PROFIT AND DIVIDEND ANNOUNCEMENT

Audited results for the year ended 31 March 2008

Company registration no. 1906/000622/06
Share code ILV ISIN ZAE000083846

- Headline earnings of R600 million
- Headline earnings per share increase by 15%
- Strong operational cash generation
- Commencement of major expansionary phase

Review

The group achieved good results in the past year with headline earnings increasing by 16% to R599.6 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 European Union, and a further improvement in furfural and furfuryl alcohol export prices. In addition, profits benefited from a significant decrease in the 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.

The group achieved turnover of R6.8 billion and operating profit of R1 065 million. Compared to the previous year, turnover increased by 8% whilst operating profit increased by 3%. The operating margin declined slightly to 15.7%. Net financing costs increased from R96.4 million to R170.4 million, mainly as a result of increased seasonal working capital requirements, expansion capital expenditure and higher interest rates. The effective tax rate, excluding material items, 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. This 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. The group's tax rate can be expected to normalise at around 27% in the year ahead.

Strong operational cash generation of R1 055 million was achieved. However major expansion capital expenditure has resulted in group borrowings increasing to R1 168 million, with gearing rising to 39.9%.

The contributions to operating profit were sugar production 57%, cane growing 30% and downstream 13%. By country, contributions were South Africa 25%, Malawi 41%, Zambia 12%, Swaziland 9%, Tanzania 9% and Mozambique 4%.

The performance of the operations across the group was generally satisfactory despite the onset of early summer rains across the southern African region which, in all countries of operation except Malawi, prevented the completion of the harvesting programmes and resulted in the respective sugar factories having to prematurely cease production for the season. Group cane production of 5.3 million tons was slightly less than in the previous season. Generally both cane and sucrose yields reflected an improvement over the previous year. Group sugar production of 1.79 million tons was 4% higher than in the previous year, despite the early summer rains impacting negatively on the planned milling seasons. The performance levels of the factories were generally good, with improved recoveries of sugar from cane and better operational efficiency levels. The performance of the Zambia factory, however, was disappointing which together with the disruption caused by the early rains, resulted in reduced sugar production and the carry-over of a significant tonnage of cane on the group's own estate. The operation in Mozambique performed well and record cane throughput and sugar production were achieved. The performance of the downstream operations was good, with record production of ethyl alcohol and strong export prices for both furfural and furfuryl alcohol.

The group supplies sugar and downstream products to domestic, regional and world markets. Domestic sales and exports into premium-priced markets are very important to the business and it is encouraging that such sales have shown an improvement across the group. Sales into domestic markets contributed 65% to total revenue whilst exports to 96 countries contributed the balance. A strength of the group is that 78% of sugar by volume and 83% by value was sold into the domestic or premium-priced export markets.

Against the background of a record global sugar surplus, the world raw sugar price traded at much lower levels than in the previous year. The price remained volatile and fell to a low of US8.37 cents/lb in June 2007 before rising to a high of US15.02 cents/lb in March 2008. The South African sugar industry achieved an average export price of US10.48 cents/lb in respect of world raw sugar exports compared to US14.92 cents/lb in the previous year. The lower world sugar price also impacted negatively on regional sales. The reduced prices were the outcome of significant production increases by major sugar producers, notably Brazil and India. However, against this background of weak fundamental factors, the sugar prices rallied from December 2007 as a result of increased interest of global investment funds in commodities, including sugar. The scale and significant impact of this investment created a dislocation between shorter-term market fundamentals and futures prices. The investment funds were looking more at production cost trends of the major producers and future supply / demand balances. In addition, the relationship between the oil and sugar market continues to develop, with ethanol becoming an increasingly important factor influencing sugar prices. The proportion of Brazil's cane production which is converted to ethanol, and the level of decline in production in India following two consecutive record crops, could also have a marked impact on future export availability and prices.

The reform of the European Union (EU) Sugar Regime continues to take effect and since implementation, domestic sugar quota renunciations have amounted to 5.6 million tons. The EU Commission had set a target for quota withdrawals of six million tons. It is open to the Commission to make a final "across-the-board" cut in quotas in 2010 if there is an imbalance between supply and demand at that time. However, it appears likely that following the latest renunciations, the European market will stabilise as intended. Negotiations to establish a number of interim regional Economic Partnership Agreements (EPA's) between the EU and the African Caribbean and Pacific (ACP) states have been concluded. These interim EPA's will be finalised during the course of 2008, but they became operative on 1 January 2008. The existing ACP Sugar Protocol arrangements will terminate on 30 September 2009, but ACP (non-Least Developed Countries (LDC's)) states which are signatories to an EPA will be entitled to supply duty-free / quota-free tonnages to the EU subject to various limits. This should benefit Illovo's Swaziland operations. From October 2009, LDC's will have full duty-free / quota-free access to the EU for sugar with no volume limits, subject only to surveillance for fraud or abnormal volume surges. This access will be available to the group's operations in Malawi, Zambia, Mozambique and Tanzania.

The first phase of the major expansion project to increase the group's production facility in Zambia to 440 000 tons of sugar per annum has been completed, and the benefits of the increased cane supply and factory upgrade will result in sugar production increasing to around 300 000 tons in the 2008/09 season. The second and final phase of the project is making good progress and is due to be completed in April 2009. Smaller factory and agricultural expansions in Malawi and Tanzania have been completed during the recent offcrop period. The Mali project is making slow progress and sugar production is now only anticipated to commence in October 2010. The requisite concessional debt funding for the agricultural development in Mali is being finalised. The Board has approved a major expansion of the group's production facilities in Mozambique which will result in output from the operation doubling over the next three years. The project will result in a significant area of new land being developed to cane in co-operation with local communities.

During the year R154.9 million was spent on replacement of plant and equipment to ensure that the group's operating assets are maintained in a sound condition, that strategic plant is adequately protected against breakdown, and that product quality is of the highest standard. In addition R848.7 million was invested in expansion projects and on product registrations.

As previously advised during April 2008, Illovo has taken back ownership of the Umfolozi sugar mill and will be operating it during the current sugar season. Discussions regarding future long-term ownership arrangements are continuing.

Directorate

We are pleased to welcome Mike Hankinson to the Board as an independent non-executive director. Mr Hankinson has considerable experience in the corporate sector and is a director of other listed companies.

Dividend

The final dividend has been increased to 52.5 cents per share (2007: 45.0 cents per share) which results in a total distribution of 85.5 cents per share (2007: 75.0 cents per share) for the full year, which is in line with the objective of dividends being twice covered by earnings.

Outlook

In the current year, own cane and sugar production are anticipated to exceed the levels achieved in the past season, whilst downstream production is expected to be at similar levels to those of last year. World sugar prices are presently above last year's levels but remain very volatile. If they remain at current levels it will impact favourably on revenues from both world and regional markets. The results for the current year will again be affected by the level of the rand compared to other currencies. Overall, it is anticipated that growth in earnings will be achieved in the year ahead.

Illovo's existing factory operations have significant growth potential and further expansions are being pursued across the group.

On behalf of the Board

R A Williams	**D G MacLeod**	Mount Edgecombe
Chairman	*Managing Director*	20 May 2008

ABRIDGED GROUP INCOME STATEMENT

	Notes	Year ended 31 March **2008** Rm	2007 Rm	Change %
Revenue		**6 794.1**	6 263.6	8
Operating profit		**1 064.5**	1 034.3	3
Net financing costs	2	**170.4**	96.4	
Profit before material items		**894.1**	937.9	
Material items	3	**(0.1)**	4.2	
Profit before taxation		**894.0**	942.1	
Taxation		**140.7**	288.3	
Profit after taxation		**753.3**	653.8	
Attributable to outside shareholders in subsidiary companies		**153.5**	137.3	
Net profit attributable to shareholders in Illovo Sugar Limited		**599.8**	516.5	16
Determination of headline earnings :				
IAS 33 net profit attributable to shareholders		**599.8**	516.5	
Adjusted for :				
IAS 16 loss/(profit) on disposal of property	3	**0.1**	(3.7)	
IAS 16 (profit)/loss on disposal of plant and equipment		**(0.3)**	2.5	
Headline earnings		**599.6**	515.3	16
Number of shares in issue (millions)		**349.9**	348.9	
Weighted average number of shares on which headline earnings per share are based (millions)		**349.4**	345.5	
Headline earnings per share (cents)		**171.6**	149.1	15
Basic earnings per share (cents)		**171.7**	149.5	
Diluted basic earnings per share (cents)		**170.5**	148.0	
Diluted headline earnings per share (cents)		**170.5**	147.7	
Dividend per share (cents)		**85.5**	75.0	14

The auditors, Deloitte & Touche, have issued their opinion on the group's annual financial statements for the year ended 31 March 2008. Their audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. A copy of their audit report is available for inspection at the company's registered office. These abridged financial statements have been derived from and are consistent in all material respects with the group's annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

This abridged report has been prepared using accounting policies that comply with International Financial Reporting Standards, and complies with IAS 34, Schedule 4 of the Companies Act, 1973, and the disclosure requirements of the Listing Requirements of the JSE Limited. The accounting policies adopted are consistent with those applied in the previous financial year.

	Year ended 31 March	
	2008	2007
	Rm	Rm
2. Net financing costs		
Interest paid	**250.4**	153.4
Less : Capitalised	**(41.9)**	-
	208.5	153.4
Interest received	**(37.9)**	(27.8)
Foreign exchange losses/(gains)	**1.1**	(27.8)
Dividend income	**(1.3)**	(1.4)
	170.4	96.4
3. Material items		
(Loss)/profit on disposal of property	**(0.1)**	4.2
Material (loss)/profit before taxation	**(0.1)**	4.2
Taxation	**-**	(0.5)
Material (loss)/profit attributable to shareholders in Illovo Sugar Limited	**(0.1)**	3.7

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ABRIDGED GROUP BALANCE SHEET

	31 March 2008 Rm	31 March 2007 Rm
ASSETS		
Non-current assets	**3 926.5**	2 576.8
Property, plant and equipment	**3 014.5**	1 841.0
Cane roots	**821.7**	661.6
Investments	**90.3**	74.2
Current assets	**2 354.5**	1 891.4
Inventories	**605.1**	510.1
Growing cane	**948.5**	743.1
Accounts receivable	**782.7**	638.2
Financial instruments	**18.2**	-
Total assets	**6 281.0**	4 468.2
EQUITY AND LIABILITIES		
Total equity	**2 928.9**	2 228.3
Equity holders' interest	**2 373.3**	1 771.7
Minority shareholders' interest	**555.6**	456.6
Non-current liabilities	**1 807.3**	846.0
Deferred taxation	**639.0**	574.3
Net borrowings	**1 168.3**	271.7
Current liabilities	**1 544.8**	1 393.9
Accounts payable and provisions	**1 536.2**	1 303.3
Financial instruments	**8.6**	90.6
Total equity and liabilities	**6 281.0**	4 468.2

OTHER SALIENT FEATURES

	2008	2007
Operating margin (%)	**15.7**	16.5
Gearing (%)	**39.9**	12.2
Interest cover (times)	**6.2**	10.7
Return on net assets (%)	**24.1**	28.5
Net asset value per share (cents)	**837.2**	638.7
Depreciation	**151.7**	140.4
Capital expenditure	**1 003.6**	220.7
- expansion	**837.0**	90.5
- product registration costs	**11.7**	5.5
- replacement	**154.9**	124.7
Capital commitments	**3 140.4**	1 799.0
- contracted	**798.2**	29.2
- approved but not contracted	**2 342.2**	1 769.8
Lease commitments	**196.7**	137.1
- land and buildings	**100.8**	74.8
- other	**95.9**	62.3
Contingent liabilities	**5.0**	5.2

ABRIDGED GROUP CASH FLOW STATEMENT

	Year ended 31 March	
	2008	2007
	Rm	Rm
Cash flows from operating and investing activities		
Cash operating profit	**1 055.0**	1 058.7
Working capital requirements	**46.2**	(61.0)
Cash generated from operations	**1 101.2**	997.7
Replacement capital expenditure	**(154.9)**	(124.7)
Financing costs, taxation and dividend	**(708.9)**	(608.4)
Net investment in future operations	**(869.5)**	(113.2)
Other movements	**(13.1)**	30.4
Net cash (outflow)/inflow before financing activities	**(645.2)**	181.8
Net cash inflow from financing activities	**737.8**	169.1
Net increase in cash and cash equivalents	**92.6**	350.9

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STATEMENT OF CHANGES IN EQUITY

	Year ended 31 March 2008 Rm	2007 Rm
Share capital and share premium		
Balance at beginning of the year	**354.5**	298.4
Issue of new shares	**6.5**	56.1
Balance at end of the year	**361.0**	354.5
Share-based payments reserve		
Balance at beginning of the year	**10.9**	8.1
Share-based payment expense	**1.7**	2.8
Balance at end of the year	**12.6**	10.9
Non-distributable reserves		
Balance at beginning of the year	**146.3**	122.1
Realised profit on disposal of land	**-**	3.7
Effect of foreign currency translation	**269.5**	13.2
Effect of cash flow hedges	**(3.4)**	7.3
Balance at end of the year	**412.4**	146.3
Retained surplus		
Balance at beginning of the year	**1 103.0**	852.3
Realised profit on disposal of land	**-**	(3.7)
Transfer to dividend reserve	**(299.2)**	(262.1)
Net profit for the year	**599.8**	516.5
Balance at end of the year	**1 403.6**	1 103.0
Dividend reserve		
Balance at beginning of the year	**157.0**	144.6
Transfer from retained surplus	**299.2**	262.1
Dividends paid	**(272.5)**	(249.7)
Balance at end of the year	**183.7**	157.0
Equity holders' interest	**2 373.3**	1 771.7
Minority shareholders' interest		
Balance at beginning of the year	**456.6**	388.0
Effect of foreign currency translation	**56.8**	13.1
Dividends paid	**(114.4)**	(84.5)
Increase in shareholding	**3.1**	2.7
Net profit for the year	**153.5**	137.3
Balance at end of the year	**555.6**	456.6
Total equity	**2 928.9**	2 228.3

SEGMENTAL ANALYSIS

	Year ended 31 March			
	2008		2007	
	Rm	**%**	Rm	%
BUSINESS SEGMENTS				
Revenue				
Sugar production	**4 859.9**	**72**	4 410.7	70
Cane growing	**1 358.2**	**20**	1 344.8	22
Downstream	**576.0**	**8**	508.1	8
	6 794.1		6 263.6	
Operating profit				
Sugar production	**602.4**	**57**	605.6	59
Cane growing	**317.0**	**30**	341.0	33
Downstream	**145.1**	**13**	87.7	8
	1 064.5		1 034.3	
Total assets (excluding financial instruments)				
Sugar production	**3 301.1**	**53**	2 253.1	51
Cane growing	**2 669.8**	**42**	1 930.9	43
Downstream	**291.9**	**5**	284.2	6
	6 262.8		4 468.2	
GEOGRAPHICAL SEGMENTS				
Revenue				
South Africa	**3 104.1**	**46**	2 824.1	45
Malawi	**1 162.7**	**17**	1 137.5	18
Zambia	**1 076.1**	**16**	1 053.1	17
Swaziland	**693.0**	**10**	612.8	10
Tanzania	**482.8**	**7**	423.3	7
Mozambique	**275.4**	**4**	212.8	3
	6 794.1		6 263.6	
Operating profit				
South Africa	**263.4**	**25**	213.1	21
Malawi	**434.0**	**41**	408.5	39
Zambia	**125.1**	**12**	232.3	22
Swaziland	**98.2**	**9**	68.9	7
Tanzania	**94.2**	**9**	93.6	9
Mozambique	**49.6**	**4**	17.9	2
	1 064.5		1 034.3	

Company registration no. 1906/000622/06
Share code ILV
ISIN ZAE000083846

DECLARATION OF DIVIDEND NO. 33

Notice is hereby given that a final dividend of 52.5 cents per share has been declared on the ordinary shares of the company in respect of the year ended 31 March 2008. This dividend, together with the interim dividend of 33.0 cents per share which was declared on 13 November 2007, makes a total distribution in respect of the year ended 31 March 2008 of 85.5 cents per share.

In accordance with the settlement procedures of Strate, the company has determined the following salient dates for the payment of the dividend :

Last day to trade cum–dividend	Friday, 4 July 2008
Shares commence trading ex-dividend	Monday, 7 July 2008
Record date	Friday, 11 July 2008
Payment of dividend	Monday, 14 July 2008

Share certificates may not be dematerialised / rematerialised between Monday, 7 July 2008 and Friday, 11 July 2008, both days inclusive.

By order of the Board

G D Knox — Mount Edgecombe
Company Secretary — 20 May 2008

Directors :
R A Williams (Chairman)*, D G MacLeod (Managing Director), M I Carr#*, G J Clark (Australian), B P Connellan*, M J Hankinson*, D Konar*, D R Langlands#*, P A Lister#*, P M Madi*, I N Mkhize*, R A Norton*, J T Russell, M J Shaw*, B M Stuart, K Zarnack

British * *Non-executive*

Registered office :
Illovo Sugar Park, 1 Montgomery Drive, Mount Edgecombe, KwaZulu-Natal, South Africa

Postal address :
P O Box 194, Durban, 4000

Website : www.illovosugar.com

Transfer Secretaries :
Link Market Services South Africa (Proprietary) Limited : 11 Diagonal Street, Johannesburg, 2001
P O Box 4844, Johannesburg, 2000

Auditors :
Deloitte & Touche

Sponsor :
J P Morgan Equities Limited