital or both, shall not exceed ten per cent of the price at which the shares are issued.
- 6 If any shares of the company shall be issued for the purpose of raising money to defray the expenses of the construction of works or buildings or the provision of any plant, which cannot be made profitable for a lengthy period, the company may pay interest on the share capital for the period, subject to the conditions and restrictions specified in the Act, and may charge the same to capital as part of the costs of construction of the works or buildings, or the provision of the plant.
- 7 Save as herein otherwise provided, the company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (even when having notice thereof), except as ordered by a Court of competent jurisdiction, or as by law required, be bound to recognise any trust, charge, encumbrance, lien or any other claims whatever to or interest whatever in such share on the part of any other person.

- 8 Unless the directors otherwise decide, the company may register as a shareholder any person, company, trust, estate, institution or other legal persona, including the trustee of a trust or the administrator or curator of an estate, or a trustee, administrator or curator in his capacity as such, who lodges with the instrument of transfer required by these Articles such other documents as the company may require to establish the identity of the shareholder, provided that the company shall not be bound by or deemed to have taken cognisance of or compelled in any way to recognise any trust or interest express or implied in any document lodged, nor shall it be required to satisfy itself or be deemed to have taken any steps to have satisfied itself that the shareholder had any contractual or other right to purchase the shares or otherwise came into possession of them, or to retain or dispose of or transfer such shares, nor shall the company incur any liability in any way so registering the shares or for registering any subsequent transfer thereof.
- 8A The company may, in accordance with the rules and requirements of the JSE, at any time and from time to time, make an odd-lot offer to members holding less than 100 shares, in terms of which the offeree members are given the right to elect to retain their shareholdings, or to purchase sufficient additional shares to increase their shareholdings to 100 shares, or to sell their shareholdings; and the odd-lot offer may provide that if any offeree member fails to exercise the right of election his shareholding will be compulsorily sold as if he had elected to sell his shareholding.

INCREASE AND ALTERATION OF CAPITAL

- 24 The company may from time to time by special resolution increase the capital by such sum divided into shares of such amount, or may increase the number of its shares of no par value to such number, as the resolution may prescribe.
- 25 The company may increase its share capital constituted by shares of no par value by transferring reserves or profits to the stated capital, with or without a distribution of shares.
- 26 The issue of the new shares shall be in accordance with the provisions of Article 4 hereof.
- 27 Subject to the foregoing, the new shares may be offered or issued at par (if applicable) or at a premium, and with a preferential or qualified right to dividends and in the distribution of the assets of the company, or upon such other terms and conditions and with such rights and privileges attached thereto as the resolution of shareholders shall direct or, if the resolution so directs, as the directors may determine.
- 28 Except so far as otherwise provided by the conditions of issue, or by these presents, any capital raised by the creation of new shares shall be considered part of the original capital, and shall be subject to the provisions herein contained with reference to transfer, transmission and otherwise.

MODIFICATION OF RIGHTS

- 30 If at any time the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the relevant provisions of the Act, be modified by agreement in writing between the company and any person purporting to contract on behalf of that class, provided such agreement is either ratified in writing by the holders of at least 75% of the issued shares of that class, or is confirmed by a resolution passed by 75% of the votes of the holders of the shares of that class present in person or by proxy at a separate general meeting of the holders of the shares of that class; and all the provisions hereinafter contained as to general meetings shall *mutatis mutandis* apply to every such meeting, except that the quorum thereof shall be a person or persons holding or duly representing one-third of the holders of issued shares of that class.

BORROWING POWERS

- 31 The directors may from time to time at their discretion raise or borrow moneys for the purpose of the company as they think fit.
- 32 The directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual

or redeemable, secured or unsecured debentures, or debenture stock, or any mortgage, charge or other security, on the undertaking of the whole or any part of the property of the company (both present and future), provided that no special privilege as to allotment of shares or stock, attending and voting at general meetings, appointment of directors or otherwise shall be given, save with the sanction of the company in general meeting.

- 33 Secured or unsecured debentures, debenture stock, bonds or other securities may be made assignable free from any equities between the company and the person to whom the same may be issued. Any debentures, debenture stock, bond or other securities may be issued at a discount, premium or otherwise, and with any special privileges as to redemption, surrender or drawings, and (subject to the consent of the company in general meeting) allotment of shares or stock, attending and voting at general meetings of the company, appointment of directors or otherwise.
- 34 If the directors, or any of them or any other persons shall become personally liable for the payment of any sum primarily due from the company, the directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the company (subject to the relevant provisions of the Act) by way of indemnity to secure the directors or persons becoming liable as aforesaid from any loss in respect of such liability.

PROCEEDINGS AT GENERAL MEETINGS

- 39 The business of the annual general meeting shall be to receive and consider the balance sheet and accounts, the reports of the directors and auditors, the election of directors and the appointment of auditors and other officers of the company in the place of those retiring by rotation or otherwise, and the transaction of matters prescribed by the Act and any other business, including the sanctioning or declaration of dividends which, under these presents, ought to be transacted at an annual or other meeting, and any business which is brought under consideration by the report of the directors laid before such meeting. All other business transacted at the annual general meeting and all business transacted at any other general meeting shall be deemed special.
- 40 Three members entitled to attend and vote, personally present, shall be a quorum for a general meeting, and no business shall be transacted at any general meeting unless the requisite quorum be present. A company being a member of this company and present by an authorised representative shall be deemed to be a member personally present for the purpose of these Articles.
- 41 The chairman of directors, or in his absence the vice-chairman (if any) shall be entitled to take the chair at every general meeting. If there be no chairman or vice-chairman, or if at any meeting he shall not be present within ten minutes after the time appointed for holding the meeting, or is unwilling to act, the directors may choose a chairman and in default of their doing so the members present shall choose one of the directors to be a chairman, and if no director present be willing to take the chair, shall choose one of their number to be chairman.
- 42 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week at the same time and place, or to such other day, time and place as the directors may by notice to the shareholders appoint. Subject to the provisions of the Act, the quorum at such adjourned meeting shall be the member or members present thereat personally or by proxy, who may transact the business for which the meeting was called. Where a meeting has been adjourned as aforesaid, the company shall within 3 days of the adjournment give notice to each member stating the date, time and place to which the meeting has been adjourned and the matter before the meeting when it was adjourned.
- 43 At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded, and unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and any entry to that effect in the book of the proceedings of the company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, such resolution.

- 44 If a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 45 A poll demanded on the election of a chairman, or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs. The demand for a poll shall not prevent the continuation of a meeting for the transaction of any business other than the question upon which the poll has been demanded.
- 46 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second or casting vote.
- 47 Subject to the provisions of the Act relating to the compulsory adjournment of meetings, the chairman of a general meeting may, with the consent of the meeting (and shall if so directed by the meeting), adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

VOTES OF MEMBERS

- 48 Subject to any special terms or restrictions as to voting upon which any shares may be issued, on a show of hands every member present or represented by proxy, shall have one vote, and upon a poll every member present or represented by proxy shall have one vote for every share held by him, subject, however, to the provisions of the Act.
- 49 Any person entitled under the transmission clause to transfer any share may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that 48 hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which the person proposes to vote, he shall satisfy the directors of his right to transfer such shares, unless the directors shall have previously admitted his right to vote at such meeting in respect thereof.
- 50 Where there are joint registered holders of any share, anyone of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; and if more than one of such joint holders be present at any meeting, personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such shares shall alone be entitled to vote in respect thereof. Where there are several executors or administrators of a deceased member in whose sole names any shares stand, any of such executors or administrators may vote in respect of such share unless any other of such executors or administrators is present at the meeting at which such a vote is tendered, and objects to the vote, in which case the executor or administrator whose name stands first on the register shall alone be entitled to vote in respect of such shares.
- 51 The instrument appointing a proxy shall be in writing under the hand of the appointer, or of his agent duly authorised in writing, or, if the appointer is a corporate body, under the hand of an officer or agent authorised by the body. The holder of a general or special power of attorney given by a shareholder shall be entitled to vote, if duly authorised under that power to attend and take part in the meetings and proceedings of the company, whether or not he be himself a shareholder in the company.
- 52 Any such general or special power of attorney or the instrument appointing a proxy and the power of attorney (if any) under which it is signed, or a notarially certified copy thereof, shall be deposited at the office not less than forty-eight hours before the time for the holding of the meeting at which the person named in such power or instrument purports to attend or vote pursuant thereto or in respect thereof. In default of compliance herewith the power or instrument shall be treated as invalid for the purpose of attending or voting at that meeting or any adjournment thereof. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution, unless the proxy otherwise provides.
- 53 A vote in accordance with the terms of a power of attorney or an instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the power or proxy, or transfer of

the share in respect of which the vote is given, provided no imitation in writing of the death, revocation or transfer shall have been received at the office by the chairman of the meeting before the vote is given.

- 54 An instrument appointing a proxy shall be in the following form or in any other form which the directors shall approve:

"ILLOVO SUGAR LIMITED

"I/We

being a member/members of the abovenamed company, hereby appoint _____ of _____
 or failing him _____ of _____ or

failing him the chairman of the meeting as my/our proxy to attend, speak and vote for me/us on my/our behalf at the annual general or general, (as the case may be) meeting of the company,

to be held on the _____ day of _____ and at any adjournment thereof as follows:

	In Favour Of	Against	Abstain
Resolution to			
Resolution to			
Resolution to			

“(Indicate instruction by a cross or tick in the space provided).”

“Unless otherwise instructed, the proxy will vote as he thinks fit.

“Signed this _____ day of _____

SIGNATURE

“A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. The proxy need not be a member of the company.”

- 54A The directors of the company may, in their discretion, permit the acceptance of proxies transmitted by members to the company by electronic mail, according to such directions as may be issued by the directors.

DIRECTORS

- 55 The company shall have not less than four nor more than fifteen directors. The company may in general meeting from time to time increase such minimum or increase or reduce such maximum numbers of directors.

[Maximum number of directors increased to twenty five by ordinary resolution dated 02 February 2000]

- 56 Unless the company in general meeting otherwise determines, any casual vacancy occurring in the board of directors may be filled by the directors; provided that any such appointment shall be confirmed at the next following annual general meeting.

- 57 The directors shall have power at any time, and from time to time to appoint a person as an additional director; provided that any such appointment shall be confirmed at the next following annual general meeting.

- 58 The continuing directors may act notwithstanding any vacancy in their body; but so that if the number falls below the prescribed minimum or the minimum determined by the company in general meeting the directors shall not, except for the purpose of filling up vacancies or calling general meetings, act so long as the number is below such minimum.

- 59 At each annual general meeting of the company one-third of the directors for the time being, or if their number is not divisible by three, the number nearest to one third but not less than one third, shall retire from office. The directors to retire in each year shall be those who shall have been longest in office since their last election, but as between persons who were elected on the same day, those to retire shall, unless otherwise agreed amongst themselves, be determined by lot. The foregoing provisions are, however, subject to the proviso that if a director is appointed a managing director or as an employee of the company in any other capacity, the contract under which he is appointed may provide that he shall not, while he continues to hold that position or office under contract for a term of years, be subject to retirement by rotation during the currency of such contract and he shall not in such case be taken into account in determining the rotation of retirement of directors; provided that less than half of the directors may be appointed to any such position on the condition that they shall not be subject to retirement by rotation.
- 60 A retiring director shall be eligible for re-election, but no person not being a retiring director shall be eligible for election to the office of director at any general meeting unless he, or some other member intending to propose him, has at least five clear days before the meeting, left at the registered office of the company a notice in writing, duly signed, signifying his candidature for office, or the intention of such member to propose him. Subject to this provision, the company at any annual or other general meeting at which any directors retire may fill up the vacated offices by electing a like number of persons as directors.
- 61 Neither a director nor an alternate director shall be required to hold any shares in the company to qualify him as such.
- 62 If at any meeting at which an election of directors ought to take place, the places of the vacating directors are not filled up, the meeting shall stand adjourned until the same day in the next week, at the same time and place, or if that day is a public holiday, then the next succeeding day which is not a public holiday, and if at such adjourned meeting the places of the vacating directors are not filled up, the vacating directors, or such of them as have not had their places filled up, shall be deemed to have been re-elected at such adjourned meeting.
- 63 The directors shall be entitled to such remuneration as the company in general meeting may from time to time determine, which remuneration shall be divided amongst them in such proportion as they may agree or, failing agreement, equally, except that any director holding office for part only of a year in respect of which remuneration falls to be divided shall be entitled to a part only of his share of remuneration in proportion to the part of the year that he holds office.
- 64 If any director be called upon to perform extra services or to make any special exertions in going or residing abroad, or otherwise, for any of the purposes of the company, the company may remunerate that director either by a fixed sum or by a percentage of profits or otherwise as may be determined, and such remuneration may be either in addition to, or in substitution for his share in the remuneration determined under the last preceding Article.
- 65 A director may hold any other office or place of profit in the company, other than that of auditor, in conjunction with his directorship, and may be appointed thereto upon such terms as to remuneration, tenure of office and otherwise as may be arranged by a disinterested quorum of directors.
- 66 The office of a director shall *ipso facto* be vacated:
- (a) If he ceases to be a director by virtue of any of the provisions of the Act, or becomes prohibited from being a director by reason of an order made under the Act; or
 - (b) If he becomes insolvent or suspends payment generally or compounds with his creditors; or
 - (c) If he becomes lunatic or of unsound mind; or
 - (d) If he absents himself from the meeting of the directors, except on the company's business, for a period of six months without special leave of absence from the board, and is not represented at any such meetings by an alternate director and the board resolves that his office be vacated; or
 - (e) If he resigns office or retires from office; or
 - (f) If he is removed from office by an ordinary resolution of the company in general meeting.

67 Subject to the relevant provisions of the Act, a director of the company may be or become a director of any subsidiary or other company promoted by the company or in which it may be interested as vendor, shareholder or otherwise, or may represent the company in the management of any business or operations or concern in which the company may be interested as partner or otherwise or may be employed by the company in any capacity or may accept a retainer from the company in consideration of which he agrees to give his services to the company in any special capacity when called upon by the company to do so, and no such director shall be accountable to the company for any remuneration or other benefits received by him as a director or member of such company or representative of this company in such management or in any employment or retention of his services by the company. No director shall be disqualified by his office from contracting with the company either as vendor, purchaser, lender or otherwise, or as an underwriter or guarantor for the commission or profit on any shares or securities or liability of the company, or of any company which the company may be interested in, nor shall any such contract or arrangement entered into by or on behalf of the company in which any director shall be in any way interested, nor shall any contract or arrangement entered into with any company or partnership of or in which any director shall be a member, director or partner or otherwise, be invalidated or voided by any such reason or by reason of the board of directors of the company not constituting an independent executive, nor shall any directors so or being so interested or acquiring any benefit under any contract or arrangement entered into by or on behalf of any person, company or partnership in relation to the affairs of the company be liable to account to the company for any profits or benefits realised by or under such contract or arrangement by reason of such director holding that office or by reason of the fiduciary relationship thereby established, and any director or directors so interested or acquiring any such benefits shall be entitled to vote at any board meeting or otherwise in relation to such contract as freely as if he or they were not interested. Any director may act by himself or his firm in a professional capacity for the company and he or his firm shall be entitled to remuneration for professional services as if he were not a director, provided that nothing herein contained shall authorise a director or his firm to act as auditor of the company. Nevertheless, any director or directors so interested or acquiring any benefit must disclose the fact of his possessing any interest, whether as director or member or otherwise, whether or not it appears on the face of the contract or arrangement, in accordance with the relevant provisions of the Act.

MANAGING DIRECTORS

68 A disinterested quorum of directors may from time to time appoint one or more of their body to the office of managing director for such term not exceeding five years, and at such remuneration (whether by way of salary, or commission, or participation in profits or partly in one way and partly in another) as they may think fit. His appointment as such shall determine ipso facto if he shall cease from any cause to be a director, or if the board of directors or the company in general meeting shall resolve that his tenure of the office of managing director or manager be determined, but without prejudice to any claim for compensation or damages which may arise in respect of such termination under any contract which may exist.

69 The directors may from time to time entrust to or confer upon a managing director or manager for the time being such of the powers and authorities vested in them as they may think fit, and may confer such powers and authorities for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they may think expedient; and they may confer such powers and authorities either collaterally or to the exclusion of, and in substitution for, all or any of the powers and authorities of the directors, and may from time to time revoke or vary, all or any of such powers and authorities.

ALTERNATE DIRECTORS

70 Each director shall have the power to appoint another person to act as an alternate director in his place, and at his discretion to remove such alternate and appoint another in his place, provided that the appointment of such alternate director shall be approved of by the board, and on such appointment being made and approved, the alternate director shall in all respects be subject to the terms and conditions existing with reference to the other directors of the company. An alternate director whilst acting in the place of the director appointing him, shall exercise and discharge all the duties and functions of the director he represents as if he were a director and not as agent of the director appointing him. An alternate director shall look for his remuneration (if any) to the director appointing

him and not to the company unless the company be instructed in writing by the director to pay any portion of his remuneration to such alternate director. The appointment of an alternate director shall be cancelled, and the alternate shall cease to hold office whenever the director who appointed him shall cease to be a director, or shall give notice in writing to the secretary that the alternate director representing him shall have ceased to do so. If a director retires at a general meeting of the company and is re-elected at the same meeting he shall not, for the purpose of this Article, be deemed to have ceased to be a director.

POWERS OF DIRECTORS

79 The business of the company shall be managed by the directors, who may exercise all such powers of the company and do all such acts and things as may be done by the company, and are not hereby or by the Act or by these Articles required to be exercised by the company in general meeting, subject nevertheless, to the provisions of the Act and of these Articles.

UNDERTAKINGS GIVEN BY ABF IN FAVOUR OF THE COMPANY AND ITS OTHER SHAREHOLDERS

115 For the purposes of Articles 116 to 126, the following terms bear the meanings assigned to them below unless the context indicates otherwise –

- (a) “ABF” means Associated British Foods plc (Registration number 293262), a public company incorporated in England and listed on The London Stock Exchange plc;
- (b) “ABF Group” means ABF and its Subsidiaries;
- (c) “Additional Shares” means Shares which cause the Ownership Cap to be exceeded;
- (d) “Code” means the Securities Regulation Code on Takeovers and Mergers and the Rules of the Securities Regulation Panel;
- (e) “Control” means the right to vote any Shares, irrespective of the ownership thereof;
- (f) “JSE Listings Requirements” means the Listings Requirements of the JSE;
- (g) “Ownership Cap” means 60% of the fully diluted issued ordinary share capital of the company;
- (h) “Shares” means ordinary shares in the issued share capital of the company; and
- (i) “Subsidiary” has the meaning ascribed to it in section 1(3)(a) of the Companies Act except that the reference to the term “company” in that section includes a company which has not been incorporated under chapter IV of the Companies Act.

STANDSTILL

119 ABF hereby undertakes that it shall not permit any member of the ABF Group, directly or indirectly, to acquire or propose to acquire or agree to acquire, in any way whatsoever including but not limited to purchase, exchange, through the acquisition of control of another person, merger or otherwise, more Shares than the Ownership Cap, nor take any other action as a shareholder of the company if such action would result in the ABF Group owning or controlling more than the Ownership Cap. Provided that ABF will not be construed as being in breach of this undertaking if it complies with its undertaking referred to in Article 121 read with Article 122.

120 ABF hereby undertakes that if at any time the ABF Group owns more Shares than the Ownership Cap as contemplated in Article 119, ABF will notify the company thereof in writing as soon as is reasonably practicable thereafter, but in any event by no later than 20 (twenty) business days thereafter, which notice shall contain the following details –

- (a) the number of Shares held by the ABF Group;
- (b) the price paid for all Shares acquired by the ABF Group in the previous 6 (six) month period; and
- (c) ABF's election in terms of Article 121.

- 121 ABF hereby undertakes that if at any time the ABF Group owns more Shares than the Ownership Cap, one of the following will apply (at ABF's sole discretion) –
- (a) subject to Article 122, ABF will as soon as is reasonably practicable, but in no event longer than 90 (ninety) business days after the ABF Group's ownership percentage of Shares first exceeds the Ownership Cap, dispose or procure the disposal of such number of Shares sufficient to reduce the ABF Group's holding of Shares to or below the Ownership Cap; or
 - (b) subject to Article 122, the acquisition of the Additional Shares will be deemed an "affected transaction" in terms of the Code, and the rules specified in the Code regarding "affected transactions" will be deemed to apply to ABF, *mutatis mutandis*, as if ABF were obliged to make a mandatory offer in terms of Rule 8.1 of the Code (as it currently stands), except that such offer will be required to be made within 90 (ninety) business days after the Additional Shares have been acquired.
- 122 Notwithstanding the foregoing provisions of Article 121, ABF will not be obliged to make or procure a disposal contemplated in Article 121(a) or make an offer contemplated in Article 121(b), as the case may be, if, prior to the expiry of the period of 90 (ninety) business days referred to in Article 121(b), a resolution is passed at a general meeting of the company's ordinary shareholders (at which the members of the ABF Group who are ordinary shareholders do not vote) that ABF is not required to make or procure a disposal contemplated in Article 121(a) or extend an offer as contemplated in Article 121(b), as the case may be.
- 123 ABF hereby undertakes that it shall not permit any member of the ABF Group, directly or indirectly, to Control or propose to Control or agree to Control, in any way whatsoever including, but not limited to, through the acquisition of control of another person, merger or otherwise, more Shares than the Ownership Cap. Provided that ABF will not be construed as being in breach of this undertaking if it complies with its undertaking referred to in Article 121 read with Article 122.
- 124 ABF hereby undertakes that if at any time the ABF Group Controls more than the Ownership Cap, as contemplated in Article 123, the provisions of Articles 120 to 122 shall apply *mutatis mutandis*.
- 125 The undertakings given by ABF in Articles 116 to 124 shall be capable of being enforced by the company and/or, subject to Article 126, any of its shareholders.
- 126 Notwithstanding anything to the contrary contained elsewhere in Articles 115 to 125, the shareholders of the company may only institute legal proceedings of any nature whatsoever in respect of the undertakings given by ABF in terms of the provisions of Articles 116 to 124 (inclusive) against ABF or any member of the ABF Group if the claim or other relief sought in such proceedings is made by ordinary shareholders of the company holding among them 5% or more of the issued ordinary share capital of the company.

EXTRACTS FROM THE ARTICLES OF ILLOVO SUGAR (MALAWI) LIMITED

DIRECTORS**Number**

- 58 Unless and until otherwise determined by the Company in General Meeting, the directors shall not be less than six nor more than eleven in number.
- 59 So long as LSC's shareholding in the Company is a minimum of fifty per centum (50%) it shall be entitled to appoint six (6) Directors to the Board of Directors as so long as AIHC's shareholding is a minimum of thirty percent (30%) it shall be entitled to appoint four (4) Directors to the Board of Directors. Any ten per centum (10%) movement, either upwards or downwards from the existing shareholdings of AIHC and LSC will lead to a gain or loss of a Director depending on whether the respective shareholdings go up or down by multiples of ten per centum (10%) provided that if the shareholding of either AIHC or LSC falls below five per centum (5%) then in such circumstances the entity whose shareholding falls below five per centum (5%) shall not be entitled to have a Director on the Board of Directors of the Company.
- 60 Any member may by means of a written notice to the Company remove from office any Director appointed by it and may appoint another Director to take office in the place of any Director so removed. The removal of a Director or appointment of a new Director in terms of this article shall take place forthwith upon receipt by the Company of such written notice.

Remuneration

- 61 The fees of the Directors shall be such sum as shall be decided by the Company in General Meeting and such fees shall be deemed to accrue from day to day. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any Committees of the Directors or General Meetings of the Company or in connection with the business of the Company.

Special Remuneration

- 62 No Director shall be employed in any other capacity in the Company or as a Director or employee of a company subsidiary to the Company save with the prior approval of and at such remuneration as shall be determined by a disinterested quorum of the Directors.

Qualification

- 63 There shall be no shareholding qualification for Directors.

BORROWING POWERS

- 64 The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking and property or any part thereof, and to issue debentures, debenture stock, and other securities whether outright, Or as security for any debt, liability or obligation of the Company or of any third party:

Provided that the amount for the time being remaining undischarged of moneys borrowed by the Company and its subsidiary companies (apart from temporary loans obtained from the Company's bankers in the ordinary course of business and excluding inter-company loans) shall not exceed a reasonable fixed amount or percentage of paid up share capital and reserves of the Company except with the consent of the Company in General Meeting by means of an Ordinary Resolution and the Directors will procure that the aggregate amount at any time owing in respect of monies borrowed by the Company (including overdue creditors) will not without such consent exceed the said limit.

HISTORICAL FINANCIAL INFORMATION OF ILLOVO

1. INTRODUCTION

The financial information of Illovo for the three years ended 31 March 2007, 31 March 2008 and 31 March 2009 is set out below. The annual financial statements of Illovo Sugar Limited for the last three financial years have been audited by Deloitte & Touche. An unqualified audit opinion was issued in all three years.

The report on this historical financial information is the responsibility of the directors of Illovo.

There has been no material change in the nature of business of Illovo during the past five years. No material fact or circumstance has occurred between the latest financial year-end of Illovo and the last practicable date.

No adjustments concerning the correction of fundamental errors or application of changes in accounting policies have been made in preparing the report of historical financial information. Non-material adjustments have been made for comparative purposes only.

There have been no subsidiaries, foreign subsidiaries included, whose financial reports were not completed according to International Financial Reporting Standards ("IFRS").

The financial year-end of the Group did not change at any time during the last three years.

2. BASIS OF PREPARATION

The financial statements represent the consolidated financial statements of Illovo.

The financial statements are prepared in accordance with the accounting policies of the Group.

3. ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2009

The financial statements have been prepared in accordance with IFRS. This is consistent with the two prior years.

The principal accounting policies adopted are set out below.

3.1 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 the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group, except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

3.2 Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for

recognition under IFRS 3 are recognised at their fair values 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, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. 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 not amortised but is tested for impairment at each balance sheet date and impairments are written off in the income statement. Goodwill impairments are not reversed.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

3.3 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 and 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 carried in the consolidated balance sheet at cost, as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. 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.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. 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.

3.4 Interests in joint ventures

A joint venture is a contractual 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.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly-controlled entities. The Group reports its interests in jointly-controlled entities using proportionate consolidation, 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. The Group's share of the assets, liabilities, income and expenses of jointly-controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

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.

3.5 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.

3.6 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 balance sheet 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.

3.7 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 Currency Units, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

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 each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Currency Units using exchange rates prevailing at the balance sheet 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 classified as equity and transferred to the Group's 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 closing rate.

3.8 **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.

3.9 **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 three years. Actuarial gains and losses that exceed 10 per cent of the greater of the present value of the Group's defined benefit obligation and the fair value of plan assets, are amortised over the expected average remaining working lives of the participating employees. 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 balance sheet 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.

All 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 against.

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.

3.10 **Taxation**

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

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

3.11 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. Land is not depreciated.

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.

3.12 Cane roots and growing cane

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

- 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.

3.13 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.

3.14 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.

3.15 **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.

3.16 **Impairment of tangible and intangible assets excluding goodwill**

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

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

If the recoverable amount of an asset (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.

3.17 **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises 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.

3.18 **Financial instruments**

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

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently 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.

Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

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

Investments other than held-to-maturity debt securities are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss.

Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Cash and cash equivalents

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.

Financial liabilities and equity

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

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently 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 borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Trade payables

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

Equity instruments

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

Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates.

The Group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecast transactions. The significant interest rate risk arises from bank loans. When

appropriate the Group converts a proportion of its floating rate debt to fixed rates. The Group designates these as cash flow hedges of interest rate risk.

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 remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in profit or loss. The Group's policy with regard to hedging the foreign currency risk of a firm commitment is to designate it as a cash flow hedge. If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in profit or loss in the same period in which the hedged item affects profit or loss.

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, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.

Derivatives embedded in other financial instruments or other non-financial 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.

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

Financial guarantee contracts are accounted for as insurance contracts and consequently are measured initially at cost and thereafter in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

3.19 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

3.20 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 the Black-Scholes 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 balance sheet date.

3.21 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.

4. INCOME STATEMENT

Income statement for the year ended 31 March

	Notes	Group		
		March 2009 Rm	March 2008 Rm	March 2007 Rm
Revenue	9.4	8 601.7	6 794.1	6 263.6
Cost of sales		5 500.7	4 401.9	4 000.3
Gross profit		3 101.0	2 392.2	2 263.3
Distribution expenses		540.6	434.6	384.2
Administrative expenses		926.7	694.7	673.9
Other operating expenses		247.5	198.4	170.9
Operating profit	9.5	1 386.2	1 064.5	1 034.3
Dividend income		1.7	1.3	1.4
Net financing costs	9.6	185.4	171.7	97.8
Interest paid		230.6	208.5	153.4
Interest received		(44.5)	(37.9)	(27.8)
Foreign exchange (gains)/losses		(0.7)	1.1	(27.8)
Profit before taxation and material items		1 202.5	894.1	937.9
Material items	9.7	0.3	(0.1)	4.2
Profit before taxation		1 202.8	894.0	942.1
Taxation	9.8	238.9	140.7	288.3
Profit for the year		963.9	753.3	653.8
<i>Attributable to:</i>				
Shareholders of Illovo Sugar Limited		739.1	599.8	516.5
Minority interest		224.8	153.5	137.3
		963.9	753.3	653.8
Earnings per share (cents)*				
Basic		210.9	171.7	149.5
Diluted		209.8	170.5	148.0

* See note 9.10 for headline earnings per share.

5. BALANCE SHEET

Balance sheet at 31 March

		Group		
		March 2009 Rm	March 2008 Rm	March 2007 Rm
	Notes			
ASSETS				
Non-current assets		5 424.2	3 931.9	2 577.8
Property, plant and equipment	9.12	4 025.9	2 968.1	1 806.3
Cane roots	9.13	1 132.3	821.7	661.6
Product registrations	9.14	61.8	46.4	34.7
Investments	9.15	14.8	10.1	7.7
Loans	9.16	135.4	80.2	66.5
Deferred taxation asset	9.29	54.0	5.4	1.0
Current assets		3 549.8	3 512.4	2 871.5
Inventories	9.17	513.8	407.2	341.8
Growing cane	9.18	1 222.9	948.5	743.1
Trade and other receivables	9.19	756.3	782.7	638.2
Factory overhaul costs	9.20	212.0	197.9	168.3
Derivative financial instruments	9.21	189.2	18.2	6.4
Cash and cash equivalents		655.6	1 157.9	973.7
Total assets		8 974.0	7 444.3	5 449.3
EQUITY AND LIABILITIES				
Equity attributable to shareholders of Illovo Sugar Limited		2 773.8	2 373.3	1 771.7
Share capital and premium	9.22	367.5	361.0	354.5
Share-based payment reserve	9.23	13.1	12.6	10.9
Non-distributable reserves	9.24	396.5	412.4	146.3
Dividend reserve	9.25	226.3	183.7	157.0
Retained earnings	9.26	1 770.4	1 403.6	1 103.0
Minority interest		671.2	555.6	456.6
Total equity		3 445.0	2 928.9	2 228.3
Non-current liabilities		1 885.6	1 835.9	798.5
Long-term borrowings	9.27	1 130.5	1 191.5	223.2
Deferred taxation liability	9.29	755.1	644.4	575.3
Current liabilities		3 643.4	2 679.5	2 422.5
Short-term borrowings	9.28	1 803.4	1 052.0	928.1
Trade and other payables	9.30	1 310.9	1 194.1	970.8
Bank overdraft		132.8	82.7	94.1
Taxation		114.5	102.3	115.8
Provisions	9.31	276.6	239.8	216.7
Derivative financial instruments	9.21	5.2	8.6	97.0
Total liabilities		5 529.0	4 515.4	3 221.0
Total equity and liabilities		8 974.0	7 444.3	5 449.3
Net asset value per share (cents)		981.7	837.2	638.7
Tangible net asset value per share (cents)		964.1	823.9	628.8

6. STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity at 31 March

	Share capital and premium Rm	Share-based payment reserve Rm	Translation reserve Rm	Other non-distributable reserves Rm	Dividend reserve Rm	Retained surplus Rm	Attributable to the shareholders of Illovo Rm	Minority interest Rm	Total Rm
Group									
Balance at 31 March 2006	298.4	8.1	26.6	95.5	144.6	852.3	1 425.5	388.0	1 813.5
Net gains and losses not recognised in the income statement	–	2.8	13.2	11.0	262.1	(265.8)	23.3	15.8	39.1
Realised surplus – disposal of land				3.7		(3.7)	–		–
Change in shareholding							–	2.7	2.7
Adjustments for cash flow hedges				7.3			7.3		7.3
Currency translation differences			13.2				13.2	13.1	26.3
Recognition of share-based payments		2.8					2.8		2.8
Transfer to dividend reserve					262.1	(262.1)	–		–
Profit for the year						516.5	516.5	137.3	653.8
Dividends paid					(249.7)		(249.7)	(84.5)	(334.2)
Issue of share capital	56.1						56.1		56.1
Balance at 31 March 2007	354.5	10.9	39.8	106.5	157.0	1 103.0	1 771.7	456.6	2 228.3
Net gains and losses not recognised in the income statement	–	1.7	269.5	(3.4)	299.2	(299.2)	267.8	59.9	327.7
Change in shareholding							–	3.1	3.1
Adjustments for cash flow hedges				(3.4)			(3.4)		(3.4)
Currency translation differences			269.5				269.5	56.8	326.3
Recognition of share-based payments		1.7					1.7		1.7
Transfer to dividend reserve					299.2	(299.2)	–		–
Profit for the year						599.8	599.8	153.5	753.3
Dividends paid					(272.5)		(272.5)	(114.4)	(386.9)
Issue of share capital	6.5						6.5		6.5
Balance at 31 March 2008	361.0	12.6	309.3	103.1	183.7	1 403.6	2 373.3	555.6	2 928.9
Net gains and losses not recognised in the income statement	–	0.5	(33.0)	17.1	372.0	(372.3)	(15.7)	10.6	(5.1)
Realised surplus – disposal of land				0.3		(0.3)	–		–
Change in shareholding							–	3.9	3.9
Adjustments for cash flow hedges				16.8			16.8		16.8
Currency translation differences			(33.0)				(33.0)	6.7	(26.3)
Recognition of share-based payments		0.5					0.5		0.5
Transfer to dividend reserve					372.0	(372.0)	–		–
Profit for the year						739.1	739.1	224.8	963.9
Dividends paid					(329.4)		(329.4)	(119.8)	(449.2)
Issue of share capital	6.5						6.5		6.5
Balance at 31 March 2009	367.5	13.1	276.3	120.2	226.3	1 770.4	2 773.8	671.2	3 445.0

7. CASH FLOW STATEMENT

Cash flow statement for the year ended 31 March

	Notes	Group		
		March 2009 Rm	March 2008 Rm	March 2007 Rm
Cash flows from operating activities				
Operating profit before working capital movements	9.36	1 206.9	1 055.0	1 058.7
Working capital movements	9.37	362.8	46.2	(61.0)
Cash generated from operations		1 569.7	1 101.2	997.7
Net financing costs		(185.4)	(171.7)	(85.2)
Taxation paid	9.38	(230.3)	(151.6)	(190.4)
Dividends income		1.7	1.3	1.4
Dividends paid	9.39	(449.2)	(386.9)	(334.2)
Net cash inflow from operating activities		706.5	392.3	389.3
Cash flows from investing activities				
Replacement of property, plant and equipment		(169.5)	(154.9)	(124.7)
Expansion capital expenditure		(1 496.2)	(837.0)	(90.5)
Expansion of area under cane		(200.3)	–	–
Capitalisation of product registrations		(15.4)	(11.7)	(5.5)
Proceeds on disposal of plant and equipment		4.0	2.3	20.0
Proceeds on disposal of property		0.6	–	7.6
Research expenditure		(33.9)	(20.8)	(17.2)
Acquisition of business	9.40	–	–	–
Proceeds on disposal of business	9.41	120.0	–	–
Other movements		–	(2.8)	–
Net movement on investments and loans		(43.0)	(12.6)	2.8
Net cash outflow from investing activities		(1 833.7)	(1 037.5)	(207.5)
Net cash (outflow)/inflow before financing activities		(1 127.7)	(645.2)	181.8
Cash flows from financing activities				
Long-term borrowings raised/(repaid)		170.6	796.4	(16.4)
Short-term borrowings raised/(repaid)		482.0	(64.5)	130.2
Capitalised finance leases repaid		–	(0.6)	(0.8)
Proceeds from issue of share capital	9.42	6.5	6.5	56.1
Net cash inflow from financing activities		659.1	737.8	169.1
Net (decrease)/increase in cash and cash equivalents		(468.1)	92.6	350.9
Cash and cash equivalents at beginning of the year	9.43	1 123.7	1 065.3	622.8
at end of the year		655.6	1 157.9	973.7

8. COMMENTARY

8.1 Year ended 31 March 2009

Income statement

Group revenue increased by 27% from R6 794 million to R8 602 million in the current year and operating profit increased by 30% to R1 386 million. The Group's profits benefited from a number of factors, most notably, improved domestic market sales, higher world and regional market sugar prices, weaker exchange rates and good results from downstream operations. Lower sugar production in Zambia, Swaziland and Tanzania partly offset these benefits.

Net financing costs of R184 million reflect a small increase compared to the previous year due to the Group's continued capital investment in projects together with the increase in the cost of funding. Interest cover has improved to 7.5 times (2008: 6.2 times). Taxation at R239 million remained relatively low mainly due to the Zambian subsidiary being granted expansion-related tax allowances. The Group's effective tax rate was 19.9% (2008: 15.7%). Headline earnings increasing by 24% to R742 million, whilst headline earnings per share rose by 23% to 211.6 cents.

Balance sheet

Return on average shareholders' equity was 29% (2008: 30%). This slight decline is largely due to the level of investment made this year in capital projects which have yet to yield a return, as well as the lower profitability of the Zambian operations.

Non-current assets increased by 38% to R5 424 million which included property, plant and equipment of R4 026 million and cane roots of R1 132 million. This increase is mainly due to the completion of the factory and agriculture expansion in Zambia.

Group borrowings increased substantially from R1 168 million to R2 411 million as a result of the expansion projects during the year, with the debt:equity ratio rising from 40% to 70%.

Cash flow statement

The Group continued to achieve strong cash operating profit of R1 207 million compared to R1 055 million last year. Better working capital management resulted in a cash inflow of R363 million for the year. Major investments in the Group's expansion projects resulted in cash outflows of R1 697 million with R170 million spent on replacing existing property, plant and equipment. Other cash outflows included taxation of R230 million, dividends of R449 million and net finance costs of R184 million. This resulted in cash outflow before financing activities of R1 127 million.

8.2 Year ended 31 March 2008

Income statement

The Group achieved revenue of R6 794 million and operating profit of R1 065 million. Compared to the previous year, revenue increased by 8% whilst operating profit increased by 3%. The operating margin declined slightly to 15.7%. Net financing costs increased from R96 million to R170 million, mainly as a result of increased seasonal working capital requirements, expansion capital expenditure and higher interest rates. The effective tax rate was 15.7%, due to the Zambian subsidiary being recognised as an agricultural operation for tax purposes and also being granted expansion-related tax allowances. The reclassification as an agricultural operation gave rise to a one-off tax credit in respect of past tax years which impacted the tax cost in the year under review. Profit after tax increased by R100 million to R753 million.

Headline earnings increasing by 16% to R600 million and headline earnings per share increasing by 15% to 171.6 cents. This was due to a number of reasons including increased sugar production in South Africa, Tanzania and Mozambique, improved domestic market sugar sales and prices, increased exports to preferential markets in the EU, and a further improvement in furfural and furfuryl alcohol export prices. In addition, profits benefited from a significant decrease in effective tax rate, due to a change in the rate applicable in Zambia and the tax allowances in respect of the expansion project in that country. These positive factors were offset to some extent by lower world and regional sugar prices, rising input costs and a material increase in financing costs.

Balance sheet

Return on average shareholder's equity was 30% (2007: 32%). This decline is largely due the capital investment in the Zambian expansion project. This project is not yet complete and therefore is not generating the required return on investment.

Non-current assets increased by 53% to R3 932 million which included property, plant and equipment of R2 968 million and cane roots of R822 million. This increase is mainly due to the completion of phase 1 of the factory and agricultural expansion in Zambia as well as a marginal expansion in Dwangwa.

The major expansion capital expenditure has increased Group borrowings significantly to R1 168 million (2007: R272 million), with the debt:equity ratio rising to 40% (2007: 12%).

Cash flow statement

The Group maintained its strong cash operating profit of R1 055 million this year compared to R1 059 million last year. Major investment in the Group's expansion projects resulted in cash outflows of R837 million with R155 million spent on replacement capital. Other cash outflows included taxation of R152 million, dividends of R387 million and net finance costs of R170 million. This resulted in cash outflow before financing activities of R645 million.

8.3 Year ended 31 March 2007

Income statement

The Group achieved revenue of R6 264 million and operating profit of R1 034 million. Compared to the previous year, revenue increased by 15%, whilst operating profit increased by 38%, enabling the operating margin to grow from 13.7% to 16.5%. Net financing costs decreased slightly from R101 million to R96 million which resulted in interest cover improving to 10.7 times. The effective tax rate was 30.6%. Profit after tax increased by R197 million to R654 million.

Headline earnings increased by 46% to R515 million and headline earnings per share increased by 43% to 149.1 cents. This was attained through improved world and regional sugar prices, higher downstream product export prices, strong domestic market sales, cost savings and the weaker Rand. These factors more than offset the negative impact of lower sugar production, primarily in South Africa and Tanzania.

Balance sheet

Return on average shareholders' equity was 32% (2006: 27%). This improvement is largely as a result of the improved profitability of the Group.

Non-current assets increased by 9% to R2 578 million which included property, plant and equipment of R1 806 million and cane roots of R662 million. This increase is mainly due to various marginal expansions across the Group together with the ongoing capital expenditure on the factories.

Net borrowings at year end were R272 million, lower than last year at R441 million, which reflects the strong cash flows of business. The debt:equity ratio declined from 24% to 12% in the current year.

Cash flow statement

The Group achieved very strong cash operating profit of R1 059 million this year compared to R711 million last year. This focus on cash flows and improved profitability of the Group has positioned the Group well to pursue its growth strategy in respect of existing operations and new investments in Africa. The Group invested R91 million in expansion capital this year and R125 million on ongoing replacement of property, plant and equipment. Other cash outflows included taxation R190 million, dividends of R334 million and net finance costs of R84 million. This resulted in cash inflow before financing activities of R182 million.

9. NOTES TO THE FINANCIAL STATEMENTS

9.1 Accounting policies

The principal accounting policies incorporated in the preparation of these financial statements, are set out in paragraph 3 of this Annexure.

9.2 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 – Amendment relating to vesting conditions and cancellations
- IFRS 3 Business combinations – Consequential amendments arising from amendments to IAS 27, IAS 28 and IAS 31
- IFRS 8 Operating segments
- IAS 1 – Presentation of financial statements
- IAS 23 – Borrowing costs
- IAS 32 – Financial instruments: presentation
- IAS 39 – Financial instruments: recognition and measurement
- IFRIC 16 – Hedges of a net investment in foreign operation
- IFRIC 17 – Distribution of non-cash assets to owners

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

9.3 Critical accounting judgements and key sources of estimation uncertainty

9.3.1 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 balance sheet date whether there is an indication that items of property, plant and equipment and other assets may be impaired. If any such indication exists, the recoverable amount of the asset is assessed in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use.

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

Property, plant and equipment residual values and useful lives

These assets are written down to their estimated residual values over their anticipated useful lives using the straight-line basis. Management reviews the residual values annually considering market conditions and projected disposal values. In assessing useful lives, maintenance programmes and technological innovations are considered. The carrying value of property, plant and equipment is disclosed in note 9.12 to the financial statements.

Cane roots valuation

The escalated average cost of planting cane roots are adjusted for the remaining expected life. This requires an estimation by management of the average number of ratoons expected from the crop. The key assumptions and carrying value of cane roots are disclosed in note 9.13 to the financial statements.

Growing cane valuation

Growing cane is valued at the estimated sucrose content valued at the estimated sucrose price for the following season, less the estimated costs for harvesting and transport. The estimated sucrose content requires management to assess the expected cane and sucrose yields for the following season considering weather conditions and harvesting 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 9.18 to the financial statements.

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

9.4 Revenue

	Group		
	2009 Rm	2008 Rm	2007 Rm
Revenue represents the proceeds from:			
Sugar production	6 250.7	4 859.9	4 410.7
Cane growing	1 712.4	1 358.2	1 344.8
Downstream	638.6	576.0	508.1
	8 601.7	6 794.1	6 263.6
Includes revenue from exports outside country of origin of:	2 535.1	2 323.6	2 215.6

Interest income is disclosed in note 9.6 and dividend income is disclosed on the face of the income statement.

9.5 Operating profit

Operating profit has been determined after taking into account the following terms:

	Group		
	2009 Rm	2008 Rm	2007 Rm
Depreciation	215.2	151.7	140.4
– buildings	10.1	6.4	7.9
– leasehold properties	15.8	8.4	7.1
– plant, machinery and other	189.3	136.9	125.4
Loss/(Profit) on disposal of plant and equipment	2.6	(2.2)	3.7
Amortisation of factory overhaul costs	206.8	168.3	148.3
Fair value adjustments			
– cane roots	134.3	72.6	59.5
– growing cane	297.2	91.2	80.2
Operating lease charges			
– property	55.5	47.2	32.3
– plant and equipment	37.1	33.7	26.0
Auditors' remuneration	13.0	16.0	7.4
– audit fees	8.2	6.8	5.8
– fees for other services	4.0	8.8	1.1
– expenses	0.8	0.4	0.5
Research costs	33.9	20.8	17.2
Share-based payment costs	0.5	1.7	2.8
Retirement benefit costs	73.1	55.5	47.5
Staff costs	1 481.3	1 111.0	1 102.0

9.6 Net financing costs

	Group		
	2009 Rm	2008 Rm	2007 Rm
Interest paid on:			
Long-term borrowings	155.7	57.6	16.5
Bank and short-term borrowings	318.4	180.7	133.5
Other	14.9	12.1	3.4
Total interest paid	489.0	250.4	153.4
Less: Capitalised	(258.4)	(41.9)	–
	230.6	208.5	153.4
Interest received on loans and deposits	(44.5)	(37.9)	(27.8)
Foreign exchange (gains)/losses	(0.7)	1.1	(27.8)
	185.4	171.7	97.8

9.7 Material Items

	Group		
	2009	2008	2007
	Rm	Rm	Rm
Profit/(Loss) arising on disposal of properties	0.3	(0.1)	4.2
Per income statement	0.3	(0.1)	4.2
Taxation	–	–	(0.5)
	0.3	(0.1)	3.7

9.8 Taxation

	Group		
	2009	2008	2007
	Rm	Rm	Rm
South African normal taxation			
Current tax			
– current year	10.9	10.4	1.9
– prior year	(0.1)	(0.4)	0.1
Deferred tax			
– current year	0.4	14.4	(2.5)
– prior year	(0.6)	(8.7)	11.0
– rate change	–	(4.0)	–
Secondary tax on companies	32.9	31.2	31.2
Foreign taxation			
Current tax			
– current year	185.7	85.8	187.8
– prior year	(0.2)	(1.2)	(1.9)
Deferred tax			
– current year	95.4	31.1	62.7
– prior year	23.6	(4.8)	(2.0)
– rate change	(109.1)	(13.1)	–
	238.9	140.7	288.3
Reconciliation of rate of taxation	%	%	%
South African normal rate of taxation	28.0	29.0	29.0
Less: (Decrease)/Increase in charge for year due to:	(8.1)	(13.3)	1.6
Adjustment from prior years	1.9	(1.8)	(1.6)
Adjustment in respect of material items	–	–	(0.1)
Exempt income	(1.5)	(1.4)	(5.6)
Assessed losses created	–	–	0.1
Disallowable expenditure	2.8	1.9	3.5
Secondary tax on companies	2.7	3.5	3.3
Timing differences not provided for	–	0.1	(0.4)
Taxation rate differentials – foreign subsidiaries	(1.3)	(11.7)	1.9
Capital allowances	(5.3)	(5.0)	–
Other	(7.4)	1.1	0.5
Effective rate of taxation	19.9	15.7	30.6
	Rm	Rm	Rm
The estimated taxation losses at the end of the year aggregate	275.3	111.5	12.7

9.9 Dividends paid

	Group		
	2009 Rm	2008 Rm	2007 Rm
Dividend no. 29 of 42.5 cents per share (final 2006) – paid 10 July 2006			145.1
Dividend no. 30 of 30.0 cents per share (interim 2007) – paid 8 January 2007			104.6
Dividend no. 31 of 45.0 cents per share (final 2007) – paid 9 July 2007		157.0	
Dividend no. 32 of 33.0 cents per share (interim 2008) – paid 7 January 2008		115.5	
Dividend no. 33 of 52.5 cents per share (final 2008) – paid 14 July 2008	183.9		
Dividend no. 34 of 41.5 cents per share (interim 2009) – paid 12 January 2009	145.5		
	329.4	272.5	249.7

In respect of the current year, the directors declared a final dividend of 64.5 cents per share on 26 May 2009 which will be paid to shareholders on 13 July 2009. No liability has been raised for this dividend nor the related secondary tax on companies charge, in these financial statements. The total estimated dividend to be paid of R226.3 million has been transferred out of retained earnings to a separate dividend reserve (refer to note 9.25).

9.10 Earnings and headline earnings per share

	Group		
	2009 Rm	2008 Rm	2007 Rm
Earnings			
Earnings for the purposes of basic earnings per share	739.1	599.8	516.5
Dilutive effect of potential ordinary shares – Share options	1.6	2.2	1.8
Earnings for the purposes of diluted earnings per share	740.7	602.0	518.3
Number of shares	Shares	Shares	Shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	350 514 219	349 424 128	345 545 311
Dilutive effect of potential ordinary shares – Share options	2 544 098	3 650 500	4 649 600
Weighted average number of ordinary shares for the purposes of diluted earnings per share	353 058 317	353 074 628	350 194 911
Reconciliation of headline earnings	Rm	Rm	Rm
Net profit attributable to shareholders of Illovo Sugar Limited	739.1	599.8	516.5
<i>Adjusted for:</i>			
(Profit)/Loss arising on disposal of properties	(0.3)	0.1	–
Loss/(Profit) on disposal of plant and equipment	3.0	(0.3)	(1.2)
Headline earnings	741.8	599.6	515.3
Headline earnings per share	Cents	Cents	Cents
Basic	211.6	171.6	149.1
Diluted	210.6	170.5	147.7

9.11 Share of net profits

The Group's share of the income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Illovo's share of net profits of principal subsidiaries, joint ventures and associates for the year ended 31 March 2009 are disclosed separately for each entity in the table below:

	Effective percentage holding (%)	Share in profits Rm
Subsidiaries		
Illovo Distributors (Pty) Limited	100	–
Illprop (Pty) Limited	100	–
Reynolds Brothers Limited	100	–
Illovo Project Services Limited	100	–
CGS Investments (Pty) Limited	100	–
Glendale Sugar Limited	100	–
East African Supply (Pty) Limited	100	–
Ubombo Sugar Limited	60	54.3
Illovo Sugar (Malawi) Limited	76	273.7
Zambia Sugar Plc	90	251.8
Maragra Açúcar SARL	72	34.0
Kilombero Sugar Company Limited	55	31.7
Illovo Group Holdings Limited – ordinary	100	–
Illovo Group Holdings Limited – preference	100	–
Palaa Consultores Marketing E Servicios	100	–
Monitor Holdings Limited	100	–
Sucoma Holdings Limited	100	–
Illovo Tanzania Limited	100	–
Illovo Sugar Ireland	100	–
Illovo Sugar España, S.L.	100	–
Illovo Sugar Coöperatief U.A.	100	–
		645.5
Joint ventures		
Glendale Distilling Company	50	1.2
Lacsa (Pty) Limited	50	0.5
Relax Limited	50	14.6
		16.3
Associate		
Kilombero Sugar Distributors Limited	20	1.7
		1.7

9.12 **Property, plant and equipment**

Group	2009		2008		2007	
	Cost Rm	Accumulated depreciation Rm	Cost Rm	Accumulated depreciation Rm	Cost Rm	Accumulated depreciation Rm
Freehold land and buildings	418.2	86.5	410.9	76.4	406.9	69.3
Leasehold properties	931.3	93.9	421.8	81.1	338.7	59.8
Plant, machinery and other	4 532.6	1 676.5	3 797.4	1 505.3	2 486.3	1 297.3
Capitalised leased plant (refer to note 9.27)	1.5	0.8	1.4	0.6	1.3	0.5
	5 883.6	1 857.7	4 631.5	1 663.4	3 233.2	1 426.9
Net book value	4 025.9		2 968.1		1 806.3	

With the exception of land and motor vehicles, the Group's property, plant and equipment are insured at cost of replacement amounting to R17 713 million (2008: R16 698 million; 2007: R15 123 million). Motor vehicles are insured at market value.

The Group's properties are wide-ranging, amounting to approximately 106 685 hectares (2008: 106 683; 2007: 106 673) in extent comprising largely the land on which the Group's sugar milling and cane growing activities are situated. As the number of individual properties is extensive, a list is not published with these statements, but registers of land and buildings are available for inspection at the relevant registered offices of the Group by members of the Company or their representatives.

Property, plant and equipment of Zambia Sugar Plc with a book value of R1 883 million (2008: R1 144 million; 2007: nil) has been pledged by way of a mortgage debenture as security for the long-term borrowings (refer to note 9.27).

The movement of the Group's property, plant and equipment comprises:

	Freehold land and building Rm	Leasehold properties Rm	Plant, machinery and other Rm	2009 Total Rm	2008 Total Rm	2007 Total Rm
Net book value at beginning of year	334.5	340.7	2 292.9	2 968.1	1 806.3	1 675.7
Acquisition of business	49.7	–	60.4	110.1	–	–
Additions	5.4	612.5	1 047.8	1 665.7	991.9	215.1
Disposal of business	(49.4)	–	(56.2)	(105.6)	–	–
Disposals	(0.3)	–	(6.6)	(6.9)	(1.5)	(11.3)
Exchange differences	1.9	(100.0)	(292.2)	(390.3)	323.1	67.2
	341.8	853.2	3 046.1	4 241.1	3 119.8	1 946.7
Depreciation	(10.1)	(15.8)	(189.3)	(215.2)	(151.7)	(140.4)
Net book value at end of year	331.7	837.4	2 856.8	4 025.9	2 968.1	1 806.3

9.13 Cane roots

The carrying value of cane roots comprises:

	Group		
	2009 Rm	2008 Rm	2007 Rm
Carrying value at beginning of year	821.7	661.6	589.1
Change in fair value	134.3	72.6	59.5
Expansion of area under cane	200.3	–	(8.5)
Acquisition of farms	–	7.5	–
Exchange rate translation	(24.0)	80.0	21.5
Carrying value at end of year	1 132.3	821.7	661.6
Area under cane at 31 March (hectares):			
South Africa	9 665	9 615	9 575
Malawi	19 934	19 139	18 900
Zambia	14 334	11 053	11 050
Swaziland	8 171	7 950	7 950
Tanzania	8 515	8 415	8 224
Mozambique	5 263	5 260	3 671
	65 882	61 432	59 370

The average remaining expected lives of cane roots, for both the current and the previous years, are 10 years in South Africa; 7 years in Zambia; and 8 years in each of the other countries of operation.

9.14 Product registrations

Intangible assets comprise product registrations which represent registered rights to exclusively sell licensed products in specific countries.

	Group		
	2009 Rm	2008 Rm	2007 Rm
Balance at the beginning of the year	46.4	34.7	29.2
Current year movements – Expenditure	15.4	11.7	5.5
Balance at the end of the year	61.8	46.4	34.7

No amortisation has been provided for in the current year as the balance of product registrations have yet to be brought into use.

9.15 Investments

	Group		
	2009 Rm	2008 Rm	2007 Rm
Investments	14.8	10.1	7.7

9.16 Loans

	Group		
	2009 Rm	2008 Rm	2007 Rm
Long-term promissory note receivable	20.9	20.5	20.5
Other loans	114.5	59.7	46.0
	135.4	80.2	66.5

The long-term promissory note receivable is unsecured and is denominated in US Dollars with the interest calculated at 6% per annum, payable monthly in arrears. The principal is payable in equal monthly instalments with the final payment due on 1 October 2014.

The other loans bear interest at varying rates and have varying terms of repayment.

9.17 Inventories

	Group		
	2009 Rm	2008 Rm	2007 Rm
Finished goods	140.6	102.2	120.8
Consumables and components	373.2	305.0	221.0
	513.8	407.2	341.8

9.18 Growing cane

The carrying value of growing cane comprises:

	Group		
	2009 Rm	2008 Rm	2007 Rm
Carrying value at the beginning of the year	948.5	743.1	657.9
Change in fair value	297.2	91.2	80.2
Disposal of farms	–	–	(5.3)
Acquisition of farms	–	10.2	–
Exchange rate translation	(22.8)	104.0	10.3
Carrying value at the end of the year	1 222.9	948.5	743.1

The following assumptions have been used in the determination of the estimated sucrose tonnage at 31 March 2009:

	South Africa	Malawi	Zambia	Swaziland	Tanzania	Mozambique
2009						
Expected area to harvest (hectares)	5 588	19 499	14 044	7 703	8 515	5 175
Estimated yield (tons cane/hectare)	74.0	111.2	135.4	102.6	74.1	93.0
Average maturity of cane at 31 March	62.00%	66.67%	66.67%	66.67%	50.00%	66.67%
2008						
Expected area to harvest (hectares)	5 491	18 704	10 659	7 582	8 427	5 147
Estimated yield (tons cane/hectare)	76.0	109.7	120.8	104.9	83.6	91.0
Average maturity of cane at 31 March	63.00%	66.67%	66.67%	66.67%	50.00%	66.67%
2007						
Expected area to harvest (hectares)	5 377	18 510	10 897	7 574	8 062	3 587
Estimated yield (tons cane/hectare)	70.0	109.6	116.0	98.2	80.7	99.0
Average maturity of cane at 31 March	57.00%	66.67%	66.67%	66.67%	50.00%	66.67%

9.19 Trade and other receivables

	Group		
	2009 Rm	2008 Rm	2007 Rm
Trade debtors	430.5	422.5	351.5
Prepayments	55.9	35.7	25.5
Taxation	29.2	24.6	19.8
Other accounts receivable	240.7	299.9	241.4
	756.3	782.7	638.2

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

An allowance has been made for impairment of receivables amounting to R21.0 million (2008: R8.4 million; 2007: R7.9 million).

9.20 Factory overhaul costs

	Group		
	2009 Rm	2008 Rm	2007 Rm
Balance at the beginning of year	197.9	168.3	145.2
Capitalised during the year	228.1	184.0	169.3
Acquisition of business	8.9	–	–
Amortised during the year	(206.8)	(168.3)	(148.3)
Disposal of business	(10.0)	–	–
Exchange rate translation	(6.1)	13.9	2.1
Balance at the end of year	212.0	197.9	168.3

9.21 Derivative financial instruments

	Group		
	2009 Rm	2008 Rm	2007 Rm
Forward exchange contracts – imports (refer to note 9.35)	0.6	2.6	0.2
Forward exchange contracts – exports (refer to note 9.35)	24.4	(11.0)	3.3
Sugar commodities futures contracts	–	(0.2)	2.5
Cross currency interest rate swap (refer to note 9.35)	159.0	18.2	(96.6)
	184.0	9.6	(90.6)
<i>Comprising:</i>			
Assets	189.2	18.2	6.4
Liabilities	(5.2)	(8.6)	(97.0)
	184.0	9.6	(90.6)

9.22 Share capital and premium

	Group		
	2009 Rm	2008 Rm	2007 Rm
<i>Authorised:</i>			
900 000 000 ordinary shares of 4 cents each	36.0	36.0	36.0
<i>Issued and fully paid:</i>			
350 923 902 (2008: 349 858 800; 2007: 348 867 800) ordinary shares of 4 cents each	14.0	14.0	14.0
Share premium account	353.5	347.0	340.5
	367.5	361.0	354.5
The movement on the share capital and share premium accounts for the year was as follows:			
Balance at beginning of year	361.0	354.5	298.4
Share options exercised	6.5	6.5	56.1
Balance at end of year	367.5	361.0	354.5

9.23 Share-based payments reserve

	Group		
	2009 Rm	2008 Rm	2007 Rm
Balance at beginning of year	12.6	10.9	8.1
Share-based payments expense	0.5	1.7	2.8
Balance at end of year	13.1	12.6	10.9

9.24 Non-distributable reserves

	Group		
	2009 Rm	2008 Rm	2007 Rm
<i>Comprises:</i>			
Realised surpluses on sales of land and investments	68.0	67.7	67.7
Capital redemption reserve fund	37.1	37.1	37.1
Hedging reserve	15.1	(1.7)	1.7
Foreign currency translation reserve	276.3	309.3	39.8
Total non-distributable reserves	396.5	412.4	146.3
<i>Movement for the year:</i>			
Balance at beginning of year	412.4	146.3	122.1
Transfer to retained earnings – realised surpluses on sale of land (refer to note 9.26)	0.3	–	3.7
Adjustments for cash flow hedges	16.8	(3.4)	7.3
Currency translation differences	(33.0)	269.5	13.2
Balance at end of year	396.5	412.4	146.3

9.25 **Dividend reserve**

	Group		
	2009	2008	2007
	Rm	Rm	Rm
Balance at beginning of year	183.7	157.0	144.6
Transfer from retained earnings (refer to note 9.26)	372.0	299.2	262.1
Less: Dividends paid	(329.4)	(272.5)	(249.7)
Balance at end of year	226.3	183.7	157.0

9.26 **Retained earnings**

	Group		
	2009	2008	2007
	Rm	Rm	Rm
Balance at beginning of year	1 403.6	1 103.0	852.3
Profit for the year attributable to shareholders of Illovo Sugar Limited	739.1	599.8	516.5
Transfer to non distributable reserves – realised surpluses on sale of land (refer to note 9.24)	(0.3)	–	(3.7)
Transfer to dividend reserve (refer to note 9.25)	(372.0)	(299.2)	(262.1)
Balance at end of year	1 770.4	1 403.6	1 103.0

9.27 **Long-term borrowings**

	Group		
	2009	2008	2007
	Rm	Rm	Rm
South African borrowings	–	–	0.7
Foreign currency borrowings	1 348.2	1 266.2	244.3
Total borrowings	1 348.2	1 266.2	245.0
Less: Current portion redeemable and repayable within one year (refer to note 9.28)	217.7	74.7	21.8
	1 130.5	1 191.5	223.2
The above borrowings are due for repayment in the following years ending 31 March			
2008		21.8	
2009		74.7	21.2
2010	217.7	273.4	64.8
2011	641.6	599.8	63.1
2012 and thereafter	488.9	318.3	74.1
	1 348.2	1 266.2	245.0

	Foreign currency millions	Years of redemption/ payment	Interest rate %	Group		
				2009 Rm	2008 Rm	2007 Rm
South African borrowings						
Liabilities under capitalised finance leases (refer to note 9.12)				–	–	0.7
Total South African borrowings				–	–	0.7
Foreign borrowings						
Unsecured loans						
– Euro	8.2	2009 – 2015	3.0 – 7.1	58.7	73.6	72.1
Secured loans						
– US Dollar *	21.3	2009 – 2012	6.6 – 7.8	202.1	183.2	172.1
– Zambian Kwacha**	604 800.0	2009 – 2013	13.4 – 17.4	1 087.4	1 009.4	0.1
Total foreign borrowings				1 348.2	1 266.2	244.3
Total borrowings				1 348.2	1 266.2	245.0

* These loans are secured by guarantee from Illovo Sugar Limited

** These loans are secured by property, plant and equipment of Zambia Sugar Plc

9.28 Short-term borrowings

	Group		
	2009 Rm	2008 Rm	2007 Rm
Amounts due to bankers	446.9	–	36.3
Loan from holding company	1 138.8	977.3	870.0
Current portion of long-term borrowings (refer note 9.27)	217.7	74.7	21.8
	1 803.4	1 052.0	928.1

The amounts due to bankers have no fixed terms of repayment and bear interest at variable market-related interest rates.

The US\$120 million loan from the holding company is unsecured, bears interest at a variable rate of Libor plus 45 basis points and is repayable on 6 October 2009. The Company has entered into cross currency interest rate swaps to minimise the interest rate and foreign currency risk associated with the loan (refer to note 9.35).

9.29 **Deferred taxation**

	Group		
	2009 Rm	2008 Rm	2007 Rm
Balance at beginning of year	639.0	574.3	481.5
Provision on financial instruments taken to equity	4.5	(1.4)	3.2
Changes during the year:			
– Exchange rate translation difference	47.9	51.2	14.2
– Rate change	(109.1)	(17.2)	6.2
Charged to income:			
– Temporary differences	118.8	32.1	69.2
Balance at end of year	701.1	639.0	574.3
Analysis of provision			
– Property, plant and equipment	392.3	301.8	276.3
– Growing cane and cane roots	582.7	439.6	339.7
– Tax losses	(275.3)	(111.5)	(12.7)
– Other	1.4	9.1	(29.0)
Balance at end of year	701.1	639.0	574.3
– asset	(54.0)	(5.4)	(1.0)
– liability	755.1	644.4	575.3

9.30 **Trade and other payables**

	Group		
	2009 Rm	2008 Rm	2007 Rm
Trade creditors	527.8	476.7	333.6
Accruals and other accounts payable	783.1	717.4	637.2
	1 310.9	1 194.1	970.8

Trade creditors and accruals principally comprise amounts outstanding for trade purchase and ongoing costs.

The directors consider that the carrying amount of trade payables approximate their fair value.

9.31 **Provisions**

	Group		
	2009	2008	2007
	Rm	Rm	Rm
Leave pay			
Balance at beginning of year	47.9	43.4	38.2
Raised during the year	5.4	2.5	4.8
Foreign currency translation movement	(0.2)	2.0	0.4
Balance at end of year	53.1	47.9	43.4
Post-retirement benefits			
Balance at beginning of year	136.3	138.3	121.8
Utilised during the year	(10.9)	(5.0)	–
Raised during the year	18.7	0.3	15.8
Foreign currency translation movement	3.6	2.7	0.7
Balance at end of year	147.7	136.3	138.3
Other			
Balance at beginning of year	55.6	35.0	26.7
Raised during the year	20.2	20.6	8.3
Balance at end of year	75.8	55.6	35.0
Total provisions			
Balance at beginning of year	239.8	216.7	186.7
Utilised during the year	(10.9)	(5.0)	–
Raised during the year	44.3	23.4	28.9
Foreign currency translation movement	3.4	4.7	1.1
Balance at end of year	276.6	239.8	216.7

9.32 Capital expenditure commitments

	Group		
	2009 Rm	2008 Rm	2007 Rm
South Africa			
– contracted	15.1	11.4	8.1
– approved but not contracted	112.9	103.4	78.3
Malawi			
– contracted	18.1	20.5	1.5
– approved but not contracted	86.8	150.5	92.6
Zambia			
– contracted	197.3	728.9	8.9
– approved but not contracted	36.2	218.4	1 447.3
Swaziland			
– contracted	3.4	15.6	3.1
– approved but not contracted	63.2	56.5	42.0
Tanzania			
– contracted	6.2	16.6	3.2
– approved but not contracted	38.1	29.8	56.6
Mozambique			
– contracted	31.9	0.8	0.8
– approved but not contracted	214.8	268.5	16.7
Mali			
– contracted	4.2	4.4	–
– approved but not contracted	1 460.4	1 484.4	–
Corporate			
– contracted	–	–	3.6
– approved but not contracted	41.9	30.7	36.3
Contracted	276.2	798.2	29.2
Approved but not contracted	2 054.3	2 342.2	1 769.8
	2 330.5	3 140.4	1 799.0

With the exception of Mali, the capital expenditure will be financed from cash resources and facilities negotiated and not yet utilised. In respect of Mali, negotiations for financing facilities are at an advanced stage.

9.33 Contingent liabilities

	Group		
	2009 Rm	2008 Rm	2007 Rm
Guarantees in respect of liabilities of third parties and claims against the Group	13.5	5.0	5.2

Analysis of contingent liabilities at 31 March 2009

	13.5
Industrial relations claims	6.3
Standard Bank Swaziland – vehicle loan facility (secured by over assets)	5.0
Claim lodged by sugar trader in Tanzania	1.5
Claims lodged by growers in co-operative in Swaziland	0.7

9.34 Operating lease payments and commitments

The Group's payments and commitments in respect of operating leases are as follows:

	2010 Rm	2011 Rm	2012 Rm	2013 Rm	2014 onwards Rm	2009 Rm	2008 Rm	2007 Rm
Property	33.8	7.3	7.4	8.1	12.4	69.0	100.8	74.8
Plant and equipment	16.8	15.0	7.8	7.9	7.6	55.1	95.9	62.3
Total lease commitments	50.6	22.3	15.2	16.0	20.0	124.1	196.7	137.1

9.35 Financial risk management

Financial instruments consist primarily of cash deposits with banks, accounts receivable and payable, derivatives, and loans to and from associates and others. Financial instruments are carried at fair value or amounts that approximate fair value.

	Group		
	2009 Rm	2008 Rm	2007 Rm
Categories of financial instruments			
Financial assets			
Loans and receivables	1 547.3	2 020.8	1 678.4
Investments	14.8	10.1	7.7
Derivative financial instruments recognised in profit and loss	160.6	7.4	–
Derivative financial instruments designated as cash flow hedges	28.6	10.8	6.4
Financial liabilities			
Derivative financial instruments recognised in profit and loss	–	–	96.0
Derivative financial instruments designated as cash flow hedges	5.2	8.6	1.0
Financial liabilities measured at amortised cost	4 718.4	3 806.3	2 489.0
Reconciliation to balance sheet			
Loans	135.4	80.2	66.5
Trade and other receivables	756.3	782.7	638.2
Cash and cash equivalents	655.6	1 157.9	973.7
Loans and receivables	1 547.3	2 020.8	1 678.4
Trade and other payables	1 310.9	1 194.1	970.8
Taxation payable	114.5	102.3	115.8
Long-term borrowings	1 130.5	1 191.5	223.2
Short-term borrowings	1 936.2	1 134.7	1 022.2
Shareholders for dividends	226.3	183.7	157.0
Financial liabilities measured at amortised cost	4 718.4	3 806.3	2 489.0

9.35.1 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 formulates treasury management strategies in light of prevailing market conditions and current economic forecasts. This committee operates within Group policies approved by the board.

The derivative instruments used by the Group, which are used solely for hedging purposes (i.e. to offset foreign exchange, price and interest rate risks), comprise interest rate swaps, cross currency interest rate swaps, forward exchange contracts and sugar

commodity futures. 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.

9.35.2 **Interest rate risk management**

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

The interest rate profile at 31 March 2009 is as follows:

	Floating rate	1 – 6 months	Greater than 6 months	Long-term borrowings	Current portion long-term borrowings	Total borrowings
Borrowings (Rm)	132.8	446.9	1 138.8	1 130.5	217.7	3 066.7
% total borrowings	4%	15%	37%	37%	7%	100%

In order to minimise risk on the US\$120 million loan from the holding company, the Company has entered into a three-year cross-currency interest rate swap which fixes the exchange rate on the capital and swaps out the floating US Dollar interest rate for a floating Rand rate and a fixed Rand interest rate (refer to note 9.21).

The interest rate swap contract which exchanges floating rate interest amounts for fixed interest amounts is designated as a cash flow hedge in order to reduce the Group's cash flow exposure resulting from the variable interest rate borrowings. The interest rate swaps and the interest rate payments on the loan occur simultaneously and the amount deferred in equity is recognised in profit and loss over the period that the floating rate interest payments on debt impact profit or loss.

Interest rate sensitivity

The Group is exposed to interest rate cash flow risk in respect of its variable rate loans and short-term cash investments, 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 balance sheet date and the stipulated change taking place at the beginning of the financial year.

	2009 Rm	2008 Rm	2007 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 increase/decrease by	14.1	6.7	3.1

9.35.3 **Commodity price risk management**

Commodity price risk arises from 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 which ensures a premium to the world sugar price. 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.

Management regularly monitors the volumes of sugar sold into the various markets to ensure that the Group realises the best possible price.

9.35.4 **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 in respect of receivables and liabilities.

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:

	Assets			Liabilities		
	2009 Rm	2008 Rm	2007 Rm	2009 Rm	2008 Rm	2007 Rm
US Dollars	255.9	174.4	162.0	239.6	354.0	174.7
Euros	18.9	86.4	2.6	34.9	47.1	43.9
Other	0.2	0.7	–	3.4	36.0	33.6

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

	Group					
	2009		2008		2007	
	Foreign currency million	Amount in Rm	Foreign currency million	Amount in Rm	Foreign currency million	Amount in Rm
Assets						
US Dollars	26.2	249.1	11.9	97.3	8.2	59.2
Euros	1.5	18.9	6.7	86.4	3.0	29.4
Other		0.2		0.7		0.2
		268.2		184.4		88.8
Liabilities						
US Dollars	10.3	98.0	0.7	5.4	0.2	1.3
Euros	0.9	11.5	3.6	47.1	4.5	43.9
Other		3.4		36.0		4.4
		112.9		88.5		49.6

Foreign currency sensitivity

The Group's exchange rate exposure relates mainly to the US Dollar and the Euro. The following table details the Group's sensitivity to a 10% increase and decrease in the Rand against the US Dollar and Euro for the net foreign assets and liabilities of the Group. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit before tax and other equity 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 and other equity, and the balances below would be negative.

	US Dollar			Euro		
	2009 Rm	2008 Rm	2007 Rm	2009 Rm	2008 Rm	2007 Rm
10% foreign currency sensitivity	1.6	4.4	4.0	(1.6)	3.9	1.5

In order to minimise risk on the US\$120 million loan from the holding company, the Company has entered into a three-year cross currency interest rate swap which fixes the exchange rate on the capital and swaps out the floating US Dollar interest rate for a floating Rand rate and a fixed Rand interest rate (refer to note 9.21).

The Group has entered into certain forward exchange contracts which relate to specific items appearing on the balance sheet 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 2010 financial year.

	2009			2008			2007		
	Foreign currency million	Average rate	Amount in Rm	Foreign currency million	Average rate	Amount in Rm	Foreign currency million	Average rate	Amount in Rm
Foreign currency sold									
US Dollars	15.5	11.02	170.9	8.2	7.77	64.0	6.4	7.42	47.5
Euros	18.2	12.84	233.7	2.8	12.90	36.1	1.0	9.90	9.9
Foreign currency purchased									
US Dollars	0.5	10.63	5.7	–	–	–	–	–	–
Euros	3.4	12.47	42.4	–	–	–	–	–	–
Mauritian Rupee	7.1	3.52	25.0	–	–	–	–	–	–

9.35.5 **Credit risk management**

Credit risk consists mainly of short-term cash deposits and cash equivalent investments, trade debtors 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 debtors 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 2009, the Group does not consider there to be any material credit risk that has not been insured or adequately provided against.

The Group grants various credit terms to its customers. The analysis of trade receivables which are past due at reporting date is as follows:

	Group		
	2009 Rm	2008 Rm	2007 Rm
Not past due	401.4	379.9	317.3
Past due by 30 days	33.4	28.8	30.9
Past due by 60 days	13.6	7.8	3.9
Past due by 90 days	1.6	1.6	1.6
Past due by 120 days and over	1.5	12.8	5.7
	451.5	430.9	359.4
Less: Allowance for doubtful debts	(21.0)	(8.4)	(7.9)
Total trade receivables	430.5	422.5	351.5

No specific trade receivables have been placed under liquidation in both the current and prior years.

9.35.6 **Provision for doubtful debts**

Set out below is a summary of the movement in the provision for doubtful debts for the year:

	Group		
	2009	2008	2007
	Rm	Rm	Rm
Balance at beginning of the year	8.4	7.9	11.0
Amounts written off during the year	(0.1)	(0.7)	(0.7)
Amounts recovered during the year	(0.4)	–	–
Increase/(Decrease) in allowance	13.7	0.6	(2.4)
Exchange rate translation difference	(0.6)	0.6	–
Balance at end of the year	21.0	8.4	7.9

9.35.7 **Liquidity risk management**

In terms of the Company's Articles of Association, the directors may from time to time, at their discretion, raise or borrow for the purpose of the Company as they think fit.

The Group treasury has access to the following local and foreign banking facilities at 31 March 2009:

	Rm
Local, fixed and flexible term, general banking facilities	3 729.0
Foreign, fixed and flexible term, general banking facilities	1 550.0
	5 279.0

9.35.8 **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 debt, which includes the borrowings, cash and cash equivalents and equity.

9.36 **Operating profit movements**

Operating profit movements are calculated as follows:

	Group		
	2009	2008	2007
	Rm	Rm	Rm
Operating profit	1 386.2	1 064.5	1 034.3
Material items	0.3	(0.1)	4.2
Total income	1 386.5	1 064.4	1 038.5
<i>Add back:</i> Depreciation	215.2	151.7	140.4
Change in fair value of cane roots	(134.3)	(80.1)	(59.5)
Change in fair value of growing cane	(297.2)	(101.4)	(80.2)
(Profit)/Loss on disposal of properties	(0.3)	0.1	(4.2)
Loss/(Profit) on disposal of plant and equipment	2.6	(2.2)	3.7
Research expenditure	33.9	20.8	17.2
Share-based payments expense	0.5	1.7	2.8
Operating profit before working capital movements	1 206.9	1 055.0	1 058.7

9.37 Working capital movements

Working capital movements comprise the following:

	Group		
	2009	2008	2007
	Rm	Rm	Rm
Inventories	(122.8)	(29.8)	(11.3)
Trade and other receivables	(113.7)	(99.8)	(108.0)
Factory overhaul costs	(21.3)	(15.7)	(21.0)
Trade and other payables	620.6	191.5	79.3
Working capital movements	362.8	46.2	(61.0)

9.38 Taxation paid

	Group		
	2009	2008	2007
	Rm	Rm	Rm
Taxation paid is reconciled to the amounts disclosed in the income statements as follows:			
Amounts unpaid at beginning of year	(77.7)	(96.0)	(67.5)
Translation rate adjustment	(8.7)	(7.5)	0.2
Per income statements (excluding deferred taxation)	(229.2)	(125.8)	(219.1)
Amounts unpaid at end of year, net of overpayments	85.3	77.7	96.0
Total taxation paid	(230.3)	(151.6)	(190.4)

9.39 Dividends paid

Dividends paid are reconciled as follows:

	Group		
	2009	2008	2007
	Rm	Rm	Rm
Dividend paid to shareholders of Illovo Sugar Limited (refer to note 9.9)	(329.4)	(272.5)	(249.7)
Dividends paid to outside shareholders of subsidiary companies	(119.8)	(114.4)	(84.5)
Total dividends paid	(449.2)	(386.9)	(334.2)

9.40 Acquisition of business

The fair value of the assets acquired and liabilities assumed of business acquired were as follows:

	Group		
	2009	2008	2007
	Rm	Rm	Rm
Property, plant and equipment	110.1	–	–
Inventories	6.7	–	–
Trade and other receivables	2.6	–	–
Factory overhaul costs	8.9	–	–
Trade and other payables	(3.2)	–	–
Net asset value acquired	125.1	–	–
Portion of purchase price paid by releasing the seller's obligation	(125.1)	–	–
Cash cost of acquisition	–	–	–

9.41 Proceeds on disposal of business

The fair value of the assets and liabilities of the business disposed of were as follows:

	Group		
	2009 Rm	2008 Rm	2007 Rm
Property, plant and equipment	105.6	–	–
Inventories	6.6	–	–
Factory overhaul costs	10.0	–	–
Trade and other payables	(2.2)	–	–
Net asset value disposed of	120.0	–	–
Profit on disposal of business	–	–	–
Net proceeds on disposal of business	120.0	–	–

9.42 Proceeds from issue of share capital

	Group		
	2009 Rm	2008 Rm	2007 Rm
Proceeds from issue of share capital	6.5	6.5	56.1

During the year the Company issued 1 065 102 (2008: 991 000; 2007: 8 740 000) new shares.

9.43 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instruments.

	Group		
	2009 Rm	2008 Rm	2007 Rm
Cash and cash equivalents at the beginning of the year			
Per the balance sheet	1 157.9	973.7	627.3
Translation adjustment on opening balance of cash and cash equivalents	(34.2)	91.6	(4.5)
Per the cash flow statement	1 123.7	1 065.3	622.8

10. SEGMENTAL ANALYSIS

10.1 Business segmentation

The Group is comprised of the following business segments:

- Cane growing – the processing of sugar cane for use in the sugar production process;
- Sugar production – the manufacture of sugar from cane; and
- Downstream operations – the manufacture and sale of downstream products including syrup, furfural and alcohol.

	Revenue Rm	Operating profit Rm	Total assets Rm	Capital expenditure Rm	Depreciation Rm
Year to 31 March 2009					
Sugar production	6 250.7	716.1	4 250.3	1 373.4	150.7
Cane growing	1 712.4	503.5	3 476.6	476.3	54.1
Downstream	638.6	166.6	348.3	16.3	10.4
	8 601.7	1 386.2	8 075.2	1 866.0	215.2

	Revenue Rm	Operating profit Rm	Total assets Rm	Capital expenditure Rm	Depreciation Rm
Year to 31 March 2008					
Sugar production	4 859.9	602.4	3 301.1	687.9	109.0
Cane growing	1 358.2	317.0	2 669.8	300.5	32.3
Downstream	576.0	145.1	291.9	3.5	10.4
	6 794.1	1 064.5	6 262.8	991.9	151.7
Year to 31 March 2007					
Sugar production	4 410.7	605.6	2 253.1	150.1	99.9
Cane growing	1 344.8	341.0	1 930.9	61.7	29.8
Downstream	508.1	87.7	284.2	3.3	10.7
	6 263.6	1 034.3	4 468.2	215.1	140.4

10.2 Geographical segmentation

The revenues, profits and assets for the countries in which the Group operates are presented below:

	Revenue Rm	Operating profit Rm	Total assets Rm	Capital expenditure Rm
Year to 31 March 2009				
South Africa	3 868.8	256.6	1 769.8	76.9
Malawi	1 739.6	634.0	1 697.4	138.4
Zambia	1 150.0	168.3	2 808.7	1 517.3
Swaziland	790.1	127.7	550.2	63.3
Tanzania	666.3	118.6	630.7	31.3
Mozambique	386.9	81.0	618.4	38.8
	8 601.7	1 386.2	8 075.2	1 866.0
Year to 31 March 2008				
South Africa	3 104.1	263.4	1 643.2	47.6
Malawi	1 162.7	434.0	1 298.3	84.0
Zambia	1 076.1	125.1	1 815.7	781.6
Swaziland	693.0	98.2	462.0	24.5
Tanzania	482.8	94.2	530.3	32.9
Mozambique	275.4	49.6	513.3	21.3
	6 794.1	1 064.5	6 262.8	991.9
Year to 31 March 2007				
South Africa	2 824.1	213.1	1 564.5	58.6
Malawi	1 137.5	408.5	971.2	60.5
Zambia	1 053.1	232.3	642.3	50.4
Swaziland	612.8	68.9	439.3	24.8
Tanzania	423.3	93.6	421.7	14.6
Mozambique	212.8	17.9	429.2	6.2
	6 263.6	1 034.3	4 468.2	215.1

Note: Total assets exclude financial instruments.

MATERIAL BORROWINGS AND LOANS RECEIVABLE

1. BORROWINGS

Material borrowings of the Illovo Group at the last practicable date

Lender	Recipient	Facility size Rm	Amount out-standing Rm	Interest rate	Security	Terms and conditions of repayment
Associated British Foods	Illovo Sugar Limited	954	954	Variable at LIBOR plus 45bps	None	Repayable on 6 October 2009
Associated British Foods	Illovo Group Holdings Limited	267	267	Variable at LIBOR plus 225bps	None	Repayable on 30 November 2009
Associated British Foods	Illovo Group Holdings Limited	724	198	Variable at LIBOR plus 300bps	None	Repayable on 30 November 2009
Syndicated loan (Tranche A and B)	Zambia Sugar Plc	563	563	Variable T-Bill rate plus 2% margin	First legal mortgage and first fixed charge on all Zambia Sugar Plc's rights in fixed and moveable property	Repayable by 2013
Syndicated loan (Tranche C)	Illovo Sugar Ireland (on lent to Zambia Sugar Plc)	433	433	Variable, Government of Zambia three year bond rate plus 2% margin	Negative pledge	Repayable by 2012
Standard Bank London	Maragra Açúcar SARL	159	159	Variable at LIBOR plus 1.25% margin	None	Repayable by 31 March 2012
Total		2 109	2 109			

The Associated British Foods loan to Illovo Sugar Limited was raised in October 2006 and is core debt in South Africa. Such core debt has been in place in the South African capital structure for many years before this loan in the form of syndicated loans. Repayment will be made from the proceeds of the rights offer.

The Associated British Foods loans to Illovo Group Holdings Limited were raised in June and July 2009 respectively. These are bridge loans which will be repaid from the proceeds of the rights offer. The loans are based in US Dollars.

The syndicated loans, Tranches A, B and C, were raised in December 2007 for the financing of the Zambia factory expansion. These loans will be repaid from cash generated from Zambia Sugar Plc operating activities. The loans are based in Zambian Kwacha.

The negative pledge pertaining to Tranche C of the syndicated loan prohibits Illovo Sugar Ireland, Zambia Sugar Plc and its subsidiaries from creating or permitting to subsist any mortgage, charge, pledge, lien or other security interest over any of its or their assets as at the date of the agreement.

The Standard Bank London loan to Maragra Açúcar SARL was refinanced in March 2004. This loan was originally required for the rehabilitation of the mill. This loan will be repaid from cash generated from the recipient's operating activities.

2. INTER-COMPANY FINANCING

Material inter-company loans at the last practicable date

Lender	Recipient	Facility size Rm	Amount outstanding Rm	Interest rate	Security	Terms and conditions of repayment
Illovo Group Holdings Limited	Zambia Sugar Plc	935	935	LIBOR plus 6%	None	No fixed terms
Illovo Sugar Ireland (Tranche C loan)	Zambia Sugar Plc	433	433	Variable, Government of Zambia three-year bond rate plus 2% margin	None	Repayable by 31 March 2012
Illovo Group Holdings Limited	Maragra Açúcar SARL	99	99	LIBOR plus 1.5%	None	No fixed terms
Total		1 467	1 467			

PRINCIPAL IMMOVABLE PROPERTIES OWNED AND LEASED

Principal immovable properties owned by the Illovo Group are set out below:

Owner	Property type	Location	Area
Illovo Sugar Limited	Mill and refinery with warehousing and housing	Pongola, South Africa	139 ha
Illovo Sugar Limited	Mill and refinery with warehousing and housing	Noodsberg, Dalton, South Africa	549 ha
Illovo Sugar Limited	Mill with agricultural land and syrup plant	Eston, South Africa	1 674 ha
Illovo Sugar Limited	Mill with downstream products, factory, housing and agricultural land	Sezela Scottburgh, South Africa	10 380 ha
Illovo Sugar Limited	Mill with agricultural land	Umzimkulu, Port Shepstone, South Africa	4 022 ha
Illovo Sugar Limited	Downstream products factory	Merebank, Durban, South Africa	6 ha
Illovo Sugar Limited	Warehousing	Alrode, Gauteng, South Africa	1 ha
Illovo Sugar Limited	Bulk depot, warehousing, distribution and sales centre	Germiston, Gauteng, South Africa	3 ha
Ubombo Sugar Limited and certain subsidiaries	Mill and refinery with warehousing, housing and agricultural land	Big Bend, Lubonmbo District, Swaziland	22 728 ha

Principal immovable properties leased by the Illovo Group are set out below:

Lessor	Property type	Location	Rental	Unexpired term of lease	Area
Growthpoint Properties Limited	Office	Illovo Sugar Park, Mount Edgecombe, South Africa	R5 777 520 pa	5 years	6 407 m ²
JT Ross	Depot and offices	Mount Edgecombe, South Africa	R938 257 pa	5 years	1 303 m ²
D C Africa Silicones CC	Offices and warehouse	Johannesburg, South Africa	R1 374 000 pa	4 years	2 800 m ²
Newlyn Investments	Warehouse	Rosburgh, Durban, South Africa	R20 976 385 pa	1 year	61 489 m ²
Ou Kaapse Property Investments (Pty) Ltd	Warehouse	Cape Town, South Africa	R119 258 pa	3 years	90 m ²
Republic of Tanzania	Agricultural land	Msolwa, Tanzania	TZS 5 162 000 pa	53 years	10 445 ha
Republic of Tanzania	Agricultural land	Ruembe, Tanzania	TZS 2 261 400 pa	80 years	4 576 ha

Lessor	Property type	Location	Rental	Unexpired term of lease	Area
Government of Malawi	Estate land (Deed no. 31244)	Nchalo Estate, Malawi	MWK50 per ha pa	54 years	4 763 ha
Government of Malawi	Estate land (Deed no. 44495)	Nchalo Estate, Malawi	MWK50 per ha pa	64 years	12 392 ha
Government of Malawi	Estate land (Deed no. 76041)	Nchalo Estate, Malawi	MWK50 per ha pa	82 years	3 767 ha
Government of Malawi	Bangula warehouse	Bangula (Plot 13), Nsanje District, Malawi	MWK50 per ha pa	56 years	4 ha
Government of Malawi	Estate land (Deed no. 55958)	Dwangwa Estate, Malawi	MWK3 276 pa	67 years	13 300 ha
Government of Zambia	Agricultural cane growing, mill and offices	Mazabuka and Lusaka, Zambia	ZMK465 947 200 pa	66 years	21 922 ha
R. Kasonde	Agricultural land	Mazabuka	US\$150 per ha pa	15 years	43 ha
R. Lisimba	Agricultural land	Mazabuka	US\$150 per ha pa	15 years	153 ha
L. Bbuku, J. Bbuku	Agricultural land	Mazabuka	US\$150 per ha pa	15 years	494 ha
M. Lakhi	Agricultural land	Mazabuka	US\$150 per ha pa	15 years	555 ha
W. Mulomba, C. Hamunkoyo, R. Hamunkoyo	Agricultural land	Mazabuka	US\$150 per ha pa	15 years	339 ha
S. Mukadam	Agricultural land	Mazabuka	US\$150 per ha pa	15 years	484 ha
Government of Mozambique	Agricultural cane growing, mill, offices and houses	Mozambique	MZM 17 912 pa	40 years	8 250 ha

SUBSIDIARY COMPANIES

Details of the principal subsidiary companies of Illovo are set out below:

Company (Proprietary) Limited unless otherwise indicated	Registration number	Date and place of incorporation	Issued share capital Rm	Shareholding (%)	Effective date of becoming a subsidiary
Holding company					
Illovo Group Holdings Limited – ordinary	19870/3762	10/06/1998 – Mauritius	–	100%	10 Jun 1998
Illovo Group Holdings Limited – preference	19870/3762	10/06/1998 – Mauritius	1 589.6	100%	10 Jun 1998
Sucoma Holdings Limited	20964/4754	30/06/1998 – Mauritius	597.7	100%	30 Jun 1998
Illovo Sugar Coöperatief U.A.	34276333	14/06/2007 – Netherlands	–	100%	14 Jun 2007
Cane and sugar production					
Ubombo Sugar Limited	2/1950	09/03/1950 – Swaziland	49.5	60%	20 Jun 1997
Illovo Sugar (Malawi) Limited	839	31/05/1965 – Malawi	53.1	76%	20 Jun 1997
Zambia Sugar Plc	2880	26/03/1964 – Zambia	4.7	90%	02 Apr 2001
Maragra Açúcar SARL	8476	22/03/1996 – Mozambique	350.9	72%	22 Mar 1996
Kilombero Sugar Company Limited	2539	30/05/1960 – Tanzania	1.8	55%	23 Sep 1998
Molasses distribution					
Illovo Distributors	1964/004128/07	05/06/1964 – South Africa	–	100%	05 Jun 1964
Downstream marketing					
Illovo Sugar España, S.L.	B-83123570	03/04/2002 – Spain	–	100%	03 Apr 2002
Property					
Illprop	1971/010547/07	16/09/1971 – South Africa	1.3	100%	16 Sep 1971
Reynolds Brothers Limited	1974/002594/06	27/08/1974 – South Africa	–	100%	27 Aug 1974
Glendale Sugar Limited	1969/006877/06	02/08/1969 – South Africa	5.6	100%	20 Jun 1997
Project services					
Illovo Projects Services Limited	67864	03/03/1997 – Jersey	–	100%	03 Mar 1997
Paala Consultores Marketing E Servicos Lda	3563	03/02/1999 – Portugal	–	100%	03 Feb 1999

Company (Proprietary) Limited unless otherwise indicated	Registration number	Date and place of incorporation	Issued share capital Rm	Shareholding (%)	Effective date of becoming a subsidiary
Investments					
CGS Investments	1196/014177/07	17/10/1996 – South Africa	–	100%	17 Oct 1996
Monitor Holdings Limited	6/99/4584	16/04/1999 – Mauritius	250.0	100%	16 Apr 1999
Procurement					
East African Supply	1990/000271/07	19/01/1990 – South Africa	–	100%	20 Jun 1997
Management and financing					
Illovo Tanzania Limited	35527	06/01/1999 – Tanzania	–	100%	06 Jan 1999
Illovo Sugar Ireland	346629	14/08/2001 – Ireland	–	100%	14 Aug 2001

CORPORATE GOVERNANCE

The directors and employees of Illovo strive to ensure that the Company is managed in an efficient, accountable, responsible and moral manner. The board of directors endorses the Code of Corporate Practices and Conduct contained in The King II Report, and believes that in all material respects the Group complies with the principles contained in such Code. The Company complies with all the requirements concerning corporate governance contained in the Listings Requirements.

1. THE BOARD AND BOARD COMMITTEES

The Company has a unitary board of directors which comprises a majority of non-executive directors (presently eight non-executive independent directors, four non-executive directors, three of whom are nominated by the holding company, and five executive directors). Non-executive directors are chosen for their business acumen and skills pertinent to the business of the Group and meet the criteria of the King II Report. The board is ultimately responsible for ensuring that the business is a going concern, and to this end effectively controls the Group and its management and is involved in all decisions that are material for this purpose. The board functions in terms of a formal Board Charter which requires that there is an appropriate balance of power and authority on the board. The board has defined and monitors levels of materiality and has formally documented matters which it has delegated to the board committees and management.

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

New appointments to the board are subject to the recommendation of the Remuneration/Nomination Committee and formal approval by the board. At each annual general meeting of shareholders, not less than one-third of the directors must retire, being those directors longest in office since their appointment or last re-election, and may, if available, be proposed for re-election. The appointments of new directors are subject to confirmation by shareholders at the next annual general meeting following their appointment.

Members of the board have access to the advice of the company secretary, and may, in appropriate circumstances, take independent professional advice at the Company's expense.

The board has previously had five, and in future will have six, regular meetings a year. In addition, there is provision in the Company's Articles of Association for decisions taken between meetings to be confirmed by way of directors' resolutions.

In the year ended 31 March 2009, six meetings were held, attendance at which is reflected in paragraph 1.5 of this Annexure.

1.1 Audit Committee

For the year ended 31 March 2009, the Group Audit Committee comprised four non-executive independent directors, one of whom is the chairman of the Committee. The members of the Committee, appointed by the board for the year ending 31 March 2010, are indicated in paragraph 1.6 of this Annexure. The Committee is chaired by Dr. D Konar.

The Committee has formal terms of reference approved by the board. Its main task is to ensure the maintenance of and, where necessary, the review of the effectiveness of internal financial controls in the Group, along with the maintenance of adequate accounting records. It also oversees the financial reporting process and is concerned with the review of important accounting issues, pending litigation, specific disclosures in the financial statements and a review of the major audit recommendations.

For the year ended 31 March 2009, the Committee confirmed the appointment of both Deloitte & Touche as the independent auditors and Mr. C A Sagar as the registered auditor responsible for the audit, and further satisfied itself that the independent auditors were independent of the Company. The Committee approves any non-audit services undertaken by the independent auditors in terms of a formal policy which has been adopted in this regard.

The independent and internal auditors have unrestricted access to the Committee and its chairman. The Committee chairman is available at the annual general meeting.

The Committee has satisfied itself of the appropriateness of the expertise and experience of the Financial Director, Ms. K Zarnack.

The Committee has three regular meetings a year which are also attended by the independent and internal auditors, two non-executive directors, one of whom is nominated by the holding company, and appropriate members of executive and senior management. In the past year, three meetings were held, attendance at which is reflected in paragraph 1.5 of this Annexure. For the year ended 31 March 2009, the Committee satisfied its responsibilities in compliance with its terms of reference.

Audit committees are also established and operational at each of the operating subsidiaries.

1.2 **Remuneration/Nomination Committee**

For the year ended 31 March 2009, the Company's Remuneration/Nomination Committee comprised five non-executive directors, four of whom are independent. Two additional non-executive directors, one of whom is independent, have recently been appointed as members of the Committee. The previous chairman, Mr. R A Norton, retired at the annual general meeting held on 14 July 2009 and has been succeeded by Mr. M J Shaw. When the Committee meets to consider nomination matters it is chaired by Mr. R A Williams as chairman of the board. The current members of the Committee are indicated in paragraph 1.6 of this Annexure.

The Committee has formal terms of reference approved by the board. It is responsible for the assessment and approval of a broad remuneration strategy for the Group, and is also responsible for the development and determination of the Company's general policy on executive and senior management remuneration; the positioning of senior executive pay levels relative to local and international industry benchmarks; the determination of the remuneration packages of the Company's executive directors; and making recommendations to the board on the fees and remuneration payable to the Company's non-executive directors.

The Committee plays an integral part in succession planning relative to senior executives. It is apprised of any movements in the beneficial shareholdings of all directors of the Company.

The Committee also gives consideration to the composition of the board and makes appropriate recommendations in this regard to the board.

The Committee meets at least three times a year at which meetings appropriate members of executive management are in attendance. In the year ended 31 March 2009, five meetings were held, attendance at which is reflected in the table in paragraph 1.5 of this Annexure. For the year ended 31 March 2009, the Committee satisfied its responsibilities in compliance with its terms of reference.

1.3 **Risk Management Committee**

The Company's Risk Management Committee presently comprises four non-executive directors, two of whom are independent and one of whom is the chairman of the Committee, three of the executive directors and five members of senior management. Members of the Committee are indicated in paragraph 1.6 of this Annexure. The Committee is chaired by Mr. M J Shaw.

The Committee has formal terms of reference approved by the board. The Committee is responsible for reviewing the Company's risk philosophy, strategy and policies, and ensuring compliance with such policies; reviewing the adequacy and overall effectiveness of the Company's risk management function; ensuring the implementation of an ongoing process for risk identification, mitigation and management; ensuring the establishment of a comprehensive system of controls; pursuing measures for increasing risk awareness throughout the Company; reviewing any significant legal matters; and reviewing the adequacy of insurance coverage. The Committee gives particular focus to operational risks, including health and safety.

The Committee meets at least twice a year. In respect of the year ended 31 March 2009, two meetings were held, attendance at which by the director members is reflected in the table in paragraph 1.5 of this Annexure. For the year ended 31 March 2009, the Committee satisfied its responsibilities in compliance with its terms of reference.

1.4 Executive Committees

The executive directors along with the human resources executive and the company secretary meet on a weekly basis to review operational performance, capital programmes and other relevant issues. In addition, consideration is given to major investment and capital expenditure proposals as well as issues of strategic importance to the Group, for recommendation to the board. Furthermore, the daily involvement of the executive directors with operational and functional executives ensures the interactive nature of the overall management reporting structure.

A Group Executive Committee, comprising the executive directors, one non-executive director, and certain senior members of management, meets on a regular basis, particularly to share and discuss the Group's key strategies and issues. The members of this Committee are indicated in paragraph 1.6 of this Annexure. The Committee presently meets at least five times a year.

A Corporate Executive Committee, comprising the executive directors and certain senior members of corporate management meets monthly to discuss and agree implementation processes in respect of corporate strategies and policies.

1.5 Attendance at board and committee meetings during the year ended 31 March 2009

	Board		Audit Committee		Remuneration/ Nomination Committee		Risk Management Committee		Annual General Meeting	
	A	B	A	B	A	B	A	B	A	B
Carr M I	6	4			5	3			1	0
Clark G J	6	6					2	2	1	1
Connellan B P	6	6							1	1
Hankinson M J	6	4	1	1			2	1	1	1
# Haworth D L	0	0							0	0
Konar D	6	5	3	3					1	1
Langlands D R	6	4					2	1	1	1
Lister P A	6	3							1	0
MacLeod D G	6	6					2	2	1	1
Madi P M	6	6			5	5			1	1
Ø Molope C W N	3	3							0	0
# Riddle L W	0	0							0	0
Shaw M J	6	6	3	3	5	5	2	2	1	1
Stuart B M	6	5					2	1	1	1
+ Williams R A	6	6	3	3	5	5	2	2	1	1
Zarnack K	6	6					2	2	1	1

Column A indicates the number of meetings held during the period the director was a member of the board/committee

Column B indicates the number of meetings attended during the period the director was a member of the board/committee

Appointed with effect from 1 April 2009

Ø Appointed on 16 September 2008

+ Participation as an attendee in his capacity as chairman of the board

1.6 Committee membership

The members of each committee are set out in the table below:

Committee	Members (Directors)	Members (Senior Management)
Audit Committee	D Konar (Chairman) M J Hankinson C W N Molope M J Shaw R A Williams	
Remuneration/ Nomination Committee	M J Shaw (Chairman) M I Carr M J Hankinson D G MacLeod P M Madi R A Williams	
Risk Management Committee	M J Shaw (Chairman) G J Clark M J Hankinson D R Langlands D G MacLeod B M Stuart K Zarnack	R Botha P H Canter D George G D Knox J M Moulton
Group Executive Committee	G J Clark (Chairman) M I Carr D L Haworth L W Riddle B M Stuart K Zarnack	W M A Buchanan D H Carter-Brown S J M Cleasby D G Coates D W H Cousens N M Hawley D E Howells G D Knox S D Langton I G Parrott

2. MANAGEMENT REPORTING

The Group has established comprehensive management reporting disciplines which include the preparation of annual strategic plans and budgets by all operating entities. Results and the financial status of operating entities are reported monthly against approved budgets and compared to the prior year. Profit and cash flow projections are reviewed regularly, whilst working capital and borrowing levels are monitored on an on-going basis.

3. FINANCIAL STATEMENTS

The Company's directors are responsible for overseeing the preparation of the financial statements and other information presented in reports to shareholders in a manner that fairly presents the state of affairs and results of the Group's business operations. The independent auditors are responsible for carrying out an independent examination of the financial statements in accordance with International Standards on Auditing and reporting their findings.

The annual financial statements are prepared in accordance with IFRS. They are based on appropriate accounting policies which have been consistently applied, except when otherwise stated, in which case full disclosure is made.

The directors believe that the business will be a going concern in current year. The auditors concur with the opinion of the directors.

4. **INTERNAL CONTROL**

The Group maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for its assets. Such controls and systems are based on established policies and procedures and are implemented by trained personnel with an appropriate segregation of duties. The effectiveness of these internal controls and systems is monitored in a number of ways, as set out below, dependent upon the particular circumstances:

- the aid of internal control checklists;
- the establishment of defalcation reporting procedures;
- the functions of the internal audit department; and
- adherence to performance standards.

The purpose, authority and responsibility of the internal audit department are defined in a formal Charter approved by the Audit Committee and the board. The department functions as an independent appraisal activity established to conduct reviews of operations and procedures, and to report findings and recommendations to Company management, the Audit Committee or the board as may be appropriate. The head of the department reports administratively to the financial director, but has unrestricted access to the chief executive, the Audit Committee and the chairman of the board.

The independent auditors, through the audit work they perform, confirm that the abovementioned monitoring procedures have been implemented.

Nothing has come to the attention of the directors or the independent auditors to indicate that any material breakdown in the functioning of the abovementioned internal controls and systems has occurred during the year ended 31 March 2009.

5. **ETHICS**

It is a fundamental policy of the Company, embracing all Group operations, to conduct its business with honesty and integrity and in accordance with the highest legal and ethical standards. The Company has established a Code of Conduct and Business Practices, determining the minimum standards required of all staff, which is disseminated throughout the Group and reviewed annually by the executive directors. The Code prescribes, *inter alia*, that the Company shall not make political contributions. All managers are required to give written agreement to this Code. In any instance where ethical standards are called into question, the circumstances are investigated and resolved by the appropriate executive. "Crimeline" facilities, inviting people from within and outside the Company to anonymously report any wrongdoings are operated by independent forensic accountants, and all matters arising are then appropriately investigated and reported upon.

6. **INSIDER TRADING**

The Company has a code of conduct for dealing in securities issued by any of the Group's listed companies. Directors and officers of the Group who have access to unpublished, price-sensitive information in respect of any of these companies are prohibited from dealing in the shares of such companies during defined restricted periods, including those periods immediately prior to the announcement of interim and final financial results and periods during which cautionary announcements are operative. Directors and the company secretaries of both Illovo and its major subsidiaries are required to obtain clearance from either the chairman or the chief executive before dealing in Company shares.

