ILLOVO SUGAR LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1906/000622/06)

Share Code: ILV

ISIN: ZAE000083846

("Illovo" or "the Company")

INTERIM REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

Salient Features

- Challenging commercial environment – sustained pressure on export sugar prices
- Group sugar production down 10% due to drought in South Africa
- Operating profit decreased 37% and headline earnings per share down 58%
- Diversification strategy rationale positively underscored by growth in downstream profits
- Regional sales volumes increased — diversion away from the EU
- Record ethanol production and electricity co-generation expected

Quote:

Gavin Dalgleish, Managing Director, commented:

"The business challenges of regional drought, sustained pressure on export sugar prices and reduced demand for sugar in Malawi continue to weigh on the business performance. Nonetheless the downstream business delivered a strong operational and financial performance, while the group continued to improve the sales mix away from the EU by growing regional sales volumes in key markets. Cost-reduction, efficiency improvement and the culture of doing more with less has become further embedded in the business.

Recent forecasts suggest that the global sugar balance will move towards a production deficit in the current year which, together with speculation in the market, has contributed to a recent recovery in world market prices off seven year lows. Initiatives to improve the sales mix and to develop regional markets will benefit the full year earnings, whilst structural cost reduction programmes will continue to build on the good results achieved to date".

Enquiries:

Illovo Sugar Limited	031 508 4300
Gavin Dalgleish, Managing Director,	
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Overview

The Illovo group has encountered a number of challenges during the six month period ended 30 September 2015, particularly regional drought conditions, reduced demand for sugar in Malawi and sustained pressure on export sugar prices.

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

The tough commercial environment and a change in the timing of sales reduced revenue by 7% to R5 489 million and weighed on the operating margin, which fell from 23.5% to 16.1%. Operating profit decreased by 36.7% to R881 million while headline earnings per share declined by 58.1% to 71.7 cents. The contribution to operating profit by country was: Malawi 27% (2014: 41%), Swaziland 24% (2014: 9%), Zambia 23% (2014: 31%), Tanzania 12% (2014: –1%), South Africa 10% (2014: 12%) and Mozambique 4% (2014: 8%). By activity, the contribution to operating profit was: sugar production 50% (2014: 50%), cane growing 32% (2014: 41%) and downstream 18% (2014: 9%).

Review

Lower than normal rainfall has persisted across the Southern African region, impacting major river, dam and lake levels in Swaziland, Zambia, Malawi and South Africa. These stressed growing conditions have not only reduced yields but also increased vulnerability to pest and disease such as yellow aphids. In South Africa, the drought has reduced the total cane supply to the group's factories by 20% on a comparable year-on-year basis. Flood damage suffered in Mozambique during January 2015 further decreased late season cane supply.

Due mainly to these adverse weather conditions, sugar production for the period decreased from 1.28 million tons to 1.16 million tons. Factory performances in Zambia, Tanzania and Swaziland have been positive.

World sugar prices reached seven year lows during August 2015 which in turn impacted regional prices. While the decline in EU market prices appeared to level off during the period under review, the weaker Euro continued to impact on profitability.

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

Demand in Zambia continued to grow and Swaziland benefited from increased sales into SADC. Market conditions in Tanzania continued to improve as stricter enforcement of regulation reduced illegal sugar imports whilst the announcement of a new import tariff structure in Mozambique bodes well for future sales. The strong Malawian Kwacha impacted on informal regional trade flows resulting in an inflow of sugar to compete against local production.

Contribution to operating profits from downstream activities continues to grow. All three alcohol production units in South Africa and Tanzania performed well, whilst good furfural production efficiencies were achieved at the Sezela facility in South Africa. Electrical co-generation exports into the national grid from our Ubombo mill in Swaziland increased by 28%.

During September 2015, a decision was made to close the furfural-based nematicide business in the United States of America (US) following protracted difficulties in obtaining registration with the US Environmental Protection Agency for application of the product on food crops. A loss of R216 million was recorded on the closure of the business.

While the conversion of operating profit to cash remains strong, the impact of reduced sales volumes and lower demand from customers has increased working capital requirements. The higher funding requirements, compounded by considerable increases in interest rates and currency volatility in Malawi and Zambia, increased financing costs by R85 million.

Owing to the weather-related crop decline, difficult commercial environment, increased working capital levels and committed capital expenditure, an interim capital distribution has not been declared. A distribution will be considered in May 2016 for the year ended 31 March 2016.

Outlook

Whilst volatile currency fluctuations will continue to challenge sugar market conditions, the recent recovery in world market prices is encouraging. Initiatives to improve the sales mix and to develop regional markets will benefit the full year earnings. Conditions in the Malawi domestic market will continue to be challenging over the next six months.

With the exception of Tanzania, where the excellent agricultural and factory performance is expected to produce improved results for the season, the persistent dry weather conditions across the region will result in total group sugar production ending approximately 10% below that of the prior year.

A recovery in sugar production during the 2016/17 season is expected, but will be limited by the continuation of the drought in South Africa and is dependent on a return to normal summer rainfall levels across the other Southern African operations. The Zambian refinery expansion and product alignment project remain within budget and on schedule for commissioning early in the 2016/17 season.

Growth in downstream earnings is anticipated with record ethanol production and electricity co-generation assisted by the benefit of a strong US Dollar on pricing. In line with our diversification strategy, two further downstream investment projects are under review.

Structural cost reduction programmes will continue to build on the good results achieved by the group-wide continuous improvement programme and are expected to bring meaningful benefits to the group in the short to medium-term.

As advised previously, it is expected that headline earnings per share for the year ending 31 March 2016 will be between 25% and 45% below the prior year. Due to the loss on the closure of the furfural-based nematicide business, earnings per share will reflect a decline of between 50% and 70% compared to the year ended 31 March 2015.

While this interim reporting period has been extremely difficult on a number of fronts, the consistent on-going growth in world and African sugar consumption, the expectation of a global production deficit, shift in sales mix away from the EU and operational efficiency improvements signal improved medium-term prospects.

CHANGE OF DIRECTORS

In terms of paragraph 3.59 of the JSE Listings Requirements, shareholders are advised that:

- Mr G Gomwe was appointed as an independent non-executive director of the Company with effect from 1 June 2015;
- With effect from the close of the annual general meeting of the Company on 15 July 2015:-
    - Mr D G MacLeod retired as an independent non-executive director and chairman of the Company and Mr TS Munday was appointed as Chairman in his stead;
    - Prof PM Madi resigned as an independent non-executive director and Dr S Kana was appointed as an independent non-executive director of the Company.

On behalf of the Board

TS Munday	GB Dalgleish	Mount Edgecombe
Chairman	Managing Director	30 November 2015

CORPORATE INFORMATION

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

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

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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 September 2015

	Notes	Unaudited Six months ended 30 September 2015 Rm	2014 Rm	Change %	Audited Year ended 31 March 2015 Rm
Revenue		**5 489.1**	5 932.1	(7)	13 266.5
Operating profit		**881.4**	1 392.5	(37)	1 655.1
Dividend income		**-**	-		2.8
Net financing costs	2	**(227.5)**	(142.4)		(355.8)
Profit before non-trading items		**653.9**	1 250.1		1 302.1
Share of profit from joint venture		**2.7**	2.6		4.6
Share of (loss)/profit from associates		**(5.4)**	9.7		22.1
Material items - (loss)/gain	3	**(201.2)**	1.5		3.0
Profit before taxation		**450.0**	1 263.9	(64)	1 331.8
Taxation		**(216.1)**	(319.6)		(388.0)
Profit for the period		**233.9**	944.3		943.8
Attributable to:					
Shareholders of Illovo Sugar Limited		**141.8**	789.0	(82)	826.4
Non-controlling interest		**92.1**	155.3		117.4
		233.9	944.3		943.8
Other comprehensive income					
Items that will not be reclassified to profit or loss in subsequent periods, net of tax:					
Remeasurement of defined benefit obligations		**0.1**	0.4		29.8
Items that may be reclassified to profit or loss in subsequent periods, net of tax:					
Cash flow hedges		**(53.8)**	86.4		(11.4)
Hedge of net investment in foreign subsidiaries		**(607.2)**	130.2		(14.4)
Foreign currency translation differences		**(829.8)**	100.5		(408.9)
Total comprehensive (loss)/income for the period		**(1 256.8)**	1 261.8		538.9
Attributable to:					
Shareholders of Illovo Sugar Limited		**(1 137.5)**	1 037.4		431.1
Non-controlling interest		**(119.3)**	224.4		107.8
		(1 256.8)	1 261.8		538.9
Headline earnings per share (cents)	4				
Basic		**71.7**	171.1	(58)	179.0
Diluted		**71.7**	171.0		179.0
Earnings per share (cents)					
Basic		**30.8**	171.3	(82)	179.4
Diluted		**30.8**	171.2		179.4
Distribution per share (cents)	5	**-**	37.0	(100)	90.0

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
as at 30 September 2015

	Unaudited Six months ended 30 September 2015 Rm	Unaudited Six months ended 30 September 2014 Rm	Audited Year ended 31 March 2015 Rm
ASSETS			
Non-current assets	**8 652.8**	9 350.5	9 472.9
Property, plant and equipment	**6 556.2**	7 023.3	7 043.3
Cane roots	**1 668.7**	1 718.0	1 776.4
Intangible assets	**103.5**	305.0	311.9
Investment in joint venture	**0.7**	0.7	0.7
Investment in associates	**69.8**	72.7	73.5
Investments	**75.7**	30.8	74.7
Loans	**128.2**	160.6	163.9
Deferred taxation asset	**50.0**	39.4	28.5
Current assets	**7 309.7**	7 858.3	5 353.6
Inventories	**3 868.2**	3 709.0	1 022.6
Growing cane	**1 277.8**	1 709.4	1 797.2
Trade and other receivables	**1 806.8**	1 672.1	1 660.9
Factory overhaul costs	**127.6**	141.8	372.0
Derivative financial instruments	**20.8**	62.4	24.4
Cash and cash equivalents	**208.5**	563.6	476.5
Total assets	**15 962.5**	17 208.8	14 826.5
EQUITY AND LIABILITIES			
Equity attributable to shareholders of Illovo Sugar Limited	**5 086.6**	7 193.6	6 472.4
Share capital and premium	**1 196.1**	1 610.7	1 440.2
Share-based payment reserve	**3.0**	13.1	7.2
Other reserves	**(76.1)**	75.0	(3.9)
Retained earnings	**3 963.6**	5 494.8	5 028.9
Non-controlling interest	**1 058.6**	1 366.7	1 203.3
Total equity	**6 145.2**	8 560.3	7 675.7
Non-current liabilities	**4 015.9**	3 590.0	3 754.4
Long-term borrowings	**2 468.0**	1 960.3	2 042.9
Deferred taxation liability	**1 254.6**	1 312.7	1 412.6
Deferred income	**96.7**	113.8	101.8
Provisions	**196.6**	203.2	197.1
Current liabilities	**5 801.4**	5 058.5	3 396.4
Short-term borrowings	**2 782.6**	2 131.4	1 164.6
Trade and other payables	**2 767.2**	2 691.2	2 042.5
Taxation	**88.7**	180.7	64.9
Provisions	**31.6**	48.9	43.3
Derivative financial instruments	**131.3**	6.3	81.1
Total liabilities	**9 817.3**	8 648.5	7 150.8
Total equity and liabilities	**15 962.5**	17 208.8	14 826.5

SALIENT FEATURES

	Notes	Unaudited Six months ended 30 September 2015 Rm	Unaudited Six months ended 30 September 2014 Rm	Audited Year ended 31 March 2015 Rm
Operating margin (%)		**16.1**	23.5	12.5
Interest cover (times)	a	**3.9**	9.8	4.7
Effective tax rate (%)		**33.0**	25.6	29.8
Net asset value per share (cents)		**1 333.8**	1 858.1	1 666.1
Net debt: equity ratio	b	**82.0**	41.2	35.6
Gearing (%)	c	**45.1**	29.2	26.2
Net borrowings		**5 042.1**	3 528.1	2 731.0
Depreciation		**218.9**	203.9	336.8
Capital expenditure				
Replacement of property, plant and equipment		**165.8**	137.4	365.6
Expansion of property, plant and equipment		**472.9**	112.9	318.3
Property, plant and equipment		**638.7**	250.3	683.9
Expansion of area under cane		**7.1**	0.7	5.7
Product registration costs		**4.0**	5.8	9.9
		649.8	256.8	699.5
Capital commitments				
Contracted		**534.3**	439.7	326.9
Approved but not contracted		**816.2**	537.6	1 541.5
		1 350.5	977.3	1 868.4
Lease commitments		**181.4**	261.4	189.3
Contingent liabilities		**143.2**	119.0	155.9

NOTES

a.) Interest cover

Operating profit divided by net financing costs.

b.) Net debt: equity ratio

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

c.) Gearing

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2015

	Share capital and premium Rm	Share-based payments reserve Rm	Other reserves Rm	Retained earnings Rm	Share-holders of Illovo Sugar Limited Rm	Non-controlling interest Rm	Total equity Rm
Balance at 31 March 2014 (audited)	**1 886.3**	**13.1**	**5.8**	**4 435.1**	**6 340.3**	**1 128.3**	**7 468.6**
Total comprehensive income for the period	-	-	245.6	791.8	1 037.4	224.4	1 261.8
Profit for the period				789.0	789.0	155.3	944.3
Remeasurement of defined benefit obligations				2.8	2.8	(2.4)	0.4
Cash flow hedges			69.2		69.2	17.2	86.4
Hedge of net investment in foreign subsidiaries			129.9		129.9	0.3	130.2
Foreign currency translation differences			46.5		46.5	54.0	100.5
Issue of share capital	0.8				0.8		0.8
Distributions paid	(276.4)				(276.4)	(83.5)	(359.9)
Gain on part-disposal of shareholding in subsidiary				91.5	91.5	97.5	189.0
Transfer of foreign currency translation reserve			(176.4)	176.4	-		-
Balance at 30 September 2014 (unaudited)	**1 610.7**	**13.1**	**75.0**	**5 494.8**	**7 193.6**	**1 366.7**	**8 560.3**
Total comprehensive income for the period	-	-	(672.1)	65.8	(606.3)	(116.6)	(722.9)
Profit for the period				37.4	37.4	(37.9)	(0.5)
Remeasurement of defined benefit obligations				28.4	28.4	1.0	29.4
Cash flow hedges			(78.9)		(78.9)	(18.9)	(97.8)
Hedge of net investment in foreign subsidiaries			(141.8)		(141.8)	(2.8)	(144.6)
Foreign currency translation differences			(451.4)		(451.4)	(58.0)	(509.4)
Distributions paid	(170.5)				(170.5)	(45.5)	(216.0)
Gain on part-disposal of shareholding in subsidiary				1.6	1.6	(1.3)	0.3
Gain on liquidation of subsidiary				59.9	59.9	-	59.9
Purchase of shares (forfeitable share plan)		(5.9)			(5.9)		(5.9)
Transfer of foreign currency translation reserve			593.2	(593.2)	-		-
Balance at 31 March 2015 (audited)	**1 440.2**	**7.2**	**(3.9)**	**5 028.9**	**6 472.4**	**1 203.3**	**7 675.7**
Total comprehensive income for the period	-	-	(1 279.4)	141.9	(1 137.5)	(119.3)	(1 256.8)
Profit for the period				141.8	141.8	92.1	233.9
Remeasurement of defined benefit obligations				0.1	0.1	-	0.1
Cash flow hedges			(35.1)		(35.1)	(18.7)	(53.8)
Hedge of net investment in foreign subsidiaries			(600.0)		(600.0)	(7.2)	(607.2)
Foreign currency translation differences			(644.3)		(644.3)	(185.5)	(829.8)
Distributions paid	(244.1)				(244.1)	(25.4)	(269.5)
Purchase of shares (forfeitable share plan)		(5.1)			(5.1)		(5.1)
Share-based payments charge		0.9			0.9		0.9
Transfer of other reserves			(37.1)	37.1	-		-
Transfer of foreign currency translation reserve			1 244.3	(1 244.3)	-		-
Balance at 30 September 2015 (unaudited)	**1 196.1**	**3.0**	**(76.1)**	**3 963.6**	**5 086.6**	**1 058.6**	**6 145.2**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 September 2015

	Notes	Unaudited Six months ended 30 September **2015** **Rm**	2014 Rm	Audited Year ended 31 March 2015 Rm
Cash flows from operating activities				
Cash operating profit	6	**1 235.8**	1 528.9	1 663.7
Working capital movements	7	**(2 486.3)**	(2 137.5)	(314.1)
Cash (utilised by)/generated from operations		**(1 250.5)**	(608.6)	1 349.6
Net financing costs		**(227.5)**	(142.4)	(355.8)
Taxation paid		**(90.2)**	(160.2)	(252.7)
Dividend income		**-**	-	2.8
Distributions paid		**(269.5)**	(359.9)	(575.9)
Net cash (outflows)/inflows from operating activities		**(1 837.7)**	(1 271.1)	168.0
Cash flows from investing activities				
Replacement of property, plant and equipment		**(165.8)**	(137.4)	(365.6)
Expansion of property, plant and equipment		**(472.9)**	(112.9)	(318.3)
Expansion of area under cane		**(7.1)**	(0.7)	(5.7)
Capitalisation of product registration costs		**(4.0)**	(5.8)	(9.9)
Proceeds on disposal of property		**17.0**	1.5	3.1
Proceeds on disposal of plant and equipment		**1.7**	1.8	6.5
Movement on investments and loans		**32.5**	(27.6)	21.5
Acquisition of business	8	**(34.9)**	-	-
Net cash outflows from investing activities		**(633.5)**	(281.1)	(668.4)
Net cash outflows before financing activities		**(2 471.2)**	(1 552.2)	(500.4)
Cash flows from financing activities				
Long-term borrowings raised/(repaid)		**361.1**	(10.6)	(79.6)
Short-term borrowings raised		**1 871.2**	1 317.1	276.2
Issue of share capital		**-**	0.8	0.8
Purchase of shares in terms of forfeitable share plan		**(5.1)**	-	(5.9)
Proceeds on part-disposal of shareholding in subsidiary		**-**	195.6	189.3
Net cash inflows from financing activities		**2 227.2**	1 502.9	380.8
Net decrease in cash and cash equivalents		**(244.0)**	(49.3)	(119.6)
Cash and cash equivalents at the beginning of the period		**476.5**	597.1	597.1
Exchange rate translation		**(24.0)**	15.8	(1.0)
Cash and cash equivalents at the end of the period		**208.5**	563.6	476.5

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2015 have been prepared and presented in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listing Requirements of the JSE Limited, the information as required by IAS 34: Interim Financial Reporting, and the requirements of the South African Companies Act No 71 of 2008. The accounting policies applied in preparation of these condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied in the previous annual financial statements. The interim financial statements have been prepared under the supervision of the group financial director, Mr M H Abdool-Samad, CA(SA) and have not been audited by the group's external auditors.

	Unaudited Six months ended 30 September		Audited Year ended 31 March
	2015	2014	2015
	Rm	Rm	Rm
2. NET FINANCING COSTS			
Interest paid	**190.8**	149.5	362.9
Less: capitalised to property, plant and equipment	**(19.3)**	(1.2)	(4.0)
	171.5	148.3	358.9
Interest received	**(4.7)**	(4.5)	(13.4)
Foreign exchange losses/(gains)	**60.7**	(1.4)	10.3
	227.5	142.4	355.8
3. MATERIAL ITEMS			
Loss on closure of business	**(216.3)**	-	-
Net proceeds received from insurance claim	**15.1**	-	-
Profit on disposal of property	**-**	1.5	3.0
	(201.2)	1.5	3.0

On 17 September 2015, a decision was made to close the furfural-based nematicide business in the United States of America (US) following difficulties in obtaining registration with the US Environmental Protection Agency for application on food crops. A loss of R216.3 million has been determined as at 30 September 2015 based on the directors' best estimate of the costs of closure.

	2015	2014	2015
4. DETERMINATION OF HEADLINE EARNINGS			
Profit attributable to shareholders	**141.8**	789.0	826.4
Adjusted for:			
Loss on closure of business	**216.3**	-	-
Net proceeds received from insurance claim	**(15.1)**	-	-
Profit on disposal of property	**-**	(1.5)	(3.0)
Total tax effect of adjustments	**27.2**	-	-
Total non-controlling interest effect of adjustments	**(39.7)**	0.6	1.2
Headline earnings	**330.5**	788.1	824.6
Number of shares (millions)			
Issued	**460.7**	460.7	460.7
Weighted average	**460.7**	460.7	460.7
Diluted weighted average	**460.7**	460.7	460.7
Headline earnings per share (cents)			
Basic	**71.7**	171.1	179.0
Diluted	**71.7**	171.0	179.0

	Unaudited Six months ended 30 September 2015 Rm	Unaudited Six months ended 30 September 2014 Rm	Audited Year ended 31 March 2015 Rm

5. DISTRIBUTION PER SHARE

Owing to the weather related crop decline, difficult commercial environment, increased working capital levels and committed capital expenditure, the directors have not declared an interim capital distribution (2014: 37.0 cents per share). A distribution will be considered in May 2016 for year ended 31 March 2016.

6. CASH OPERATING PROFIT

	2015 Rm	2014 Rm	2015 Rm
Operating profit	**881.4**	1 392.5	1 655.1
Material items	**(201.2)**	1.5	3.0
	680.2	1 394.0	1 658.1
Add back:			
Depreciation	**218.9**	203.9	336.8
Amortisation of intangible assets	**8.4**	2.7	5.6
Amortisation of deferred income	**(5.0)**	-	(10.0)
Change in fair value of cane roots	**(123.0)**	(111.0)	(208.6)
Change in fair value of growing cane	**253.7**	37.4	(111.6)
Loss on closure of business	**216.3**	-	-
Profit on disposal of property	**(15.1)**	(1.5)	(3.0)
Loss/(profit) on disposal of plant and equipment	**0.5**	3.4	(3.6)
Share-based payments charge	**0.9**	-	-
	1 235.8	1 528.9	1 663.7

7. WORKING CAPITAL MOVEMENTS

	2015 Rm	2014 Rm	2015 Rm
Inventories	**(3 299.9)**	(2 629.0)	(14.9)
Trade and other receivables	**(356.0)**	(316.1)	(311.0)
Factory overhaul costs	**226.2**	202.6	(32.2)
Trade and other payables	**943.4**	605.0	44.0
	(2 486.3)	(2 137.5)	(314.1)

8. ACQUISITION OF BUSINESS

On 1 April 2015, the group acquired the business of Kilombero Sugar Distributors Limited ("KSD"), a company in which the group holds a 20% investment. KSD held the exclusive right to market and distribute the group's sugar production in Tanzania. The group acquired the business to allow it direct access to existing customers in Tanzania as well as to exert increased influence over the marketing and distribution decisions. KSD will be liquidated in due course. From the date of acquisition, the business acquired from KSD has contributed R3.9 million to net profit before taxation.

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

	2015 Rm	2014 Rm	2015 Rm
Intangible assets	**34.9**	-	-
Purchase consideration paid	**34.9**	-	-

9. FINANCIAL INSTRUMENTS

The fair values of financial instruments are determined using inputs that are observable, either directly, (i.e. as prices) or indirectly (i.e. derived from prices), other than quoted prices in an active market and therefore fall into the level 2 fair value category. The fair values of non-financial assets are determined using inputs that are unobservable, using the best information available in the circumstances for using the assets and therefore fall into the level 3 fair value category. This report does not include the information required by paragraph 16A(j) of IAS 34: Interim Financial Reporting.

	Unaudited Six months ended 30 September 2015 Rm	%	2014 Rm	%	Audited Year ended 31 March 2015 Rm
10. SEGMENT INFORMATION					
Business segments					
Revenue					
Sugar production	**2 773.2**	50	3 267.8	55	9 242.3
Cane growing	**2 125.3**	39	2 109.1	36	2 848.3
Downstream and co-generation	**590.6**	11	555.2	9	1 175.9
	5 489.1		5 932.1		13 266.5
Operating profit					
Sugar production	**437.0**	50	691.9	50	1 179.8
Cane growing	**285.1**	32	570.3	41	207.4
Downstream and co-generation	**159.3**	18	130.3	9	267.9
	881.4		1 392.5		1 655.1
Geographic segments					
Revenue					
Malawi	**1 052.9**	18	1 175.0	20	2 362.7
Mozambique	**383.2**	7	454.4	8	593.3
South Africa	**1 357.5**	25	1 465.0	25	4 481.6
Swaziland	**1 018.6**	19	897.9	15	1 396.5
Tanzania	**479.4**	9	500.3	8	1 247.4
Zambia	**1 197.5**	22	1 439.5	24	3 185.0
	5 489.1		5 932.1		13 266.5
Operating profit					
Malawi	**239.7**	27	559.5	41	625.3
Mozambique	**34.6**	4	109.8	8	24.6
South Africa	**86.4**	10	170.2	12	215.2
Swaziland	**210.5**	24	123.8	9	68.7
Tanzania	**106.1**	12	(8.5)	(1)	145.0
Zambia	**204.1**	23	437.7	31	576.3
	881.4		1 392.5		1 655.1
Total assets					
Malawi	**3 259.0**	20	2 934.2	18	2 878.7
Mozambique	**883.5**	6	1 005.0	6	944.7
South Africa	**4 331.0**	28	4 290.9	26	2 857.6
Swaziland	**2 126.4**	14	2 043.1	12	2 033.2
Tanzania	**1 645.9**	10	1 675.5	10	1 598.8
Zambia	**3 437.4**	22	4 594.7	28	3 984.1
	15 683.2		16 543.4		14 297.1

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

11. POST BALANCE SHEET EVENTS

No material change has taken place in the affairs of the group between 30 September 2015 and the date of this report.