SUGAR
ILLOVO
LIMITED

PRELIMINARY REPORT

FOR THE YEAR ENDED 31 MARCH 2014

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SALIENT FEATURES

- Group revenue up **20%** to **R13.2 billion**
- Operating profit flat at **R1.887 billion**, impacted by low-priced imported sugar and an unfavourable fair value adjustment
- Headline earnings per share up **4.3%** to **194 cents**
- Sugar production up **4.8%** to **1.83 million tons**
- Record production from current installed capacity
- Record ethanol production and increases in furfural production, as well as electricity co-generation
- New warehouse in South Africa and distillery in Tanzania operational
- Tough market conditions expected for the foreseeable future

CORPORATE INFORMATION

DIRECTORS

D G MacLeod *(Chairman)**, G B Dalgleish *(Managing Director)*, M H Abdool-Samad, M I Carr#*, M J Hankinson*, J P Hulley, D Konar*, P A Lister#*, P M Madi*, C W N Molope*, A R Mpungwe (Tanzanian)*, T S Munday*, G M Rhodes#*, L W Riddle

*# British *Non-executive*

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Deloitte & Touche

TRANSFER SECRETARIES

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Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001
PO Box 4844, Johannesburg, 2000

SPONSOR

JP Morgan Equities South Africa Proprietary Limited

ILLOVO SUGAR LIMITED

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

OVERVIEW

The benefit of the group's geographic spread and the ongoing operating efficiency improvement initiatives were evident during the 2013/14 season with year-on-year increases in sugar, electricity co-generation, furfural and ethanol production. Increased throughput and improved performance in the South African mills and a full season of operation at the expanded capacity in Swaziland resulted in a 4.8% increase in sugar production over that of the previous season to 1.83 million tons, which is a production record from the current installed capacity. Adverse growing conditions in some areas reduced the cane crop by our own agricultural operations to 6.1 million tons (2013: 6.5 million tons) whilst total cane from independent farmers increased to 9.4 million tons (2013: 8.4 million tons), driven mainly by the full recovery from the recent years' drought conditions in South Africa.

Sugar sales volumes increased by 8.2% compared to the previous year. Better domestic market pricing was offset by softer export market revenue. Improved downstream furfural and ethanol sales underpinned growth in downstream revenues. Total group revenue increased by 20% to R13.2 billion. This pleasing increase was achieved in the face of declining world sugar market prices, the early effects of the 2017 abolition of European Union ("EU") production quotas and unprecedented levels of sugar imports into South Africa and Tanzania.

Despite the increased sugar and downstream production and market sales, group operating profit remained flat year-on-year at R1.887 billion. The operating margin reduced from 17.2% to 14.3% due to competition from low-priced imported sugar which affected earnings in the group's export markets and certain of its domestic markets. Additionally, the significant adverse year-on-year growing cane fair value adjustments and higher than inflation production cost increases also impacted margins. Net financing costs increased by R41 million with the benefits of strong cash generation and good working capital management offset by the full-year effect of funding the warehouse in South Africa and the completion of the distillery in Tanzania. Interest cover declined compared to the previous year from 6.4 times to 5.6 times. The effective tax rate for the group improved marginally from 31.7% to 31.3%, mainly due to the positive deferred tax effect of increased profits in Swaziland. Headline earnings per share for the year improved by 4.3% to 194.0 cents whilst the return on group net assets declined from 19.6% to 16.1%.

The contributions to operating profit were sugar production 70% (2013: 55%), cane growing 21% (2013: 40%), downstream and power co-generation 9% (2013: 5%). Contributions by country were Malawi 39% (2013: 48%), Zambia 30% (2013: 25%), South Africa 14% (2013: 8%), Swaziland 14% (2013: 8%), Mozambique 2% (2013: 6%) and Tanzania 1% (2013: 5%).

2013/14 REVIEW

Growing conditions were variable in the year under review. In South Africa, full recovery from the drought and the increased area under cane resulted in an additional 756 000 tons of cane being milled, a 15% increase on the prior year. In Zambia, the effects of reduced irrigation as a result of the prior-season turbo alternator failure and unusually heavy rains in January 2013 combined to reduce the size of the crop. Similar conditions in Mozambique also negatively impacted late season cane yields in that country. The latter half of the season was unseasonably wet in Tanzania, resulting in cane being carried over into the next season. In Malawi and Swaziland, an additional 1 837 hectares of land under cane harvested by our growers increased cane supply.

Group sugar production of 1.83 million tons increased by 84 000 tons compared to the previous season, largely driven by a 17% increase in South Africa, amounting to 103 000 tons. In Mozambique, sugar production was in line with the previous year with a vastly improved factory performance being offset by the late season decline in cane supply. Tanzania recorded a disappointing year of operations resulting in the carry-over of both own and outgrower cane of over 220 000 tons to the 2014/15 season. Swaziland exceeded the 250 000 tons sugar production milestone for the first time, but in Zambia and Malawi the sugar output was slightly below the previous year.

The commercial environment was challenging with sugar imports impacting negatively on domestic sales and on the group's export markets due to the continued world sugar surplus. Approximately 58% of the group's sales volume continues to be sold into the domestic markets where we produce sugar. In 2013/14, these sales amounted to 1.06 million tons, sold via a range of pre-packed and bulk industrial and direct consumption sugars in brown and refined sugar offerings. Sugar sold for direct consumption in Malawi and Zambia is fortified with Vitamin A. In Zambia, current favourable economic fundamentals are translating into increased consumer spending power, which continues to drive growth in that market. Low cost imports negatively impacted market conditions in Tanzania and South Africa. Notwithstanding the unprecedented levels of imported sugar, Illovo's strong South African industrial customer base offered some protection. In Malawi, difficult economic conditions and a depreciating local currency precipitated a number of price adjustments during the year to match inflation and although local demand remained soft, the market was fully supplied. The successful import tariff increase application in South Africa and the Government of Tanzania's commitment to improve market management, augers well for the year ahead.

Meaningful storage and logistics benefits, as well as a significant change in food grade handling standards, have been achieved in South Africa with the successful completion of the new 170 000 ton capacity distribution centre outside Pietermaritzburg, on time and within budget. Similar opportunities are being sought across the group as part of the ongoing reduction of supply chain cost.

Malawi and Zambia continue to supply sugar into large deficit markets in east and central Africa where these two countries enjoy a geographical advantage over other potential suppliers. However, the effect of abundant low-cost world sugar has begun to suppress pricing in these markets. Preferential exports into the EU and the United States continued during the past year. EU prices fell sharply during the second half of the year as major European sugar producers attempted to establish market positions prior to the 2017 abolition of production quotas.

Group exposure to the world bulk raw sugar market is limited to South Africa from whence sugar is sold via the single desk export marketing function of the South African Sugar Association ("SASA"). As a primary consequence of increased imports into South Africa, the volume of SASA exports more than tripled relative to the previous year. Illovo's share of exports rose to 209 000 tons (2012/13: 60 000 tons) priced at US18.1 cents/lb relative to a current world price trading range of around US17.5 cents/lb.

The good cane supply and the smooth operation of the Sezela mill in South Africa combined to increase furfural production from the downstream plant by 2 100 tons relative to the previous season. Pricing for furfural products continue to be dampened by weak Chinese demand but reflected an improvement in the second half of the year, also benefiting from the weaker Rand. New production records were again set at the Merebank and Glendale ethanol distilleries. Pricing held up in local and export markets.

Construction of the group's new potable alcohol distillery in Tanzania was completed and the plant was commissioned during August 2013. The first batch of extra neutral alcohol produced from the plant was approved and product quality has remained robust. Daily and weekly production records well in excess of the installed capacity have been set. Throughput constraints due to energy interruptions from the integrated sugar mill have limited the contribution to earnings in the current year but the alcohol revenue will provide diversity to the 2014/15 earnings.

Co-generation of electricity remains a priority across the group, the objective being to ensure reliable cost efficient energy supply to our operations and where attractive, to export electricity into the national grid. The large commercial co-generation plant recently commissioned in Swaziland is operating well and commercial exports to the national grid in Swaziland continue to exceed contractual commitments. Limited supply into the national grid has also been achieved in Zambia and Mozambique.

PROSPECTS

The 2014/15 season will reflect the increased focus on cost efficiency and asset utilisation in the face of declining regional prices and EU proceeds in respect of exports from Zambia, Malawi, Swaziland and Mozambique. Generally, factories in the group have made a good start to the season and are expected to build on the solid base of the previous season. Good weather conditions and expanding outgrower area under cane in Zambia bode well for a good crop in that country. Drier weather in South Africa during the growing months has impacted negatively on cane growth which will result in a decline in sugar production, whilst the benefits of cane expansion in Swaziland are expected to improve sugar output. Overall, a small increase in sugar production for the group is anticipated for 2014/15.

The declining world sugar market fundamentals, evident during the second half of the year, are expected to prevail in the short to medium term. The world raw sugar price remains under negative pressure, with a fourth year of global surplus production, together with a weakening Brazilian Real, which is incentivising South American exports. In Brazil, the possible impact of an El Niño weather event, the potential for an increased shift from sugar to ethanol production later this year and the least number of mills in operation in six seasons has reduced estimates for sugar production in the year ahead and this is reflected in futures contracts trading between US17.5 to US19.5 cents/lb. The positioning of the major EU sugar producers prior to the 2017 removal of production quotas is expected to continue depressing pricing in that market.

Local market prices are expected to increase generally in line with inflation with the effects of the increased dollar-based reference price on imports into South Africa and the Government of Tanzania's commitment to curb imports benefiting market conditions in those countries. The abundance of world priced sugar and opportunistic trading activity will sustain the generally soft regional African market prices.

Currency exchange rates across the group are generally expected to further depreciate against the US Dollar and Euro, the major currency denominations of group exports. This could provide some relief to lower prices through the conversion of export proceeds into reporting currency.

Increased momentum of the group's continuous improvement programme will continue to drive cost-base margin improvement initiatives across the business as above inflation salary and wage increases and lower export prices further squeeze margins. Finance costs are expected to reduce as strong group cash flow is applied to the reduction of debt and the group's effective tax rate should normalise at around 30%.

Capital expenditure in the coming year will again be modest and focused on supporting performance improvement and normal plant and machinery replacements. No major new capital expansion projects are planned for the year, although project opportunities are gaining momentum with a potential ethanol and refined sugar expansion in Zambia being evaluated. Plans to expand furfural production are progressing well. The group continues to evaluate opportunities for further footprint expansion in Africa, but careful assessment of the risks will remain crucial to any new opportunity being progressed.

We anticipate that market conditions will generally be tough in the year ahead, but we are confident that our endeavours will better position us to drive future growth, with a strong balance sheet and operating cash flow.

Capital reduction distribution by way of a reduction of contributed tax capital in lieu of dividend

Notice is hereby given that a final capital reduction distribution, by way of a reduction of contributed tax capital of 60.0 cents per share has been declared, in lieu of a dividend, on the ordinary shares of the company in respect of the year ended 31 March 2014. This distribution, together with the interim capital reduction distribution of 37.0 cents per share which was declared on 13 November 2013, makes a total distribution in respect of the year ended 31 March 2014 of 97.0 cents per share. The directors have determined that this capital reduction distribution will be paid out of qualifying contributed tax capital, as contemplated in the definition of "contributed tax capital" in section 1 of the Income Tax Act, 1962. As the distribution will be regarded as a return of capital and may have potential capital gains tax consequences, Illovo shareholders are advised to consult their tax advisors regarding the impact of the distribution.

In accordance with the settlement procedures of STRATE, the company has determined the following salient dates for the payment of the capital distribution:

Last day to trade cum the capital distribution	Friday 27 June 2014
Shares commence trading ex the capital distribution	Monday 30 June 2014
Record date	Friday 4 July 2014
Payment of final capital distribution	Monday 7 July 2014

Share certificates may not be dematerialised/rematerialised between Monday 30 June 2014 and Friday 4 July 2014, both days inclusive.

Relative to this capital reduction distribution, the directors have confirmed that the company will satisfy the solvency and liquidity test immediately after completing such distribution.

On behalf of the board

D G MacLeod	**G B Dalgleish**	**Mount Edgecombe**
Chairman	*Managing director*	26 May 2014

SUMMARY CONSOLIDATED INCOME STATEMENT

		Note	Change %	Year ended 31 March 2014 Rm	2013* Rm
Revenue			20	**13 190.1**	10 980.7
Operating profit			–	**1 886.9**	1 887.0
Dividend income				**5.1**	2.3
Net financing costs		3		**336.4**	295.4
Profit before taxation and non-trading items				**1 555.6**	1 593.9
Share of profit from associates and joint ventures				**25.2**	5.7
Material items		4		**24.5**	4.6
Profit before taxation				**1 605.3**	1 604.2
Taxation				**486.8**	505.7
Profit for the year				**1 118.5**	1 098.5
Attributable to:					
Shareholders of Illovo Sugar Limited			7	**916.3**	859.9
Non-controlling interest				**202.2**	238.6
				1 118.5	1 098.5
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Actuarial gains/(losses) on post-retirement obligations				**2.6**	(17.3)
Tax effect of actuarial (gains)/losses on post-retirement obligations				**(3.0)**	1.9
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences				**209.7**	(231.2)
Adjustments in respect of cash flow hedges				**(51.4)**	0.8
Tax effect of cash flow hedges				**3.2**	1.3
Hedge of net investment in foreign subsidiaries				**(231.3)**	(64.8)
Tax effect of hedge of net investment in foreign subsidiaries				**1.2**	14.5
Total comprehensive income for the year				**1 049.5**	803.7
Attributable to:					
Shareholders of Illovo Sugar Limited				**821.8**	638.3
Non-controlling interest				**227.7**	165.4
				1 049.5	803.7
Headline earnings per share	(cents)	5	4.3	**194.0**	186.0
Diluted headline earnings per share	(cents)			**194.0**	185.9
Basic earnings per share	(cents)			**199.0**	186.9
Diluted basic earnings per share	(cents)			**198.9**	186.8
Distribution per share (interim – paid; final – declared)	(cents)	6	2	**97.0**	95.0

* *Amounts restated, refer to note 10.*

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Year ended 31 March		
	Note	**2014 Rm**	2013* Rm	2012* Rm
ASSETS				
Non-current assets		**8 895.0**	7 995.1	6 952.9
Property, plant and equipment		**6 783.3**	6 209.5	5 312.5
Cane roots		**1 531.0**	1 260.0	1 216.3
Intangible assets		**288.0**	266.1	218.1
Investments and loans		**248.6**	202.1	174.3
Deferred taxation asset		**44.1**	57.4	31.7
Current assets		**4 924.8**	4 546.6	4 449.2
Inventories and factory overhaul		**1 337.5**	1 218.3	848.8
Growing cane		**1 662.5**	1 520.4	1 346.7
Trade and other receivables		**1 309.2**	1 337.5	858.0
Derivative financial instruments		**18.5**	16.9	14.0
Cash and cash equivalents		**597.1**	453.5	1 381.7
Total assets		**13 819.8**	12 541.7	11 402.1
EQUITY AND LIABILITIES				
Total equity		**7 468.6**	6 974.7	6 465.3
Equity holders' interest		**6 340.3**	5 968.5	5 562.6
Non-controlling interest		**1 128.3**	1 006.2	902.7
Non-current liabilities		**3 320.8**	2 410.6	2 741.2
Long-term borrowings		**1 824.8**	1 164.0	1 545.4
Deferred taxation liability		**1 189.9**	930.1	853.5
Other liabilities		**306.1**	316.5	342.3
Current liabilities		**3 030.4**	3 156.4	2 195.6
Short-term borrowings		**858.2**	1 162.4	568.4
Trade and other payables		**2 110.7**	1 983.7	1 620.8
Derivative financial instruments		**61.5**	10.3	6.4
Total equity and liabilities		**13 819.8**	12 541.7	11 402.1
OTHER SALIENT FEATURES				
Operating margin (%)		**14.3**	17.2	14.8
Interest cover (times)		**5.6**	6.4	5.5
Effective tax rate (%)		**31.3**	31.7	30.3
Net debt:equity ratio	8	**27.9**	26.9	11.3
Net asset value per share (cents)		**1 621.4**	1 514.8	1 405.5
Net borrowings		**2 085.9**	1 872.9	732.1
Depreciation		**309.0**	258.0	238.5
Capital expenditure		**722.0**	970.7	443.4
– Expansion capital		**366.2**	640.8	193.8
– Replacement capital		**342.6**	291.0	237.0
		708.8	931.8	430.8
– Expansion of area under cane		**7.9**	28.4	0.2
– Product registration costs		**5.3**	10.5	12.4
Capital commitments		**1 042.2**	1 013.6	1 125.9
– Contracted		**255.1**	152.7	168.1
– Approved but not contracted		**787.1**	860.9	957.8
Lease commitments		**220.7**	201.7	284.7
Contingent liabilities		**116.5**	119.9	175.0

* *Amounts restated, refer to note 10.*

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 March	
	2014 **Rm**	2013* Rm
Cash flows from operating and investing activities		
Cash operating profit	**1 922.4**	1 551.9
Working capital requirements	**105.2**	(516.5)
Cash generated from operations	**2 027.6**	1 035.4
Replacement capital expenditure	**(342.6)**	(291.0)
Financing costs, taxation and distributions	**(1 186.8)**	(944.6)
Net investment in future operations	**(379.4)**	(679.7)
Acquisition of business	**15.6**	–
Proceeds on disposal of shareholding in joint ventures	**9.5**	–
Other movements	**(8.4)**	51.0
Net cash inflows/(outflows) before financing activities	**135.5**	(828.9)
Borrowings raised/(repaid)	**51.6**	(30.1)
Other financing activities	**1.3**	3.1
Net increase/(decrease) in cash and cash equivalents	**188.4**	(855.9)
Cash and cash equivalents at the beginning of the year	**453.5**	1 381.6
Exchange rate translation	**(44.8)**	(72.2)
Cash and cash equivalents at the end of the year	**597.1**	453.5

* *Amounts restated, refer to note 10.*

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Year ended 31 March	
	2014 **Rm**	2013* Rm
Share capital and share premium		
Balance at beginning of the year	**2 055.4**	2 489.8
Issue of share capital	**1.3**	3.1
Transfer to distribution reserve	**(446.8)**	(437.5)
Balance at end of the year	**1 609.9**	2 055.4
Share-based payments reserve		
Balance at beginning and end of the year	**13.1**	13.1
Non-distributable reserves		
Balance at beginning of the year	**42.3**	155.8
Transfer of realised profit on disposal of property to retained earnings	**–**	(82.0)
Release of non-controlling shareholders' transactions	**–**	(31.2)
Transfer of foreign currency translation reserve	**64.9**	211.7
Total comprehensive income:		
– Foreign currency translation	**165.0**	(167.4)
– Cash flow hedges	**(36.5)**	(0.3)
– Hedge of net investment in foreign subsidiaries	**(229.9)**	(44.3)
Balance at end of the year	**5.8**	42.3
Retained earnings		
Balance at beginning of the year	**3 576.8**	2 706.1
Transfer of realised profit on disposal of property from non-distributable reserves	**–**	82.0
Release of non-controlling shareholders' transactions	**–**	31.2
Transfer of foreign currency translation reserve	**(64.9)**	(211.7)
Gain on redemption of preference shares	**–**	118.9
Total comprehensive income:		
– Profit for the year	**916.3**	859.9
– Actuarial gains/(losses) on post-retirement obligations	**6.9**	(9.6)
Balance at end of the year	**4 435.1**	3 576.8
Distribution reserve		
Balance at beginning of the year	**280.9**	197.8
Transfer from share premium	**446.8**	437.5
Distributions paid	**(451.3)**	(354.4)
Balance at end of the year	**276.4**	280.9
Equity holders' interest	**6 340.3**	5 968.5
Non-controlling interest		
Balance at beginning of the year	**1 006.2**	902.7
Distributions paid	**(105.6)**	(103.6)
Change in shareholding	**–**	41.7
Total comprehensive income:		
– Foreign currency translation	**44.7**	(63.8)
– Hedge of net investment in foreign subsidiary	**(0.2)**	(6.0)
– Cash flow hedges	**(11.7)**	2.4
– Actuarial losses on post-retirement obligations	**(7.3)**	(5.8)
– Profit for the year	**202.2**	238.6
Balance at end of the year	**1 128.3**	1 006.2
Total equity	**7 468.6**	6 974.7

* *Amounts restated, refer to note 10.*

1. BASIS OF PREPARATION

These summary consolidated financial statements have been prepared under the supervision of Mr M H Abdool-Samad CA(SA), the group financial director.

The summary financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for summary reports and the requirements of the Companies Act of South Africa applicable to summary financial statements. The Listings Requirements for the summary financial statements require them to be prepared 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 and Financial Pronouncements as issued by Financial Reporting Standards Council, and also, as a minimum, to contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements, with the exception of the adoption of IFRS 11 Joint Arrangements, IFRS 13 Fair Value Measurement, the amendments relating to IAS 19 (revised) Employee Benefits and IAS 1 Presentation of Financial Statements. The adoption of the revised IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interest in Other Entities has had no impact on the consolidated financial statements.

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

2. IMPACT OF THE APPLICATION OF NEW AND REVISED STANDARDS

IFRS 11 Joint Arrangements

IFRS 11 requires equity accounting for joint ventures and eliminates the proportionate consolidation option of accounting. Previously, the group proportionately consolidated all joint ventures which entailed that it included its share of the assets, liabilities, income and expenses of jointly controlled entities on a line-by-line basis in its financial statements.

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

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

IAS 19 (revised) Employee Benefits

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

The impact of the application of IFRS 11 and IAS 19 (revised) on the group's financial results, financial position and cash flows is disclosed in note 10.

		Year ended 31 March	
		2014 Rm	2013* Rm
3. NET FINANCING COSTS			
Interest paid		**353.5**	322.0
Less: capitalised		**(20.8)**	(21.7)
		332.7	300.3
Interest received		**(8.3)**	(17.6)
Foreign exchange losses		**12.0**	12.7
		336.4	295.4
4. MATERIAL ITEMS			
Profit on disposal of property		**1.3**	1.5
Profit on disposal of previously impaired assets		**0.1**	3.1
Gain on bargain purchase		**2.2**	–
Proceeds received from insurance claim		**19.1**	–
Disposal and deregistration of businesses		**1.8**	–
Material profit before taxation		**24.5**	4.6
Taxation		**(1.4)**	–
Non-controlling interest		**(0.4)**	(0.6)
Material profit attributable to shareholders of Illovo Sugar Limited		**22.7**	4.0
5. DETERMINATION OF HEADLINE EARNINGS			
Profit attributable to shareholders		**916.3**	859.9
Adjusted for:			
– Profit on disposal of property		**(1.3)**	(1.5)
– Profit on disposal of previously impaired assets		**(0.1)**	(3.1)
– Disposal and deregistration of businesses		**(1.8)**	–
– Gain on bargain purchase		**(2.2)**	–
– Proceeds received from insurance claim		**(19.1)**	–
Total tax effect of adjustments		**1.4**	–
Total non-controlling interest effect of adjustments		**0.4**	0.6
Headline earnings		**893.6**	855.9
Number of shares in issue	(millions)	**460.6**	460.4
Weighted average number of shares on which headline earnings per share are based	(millions)	**460.5**	460.2
Headline earnings per share	(cents)	**194.0**	186.0

* *Amounts restated, refer to note 10.*

6. DISTRIBUTION PER SHARE

The distribution per share of 97.0 cents (2013: 95.0 cents) includes an interim capital distribution of 37.0 cents declared out of share premium and a final capital distribution of 60.0 cents declared out of share premium.

7. 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.

8. NET DEBT:EQUITY RATIO

The net debt:equity ratio is calculated as interest-bearing liabilities, net of cash and cash equivalents, divided by total equity.

9. SEGMENTAL ANALYSIS

	Year ended 31 March			
	2014		2013*	
BUSINESS SEGMENTS	**Rm**	**%**	Rm	%
Revenue				
Sugar production	**9 355.7**	**71**	7 610.8	70
Cane growing	**2 856.2**	**22**	2 565.5	23
Downstream and co-generation	**978.2**	**7**	804.4	7
	13 190.1		10 980.7	
Operating profit				
Sugar production	**1 320.3**	**70**	1 035.0	55
Cane growing	**388.8**	**21**	760.5	40
Downstream and co-generation	**177.8**	**9**	91.5	5
	1 886.9		1 887.0	
GEOGRAPHICAL SEGMENTS				
Revenue				
Malawi	**2 341.5**	**18**	1 829.8	17
Zambia	**3 265.9**	**25**	2 519.8	23
South Africa	**4 504.1**	**34**	4 081.3	37
Swaziland	**1 601.1**	**12**	1 314.9	12
Mozambique	**552.8**	**4**	536.4	5
Tanzania	**924.7**	**7**	698.5	6
	13 190.1		10 980.7	
Operating profit				
Malawi	**762.0**	**39**	899.3	48
Zambia	**558.1**	**30**	478.8	25
South Africa	**265.8**	**14**	150.3	8
Swaziland	**257.5**	**14**	155.8	8
Mozambique	**32.5**	**2**	109.1	6
Tanzania	**11.0**	**1**	93.7	5
	1 886.9		1 887.0	
Total assets				
Malawi	**2 052.8**	**15**	1 560.1	14
Zambia	**3 793.4**	**29**	3 777.5	31
South Africa	**2 658.7**	**20**	2 422.7	20
Swaziland	**2 046.0**	**16**	2 068.5	17
Mozambique	**918.9**	**7**	809.1	7
Tanzania	**1 690.3**	**13**	1 376.0	11
	13 160.1		12 013.9	

Note: *Total assets excludes cash and cash equivalents, financial instruments and deferred tax.*

* *Amounts restated, refer to note 10.*

10. IMPACT OF THE APPLICATION OF NEW AND REVISED STANDARDS

	Year ended 31 March 2013		
INCOME STATEMENT	Previously reported Rm	Effect of restatement Rm	Restated Rm
Revenue	11 128.9	(148.2)	10 980.7
Operating profit	1 901.0	(14.0)	1 887.0
Dividend income	2.3	–	2.3
Net financing costs	279.6	15.8	295.4
Profit before taxation and non-trading items	1 623.7	(29.8)	1 593.9
Share of profit from associates and joint ventures	0.7	5.0	5.7
Material items	4.6	–	4.6
Profit before taxation	1 629.0	(24.8)	1 604.2
Taxation	513.9	(8.2)	505.7
Profit for the year	1 115.1	(16.6)	1 098.5
Attributable to:			
Shareholders of Illovo Sugar Limited	876.5	(16.6)	859.9
Non-controlling interest	238.6	–	238.6
	1 115.1	(16.6)	1 098.5
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial losses on post-retirement obligations, net of tax	(32.0)	16.6	(15.4)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	(231.2)	–	(231.2)
Adjustments in respect of cash flow hedges, net of tax	2.1	–	2.1
Hedge of net investment in foreign subsidiaries	(50.3)	–	(50.3)
Total comprehensive income for the year	803.7	–	803.7
Attributable to:			
Shareholders of Illovo Sugar Limited	638.3	–	638.3
Non-controlling interest	165.4	–	165.4
	803.7	–	803.7
Earnings per share (cents)			
Basic earnings per share	190.5	(3.6)	186.9
Headline earnings per share	189.6	(3.6)	186.0

10. IMPACT OF THE APPLICATION OF NEW AND REVISED STANDARDS CONTINUED

STATEMENT OF FINANCIAL POSITION	Year ended 31 March 2013 Previously reported Rm	Year ended 31 March 2013 Effect of restatement Rm	Year ended 31 March 2013 Restated Rm	Year ended 31 March 2012 Previously reported Rm	Year ended 31 March 2012 Effect of restatement Rm	Year ended 31 March 2012 Restated Rm
ASSETS						
Non-current assets	7 938.5	56.6	7 995.1	6 900.4	52.5	6 952.9
Property, plant and equipment	6 223.4	(13.9)	6 209.5	5 328.0	(15.5)	5 312.5
Cane roots	1 260.0	–	1 260.0	1 216.3	–	1 216.3
Intangible assets	266.1	–	266.1	218.1	–	218.1
Investments and loans	131.6	70.5	202.1	106.3	68.0	174.3
Deferred taxation asset	57.4	–	57.4	31.7	–	31.7
Current assets	4 635.3	(88.7)	4 546.6	4 510.5	(61.3)	4 449.2
Inventories and factory overhaul	1 253.7	(35.4)	1 218.3	881.9	(33.1)	848.8
Growing cane	1 520.4	–	1 520.4	1 346.7	–	1 346.7
Trade and other receivables	1 370.1	(32.6)	1 337.5	877.8	(19.8)	858.0
Derivative financial instruments	16.9	–	16.9	14.0	–	14.0
Cash and cash equivalents	474.2	(20.7)	453.5	1 390.1	(8.4)	1 381.7
Total assets	12 573.8	(32.1)	12 541.7	11 410.9	(8.8)	11 402.1
EQUITY AND LIABILITIES						
Total equity	6 974.7	–	6 974.7	6 465.3	–	6 465.3
Equity holders' interest	5 968.5	–	5 968.5	5 562.6	–	5 562.6
Non-controlling interest	1 006.2	–	1 006.2	902.7	–	902.7
Non-current liabilities	2 413.0	(2.4)	2 410.6	2 741.7	(0.5)	2 741.2
Long-term borrowings	1 166.4	(2.4)	1 164.0	1 545.4	–	1 545.4
Deferred taxation liability	930.1	–	930.1	854.0	(0.5)	853.5
Other liabilities	316.5	–	316.5	342.3	–	342.3
Current liabilities	3 186.1	(29.7)	3 156.4	2 203.9	(8.3)	2 195.6
Short-term borrowings	1 174.4	(12.0)	1 162.4	568.4	–	568.4
Trade and other payables	2 001.4	(17.7)	1 983.7	1 629.1	(8.3)	1 620.8
Derivative financial instruments	10.3	–	10.3	6.4	–	6.4
Total equity and liabilities	12 573.8	(32.1)	12 541.7	11 410.9	(8.8)	11 402.1

10. IMPACT OF THE APPLICATION OF NEW AND REVISED STANDARDS CONTINUED

STATEMENT OF CASH FLOWS	Year ended 31 March 2013 Previously reported Rm	Effect of restatement Rm	Restated Rm
Cash flows from operating and investing activities			
Cash operating profit	1 567.9	(16.0)	1 551.9
Working capital requirements	(506.4)	(10.1)	(516.5)
Cash generated from operations	1 061.5	(26.1)	1 035.4
Replacement capital expenditure	(291.4)	0.4	(291.0)
Financing costs, taxation and distributions	(931.4)	(13.2)	(944.6)
Net investment in future operations	(679.7)	–	(679.7)
Other movements	23.4	27.6	51.0
Net cash outflows before financing activities	(817.6)	(11.3)	(828.9)
Borrowings repaid	(30.1)	–	(30.1)
Other financing activities	3.1	–	3.1
Net decrease in cash and cash equivalents	(844.6)	(11.3)	(855.9)
Cash and cash equivalents at the beginning of the year	1 390.1	(8.5)	1 381.6
Exchange rate translation	(71.3)	(0.9)	(72.2)
Cash and cash equivalents at the end of the year	474.2	(20.7)	453.5

AUDIT OPINION

These summary consolidated financial statements for the year ended 31 March 2014 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements from which these summary consolidated financial statements were derived. A copy of the auditor's report on the summary consolidated financial statements and of the auditor's report on the annual consolidated financial statements are available for inspection at the company's registered office, together with the financial statements identified in the respective auditor's reports.

Deloitte & Touche have not audited future financial performance and expectations expressed by management included in the commentary in the accompanying preliminary report and accordingly do not express an opinion thereon. The auditor's report does not necessarily report on all of the information contained in this preliminary report. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

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