ILLOVO SUGAR (MALAWI) LIMITED

ANNUAL REPORT

2015

Flood Disaster Response

During the first quarter of 2015 the Company rallied to the assistance of tens of thousands of people affected by extreme flooding in the southern region of the country where Illovo's Nchalo agricultural and factory operations are situated.

***Inset top:** Illovo contributed funds in order to assist the flood victims. **Inset bottom:** Sekeni II camp, one of the three camps, on Company-owned land at Nchalo Estate. **Main picture:** Clean water for drinking and cooking was provided by the Company via mobile water tanks to some 3 000 residents of the relief camps on Company land.*

The lower Shire Valley area was the most affected by regional cyclonic activity which commenced in mid-January and brought with it heavy rains to the area amounting to around 550 mm, representing almost three times the long term mean for the month. More than 250 people lost their lives and in excess of 250 000 people were displaced in what was described as the worst floods since 1967.

While relief assistance was provided by the Government supported by a range of NGOs including Médecins Sans Frontières (MSF), the Red Cross, UNICEF and others, the staff and family members of Illovo Malawi also worked closely with the Government in their relief operations and offered various types of assistance which included:

- Providing Company-owned land at Nchalo for three relief camps housing around 3 000 displaced people;
- Supplying clean water to the camp inhabitants as well as medical services where these were required;
- Making donations of tarpaulins (used for making shelters), sugar, maize and sizeable cash contributions for relief efforts and also providing electricity to the various camps via standby generators;
- Providing access to the company's air strip for the Malawi Defence Force and other relief teams as a base for rescue operations and also provided for their accommodation needs.

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ANNUAL REPORT 2015

Key Features

	2015	2014
Results (K million)		
Revenue	92 508	87 848
Operating profit	23 429	28 613
Net profit for the year	13 531	18 816
Headline earnings	13 531	18 816
Share performance (tambala per share)		
Headline earnings	1 897	2 637
Dividends paid/proposed	750	1 850
- Paid first interim	750	750
- Declared second interim	-	1 040
- Proposed final	-	60
Net worth	5 864	5 750
Year-end market price	29 420	29 200
Financial statistics		
Return on average shareholders' equity (%)	32.7	50.9
Return on net assets (%)	37.6	54.8
Interest cover (times)	6.0	17.3
Dividend cover (times)	2.5	1.4

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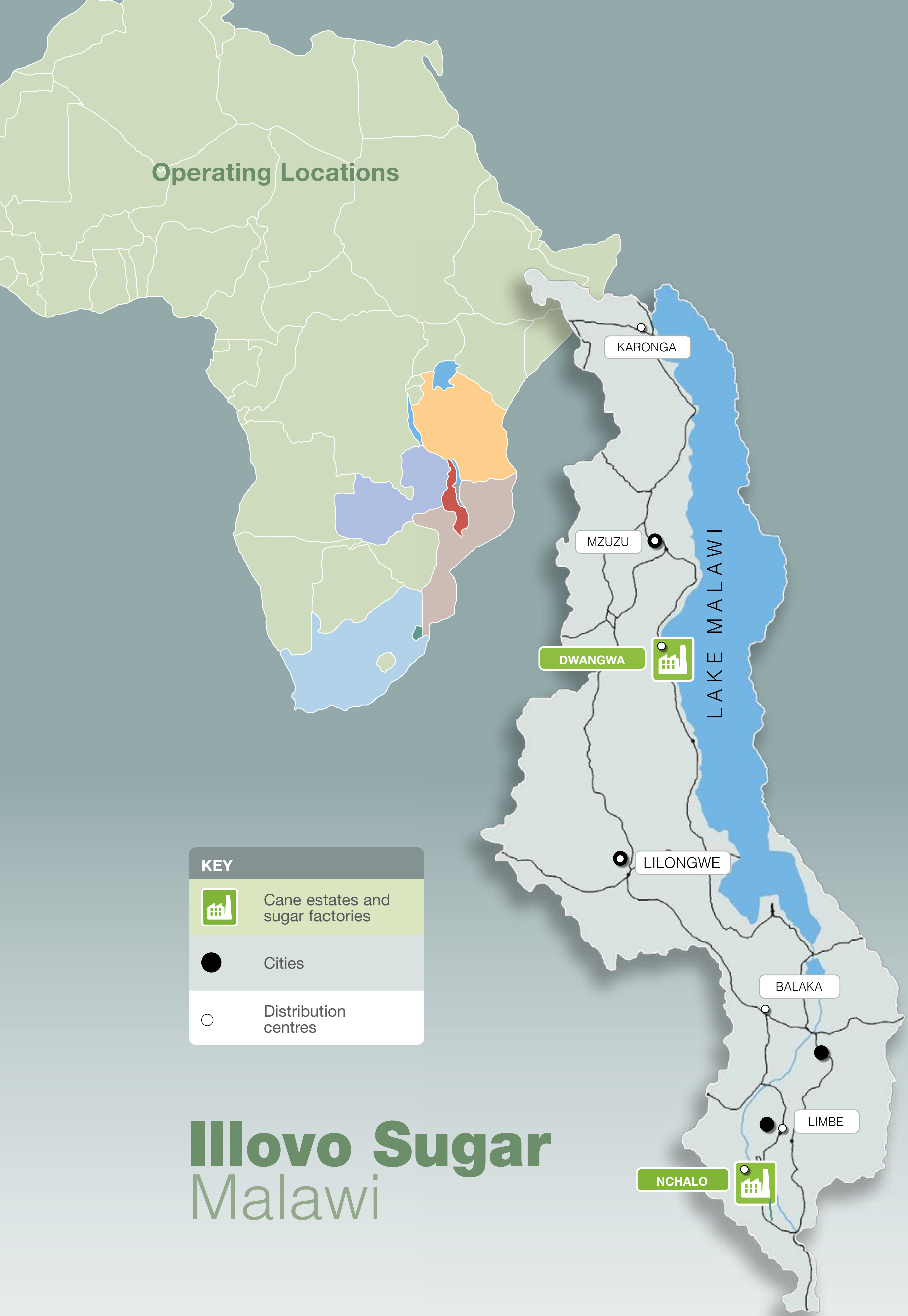


Illovo Sugar
Malawi

Group Profile

Illovo Sugar (Malawi) Limited was initially incorporated in Malawi as a private company (The Sugar Corporation of Malawi (SUCOMA) Limited) on 31 May 1965 and then converted to a public company on 15 September 1997. The name was officially changed from SUCOMA to Illovo Sugar (Malawi) Limited on 11 November 2004. It is part of the Illovo Sugar group, a leading, global, cost competitive African sugar producer and a significant manufacturer of high-value downstream products. The Illovo Sugar group is the continent's biggest sugar producer and has extensive agricultural and manufacturing operations in six African countries.

The company is listed on the Malawi Stock Exchange and comprises 31% of the market capitalisation of all the domestic counters. The Illovo group holds 76% of the issued share capital with the balance of the shares being held by public and other institutional investors. The ultimate holding company is Associated British Foods, in the United Kingdom, which holds 51% of Illovo's issued share capital.

Illovo Sugar (Malawi) Limited is the country's sole producer of sugar and plays a significant role within the Malawian economy in general, providing permanent as well as seasonal employment for 10 000 people. Many local industries are dependent upon Illovo for their viability and the employment created by these businesses provides an income base for many more families than are directly employed. It further supports an estimated 3 700 people through various outgrower schemes. Illovo Malawi is the country's largest private-sector employer and taxpayer and the group generates valuable foreign exchange through export sugar sales and is a major source of revenue to the Malawian tax authorities through both direct and indirect taxes.

Illovo Malawi has developed significant agricultural and milling assets at the Dwangwa estate situated in the mid-central region of the country at Nkhotakota and at the Nchalo estate in the south at Chikhwawa. With access to secure water sources for irrigation, good soils and generally favourable climatic conditions the company, together with its outgrowers, has the capacity to produce 2.4 million tons of sugar cane and approximately 290 000 tons of sugar annually.

Cane cultivated at Dwangwa is irrigated from the Dwangwa and Rupashe Rivers, supplemented by water from Lake Malawi, whilst the Nchalo operation sources its water from the Shire River.

Both factories produce raw and refined sugar with the Nchalo factory also manufacturing value-added speciality sugars. Over half of the sugar produced is sold into the local direct consumption market through the company's chain of distribution centres situated throughout Malawi and also into the local industrial market, 30% into markets in the European Union (EU) and the United States of America (USA) with the remainder sold into regional African markets. Both milling operations produce molasses, a by-product of the sugar manufacturing process, which is currently sold as a fermentation raw material to the Ethanol Company and Presscane fuel alcohol distilleries in Malawi.

Recognising the significant development needs of the communities in which it operates, Illovo Malawi operates wide-ranging corporate social responsibility initiatives focussing on education and health, together with a broader objective to complement Malawi's national strategy to alleviate poverty. The group continues to partner with government, non-governmental organisations and other agencies to address these development issues.

The group recognises the essential role that a managed and protected environment plays in the growing of sugar cane used in the production of sugar and manages the impact of its activities, striving to maintain an environment which meets the needs of current and future generations and continuing to develop its business in a socially responsible manner and it continues to investigate means to reduce the environmental impact of its operations.

Group Structure and Shareholding

- ASSOCIATED BRITISH FOODS 51%
  - ILLOVO SUGAR GROUP 100%
    - SUCOMA HOLDINGS 76%

PUBLIC AND INSTITUTIONAL INVESTORS 16%

SUCOMA HOLDINGS 76%

OLD MUTUAL LIFE ASSURANCE COMPANY 8%

- ILLOVO SUGAR MALAWI 100%
  - DWANGWA SUGAR CORPORATION

Corporate Information

Secretaries / Compliance Officer	:	Malawi Sugar Limited / G S Garson
Business address and registered office	:	Illovo Sugar (Malawi) Limited, Illovo House, Churchill Road, Limbe, Malawi
Postal address	:	Private Bag 580, Limbe, Malawi
Telephone	:	+265 (0)1 843 988
Fax	:	+265 (0)1 840 761
E-mail address	:	Illovomalawi@Illovo.co.za
Website address	:	www.Illovosugar.com
Transfer secretaries	:	First Merchant Bank Transfer Secretaries, 2nd Floor, Livingstone Towers, Glyn Jones Road, Blantyre, Malawi
Postal address	:	Private Bag 122, Blantyre, Malawi
Telephone	:	+265 (0)1 823 950
Fax	:	+265 (0)1 823 314
E-mail address	:	capitalmarkets@fmbmalawi.com
Auditors	:	Deloitte
Attorneys	:	Chisanga and Tomoka Savjani and Company
Principal bankers	:	Standard Bank Limited

Directorate

NAME	QUALIFICATIONS	APPOINTED	POSITION
CHAIRMAN			
G B Dalgleish (49) •	BScEng(Chem), MScEng(Chem)	2012	Managing Director – ISL
EXECUTIVE DIRECTORS			
R J de Allende (56)	BA	2015	Managing Director – ISML
S L Robert (33)	BCom(Acct)(Hons), CA(SA)	2012	Financial Director – ISML
K M J Tembo (52)	Dip(IndEng)	2014	General Manager – Nchalo – ISML
NON-EXECUTIVE DIRECTORS			
M H Abdool-Samad (44) *#	BCom, Dip(Acc), CA(SA)	2011	Financial Director – ISL
Dr M A P Chikaonda (60)	Dip(Bus), BA(Hons), MBA, PhD	2006	Director of Companies
J P Hulley (55) #	Dip (MechEng), MDP	2013	Group Operations Director – ISL
S L G Malata (53) *	BCom, MSc(Fin&Acc)	2003	General Management
D B Mawindo (57) •	LLB(Hons), MBA	2005	Director of Companies
A R Mpungwe (64) •#	BA(Hons)	2006	Director of Companies
G H Williams (48) *	CA(SA)	2015	Group Executive – Trade and Industry Affairs – ISL

* Audit Committee Member
• Remuneration Committee Member
Risk Management Committee Member

ISL = Illovo Sugar Limited
ISML = Illovo Sugar (Malawi) Limited

Board and Committee Meetings Attendance

Attendance at board and committee meetings during the year ended 31 March 2015

	Board Meeting		Audit Committee Meeting		Risk Management Committee Meeting		Remuneration Committee Meeting		Annual General Meeting	
	A	B	A	B	A	B	A	B	A	B
M H Abdool-Samad	4	4	2	2	2	2	N/A	N/A	1	1
Dr M A P Chikaonda	4	3	N/A	N/A	N/A	N/A	N/A	N/A	1	1
G B Dalgleish	4	4	N/A	N/A	N/A	N/A	1	1	1	1
R J de Allende +	0	0	N/A	N/A	N/A	N/A	N/A	N/A	0	0
J P Hulley	4	4	N/A	N/A	2	2	N/A	N/A	1	1
S L G Malata	4	1	2	0	N/A	N/A	N/A	N/A	1	1
D B Mawindo	4	4	N/A	N/A	N/A	N/A	1	0	1	1
A R Mpungwe	4	3	N/A	N/A	2	2	1	1	1	1
I P G O Mitchell ++	4	4	N/A	N/A	N/A	N/A	N/A	N/A	1	1
I G Parrott +++	4	4	2	2	N/A	N/A	N/A	N/A	1	1
S L Robert	4	4	N/A	N/A	N/A	N/A	N/A	N/A	1	1
K M J Tembo	3	3	N/A	N/A	N/A	N/A	N/A	N/A	1	1
G H Williams ++++	0	0	0	0	N/A	N/A	N/A	N/A	0	0

Column A indicates the number of meetings held during the year and column B indicates the number of meetings attended by the director whilst a member of the board/committee.

+ R J de Allende was appointed as a director with effect from 6 February 2015.
++ I P G O Mitchell resigned as a director with effect from 5 February 2015.
+++ I G Parrott resigned as a director with effect from 5 February 2015.
++++ G H Williams was appointed as a director with effect from 6 February 2015.

Directors' Report

OVERVIEW

Operations at both Nchalo and Dwangwa commenced later than planned due to wet weather at the beginning of the season. Plant reliability performance at Nchalo was below expectation for the season which impacted negatively on sugar production. Dwangwa had a generally satisfactory performance for the season. Overall sugar cane production for the season totalled 2.4 million tons of which 450 000 tons, representing 19% of total cane harvested, was sourced from outgrowers. Final sugar production for the season totalled 283 000 tons.

Overall sugar sales into the local and export markets amounted to 273 000 tons. The domestic market accounted for over 50% of these volumes. The balance was exported to Europe, North America and the region. Sales into regional markets were below expectation mainly as a result of the importation of cheap world market sugar into the region and import license restrictions implemented by the Zimbabwean authorities, all but halting sugar sales into this traditional market. Adverse market pricing pressure and Euro weakness also impacted sales revenue from EU markets.

Economic conditions during the year were challenging with significant exchange and interest rate movements, resulting in negligible growth in the local market and an overall decline in operating margins. Continuous improvement and cost containment initiatives remained an area of focus. Overall, in terms of the year's financial results, profit from operations declined by 18% to K 23 billion, with headline earnings declining by 28%.

OPERATIONS

CANE GROWING

Adverse weather conditions affected both estates with Nchalo experiencing heavy rains during April 2014 at the commencement of the harvesting season and again during January and February 2015 when extremely heavy rains resulted in mass flooding in the Chikhwawa area. Conversely very dry conditions were experienced mid- to late-season during the period August to December 2014. Dwangwa was similarly affected by adverse weather conditions during April 2014 with harvesting operations delayed by heavy rainfall. Power interruptions from the national grid again affected irrigation supplied to both the miller-cum-planter and outgrowers' cane. Outbreaks of thryps, red spider mite and yellow aphid infestations were experienced at Nchalo, and Dwangwa was affected by an outbreak of yellow aphids. These pest and diseases were well controlled through spraying programmes. Despite these setbacks, the Nchalo operations achieved slightly better cane yields and higher sucrose content cane than achieved in the previous season, with Dwangwa's own agricultural operations and outgrowers recording record harvested production.

Overall sugar cane production totalled 2.4 million tons.

SUGAR PRODUCTION

At Nchalo, poor plant performance with frequent breakdowns in processing equipment and erratic cane supply at times due to adverse weather conditions resulted in overall sugar production declining almost 4% over the previous season. However, the Dwangwa mill performed generally satisfactorily and produced 126 000 tons of sugar, matching the previous year's production.

Total sugar production for the year from both mills amounted to 283 000 tons.

MARKETING

While domestic sales recorded a welcome improvement over that sold in the previous year, total sugar sales across all markets for the year amounted to just over 273 000 tons, representing a significant decrease compared to the 291 000 tons sold in 2013/14.

DOMESTIC MARKET

Domestic market sales for the year amounted to 170 000 tons, which was a marginal increase above those recorded in the previous year. A growing trend of customer collection directly from the company's operations at Nchalo and Dwangwa, despite having distribution centres situated strategically throughout the country, is a new feature in the market which at times, resulted in warehouse congestion at the loading facilities. The company is responding to these challenges.

EXPORT MARKET

In total, sugar exports for the year declined by an average of 15% when compared to previous year sales, with exports to the EU and USA decreasing 4% and those into the regional market by 55%.

DEEP WATER MARKET

Raw and speciality sugar sales of 88 000 tons to Europe decreased slightly compared to the previous year with contracted raw bulk sugar sales accounting for most of this tonnage at 56 000 tons.

Sales into the USA direct consumption market stood at 2 500 tons compared to 3 000 tons sold in 2013/14.

REGIONAL MARKET

Total sales into regional markets reflected a significant decline over those achieved in 2013/14 with import licencing restrictions and tariff barriers being introduced on sugar exports into Zimbabwe severely restricting sales into this traditional market. Pleasingly, more than 8 000 tons of sugar was sold under the SADC quota into South Africa, with some sales also taking place into the Great Lakes area. Low cost world market sugar imported into the region affected the company's sales performance.

LOGISTICS

During the year, a shortage of railway rolling stock as well as poor road conditions affected the movement of export sugar to the ports of Beira and Nacala, with the situation further exacerbated by the heavy rains in January and February 2015 which resulted in severe washaways on the Nacala railway line.

QUALITY

Sugar quality was an area of continuing focus and several continuous improvement projects were implemented in both the packing halls and sugar warehouses in an on-going effort to ensure that the strictest standards of food safety and quality are observed in the manufacturing and delivery process.

Both agricultural and factory operations retained accreditation under the ISO quality management system, with the implementation of the Hazards Analysis and Critical Control Points (HACCP) programme at both factories maintained. The Nchalo factory retained its Foundation for Food Safety Certification (FFSC) accreditation, under the Food Safety System Certification (FSSC) 22000 standard. Dwangwa was certified under the Supplier Guiding Principles (SGP) to provide Coca-Cola with specification sugar.

FINANCIAL

Challenging operational and market conditions resulted in headline earnings decreasing to K 13.5 billion, representing a 28% reduction compared to the previous year. The fall in profits was chiefly attributed to a decline in overall sugar production, the marked reduction in export sales into the region, together with the challenging economic fundamentals in Malawi, particularly in respect of exchange rate fluctuations and an environment of extremely high interest rates.

PROSPECTS

Sugar production for the 2014/15 season is expected to be similar to that achieved last year.

It is expected that factory performance at Nchalo will return to acceptable levels of plant efficiencies and recovery of sucrose from cane. This performance improvement, coupled with the Dwangwa factory performing at similar levels to that achieved in the previous year, is expected to result in a modest overall increase in sugar production.

Total sugar sales for the coming year are expected to improve above those recorded in 2014/15, with the anticipation of improved volumes being exported into both the EU specials market and regional markets where an uptake in refined sugar has been forecast.

Relative to the local Malawi economy, inflation rates, together with exchange and interest rate movements, will continue to have a marked effect on profitability. The company will continue to maintain its continuing focus on cost control initiatives driven through its continuous improvement programmes.

Corporate Governance

COMPLIANCE / GOVERNANCE

The directors are committed to the implementation of, and endorse the applicable codes, guidelines, legislation, regulations and standards in terms of corporate governance.

ANNUAL FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the auditor's report, is made for the purpose of clarifying to members the respective responsibilities of the directors and the auditors in the preparation of annual financial statements.

The directors are required by the Companies Act, 1984, to prepare financial statements for each financial year, which give a true and fair view of the state of affairs and profit or loss of the group. The directors consider that, in preparing the financial statements, appropriate accounting policies are consistently applied and supported by reasonable and prudent judgements and estimates and confirm that all applicable accounting standards have been followed.

After making appropriate enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence in the year ahead. For this purpose, they continue to adopt the going-concern basis in preparing the financial statements. The external auditors concur with this opinion.

The directors have responsibility for ensuring that the group maintains accounting records which disclose with reasonable accuracy at any time the financial position of the group and which enable them to ensure that the financial statements comply with the requirements of the Companies Act, 1984.

The directors also have responsibility for safeguarding the assets of the group and for the prevention and detection of fraud and other irregularities.

BOARD OF DIRECTORS

The group has a unitary board of directors that is balanced between executive and non-executive directors.

The board supervises the management of the group's business and affairs and is involved in all decisions that are material to the business. In doing so, the board acts at all times in the best interest of the group.

The board meets at least once in each quarter with additional meetings held when appropriate. At each board meeting a complete update on the affairs and business of the group is presented by executive management.

In addition, the articles of association provide for decisions taken between meetings to be confirmed by way of directors' resolutions.

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

EXECUTIVE MANAGEMENT

Executive management meets regularly to discuss issues material to the operations of the group.

To ensure that there is adequate interaction between management and the board, three members of executive management are directors.

AUDIT COMMITTEE

The audit committee comprises of three directors, all of whom are non-executive. The committee meets at least twice a year with management and has both external and internal auditors in attendance.

The committee reviews annual audited financial statements, the interim financial results and the external and internal auditors' reports and details its findings to the board for consideration when approving the financial statements for delivery to the shareholders.

The audit committee, on behalf of the board, reviews the scope and coverage of internal audit together with its findings.

RISK MANAGEMENT COMMITTEE

The risk management committee is chaired by a non-executive director. A comprehensive risk assessment audit is undertaken twice per annum of factors which could have a material impact on group results.

As well as financial assessment, other audited areas include agricultural, electrical and mechanical risk, health and safety, quality and food safety, environmental compliance and exposure to changes in the economic environment. The reports are reviewed by the committee to ensure that risk identification, mitigation and management are undertaken. A comprehensive enterprise risk management strategy has been adopted by the group with robust risk improvement plans developed and business continuity planning and testing regularly undertaken.

REMUNERATION COMMITTEE

The remuneration committee comprises three non-executive directors. The committee is responsible for reviewing compensation of the executive directors and executive management of the group.

ETHICAL STANDARDS

The group has adopted a code of management practices that applies to the group's management and staff. The code provides a benchmark against which employee conduct can be assessed to ensure that the highest ethical standards are met.

FRAUD CONTROL

The group has a fraud hotline that enables employees and members of the public to raise evidence of irregular activity directly with an independent entity.

The group has implemented a comprehensive anti-bribery and corruption policy which has been implemented throughout the organisation to all officers and employees and has adopted a zero-tolerance approach to corruption and fraud.

INTERNAL CONTROL

The board has overall responsibility for the group's systems of internal control and for monitoring their effectiveness. The systems are designed to safeguard the group's assets and shareholders' investments.

The group's external auditors are granted unrestricted access to all information that may be required in the execution of their duties. Reports from the external auditors are regularly monitored to assess the effectiveness of the group's systems of internal control.

The directors and external auditors have not detected any adverse information that would indicate a material breakdown in systems of internal control during the year under review.

"An important part of the group's strategic intent is "to be welcomed in the communities in which it operates because of what it does, how well it does it and be accepted as a progressive company by all communities..."

ADVOCACY / STAKEHOLDER ENGAGEMENT / SUSTAINABILITY

CORPORATE CITIZENSHIP / SOCIAL RESPONSIBILITY

An important part of the group's strategic intent is "to be welcomed in the communities in which it operates because of what it does, how well it does it and be accepted as a progressive company by all communities and also to be cognisant of the rural locations of its operations and the impact that it has on job creation and poverty alleviation in such areas".

CONTRIBUTING TO MALAWI'S ECONOMY

The group continues to play a significant role in Malawi's economy through direct impacts (wages paid to employees, cane payments to outgrowers, tax payments, interest spending and dividends), indirect impacts through its value chain and induced impacts in the form of increased consumption and spending in the economy as a whole.

INVESTING IN EMPLOYEES

The group spent around 15% of its total revenues on remuneration and employee benefits. All employees, including agricultural and factory workers, earn above the national minimum wage and the World Bank's poverty line.

As an agricultural based business, the group operates in rural areas with generally high levels of poverty. Infrastructure is generally lacking and therefore the group provides healthcare, housing, electricity and water and schooling assistance to its employees and their dependants, with significant social benefits accruing to local communities surrounding its operations.

In total, 12 company-run clinics operate on both estates which are staffed by medical doctors and other qualified health personnel. On average, these clinics attend to more than 25 000 patients on a monthly basis, including members of local communities who do not have access to health care, and Illovo's contractors.

During the year, almost 5 000 employees and their dependents attended HIV/AIDS voluntary counselling and testing programmes. There are more than 3 000 affected patients on the company's "wellness" programme. Clinics also dispense antiretroviral drugs on behalf of the Government. Malaria control also received considerable focus during the year with ongoing engagement with the National Malaria Control Programme. The business has entrenched and effective occupational health regimes and continues to look after the well-being of its own people, both in terms of health and the provision of a healthy and safe workplace.

> **"Over 10% of total revenues were spent during the year procuring sugar cane from outgrowers surrounding both estates. This represented a significant support to the livelihoods of small scale rural farmers, their families and also to the local communities."**

Housing is provided to over 4 500 employees and their family units. The houses are serviced and electricity, clean drinking water and sewerage and waste services are provided. Ongoing housing upgrades and the construction of new housing units continued during the year.

There are more than 13 000 pupils attending company-administered schools which receive comprehensive support from the company including, in some cases, the payment of teacher's wages and a continuing initiative to provide desks and learning materials. Several construction and rehabilitation projects related to ablution facilities, classrooms, girls' hostels and teacher accommodation were undertaken during the year.

The group continues to build future capacity through strong training and development at all levels of the organisation and actively promoted the employment and development of local talent through apprenticeships and its management development programmes.

Business understanding programmes reached all employees during the year, assisting them to develop effective sharing of relevant information and gain a better understanding of the organisation's ongoing performance.

The group also undertakes regular discussions with employee representatives which further facilitates effective consultation by management with its workforce.

SUPPORTING OUTGROWERS AND THE LONG-TERM SUSTAINABILITY OF THE SUGAR INDUSTRY

The group remained a strong supporter of outgrower schemes in terms of both material and technical inputs.

Over 10% of total revenues were spent during the year procuring sugar cane from outgrowers surrounding both estates. This represented a significant support to the livelihoods of small scale rural farmers, their families and also to the local communities.

In addition the organisation supported local business with the purchase of goods and services through non-cane suppliers and also entered into contracts with small businesses that have been established to provide agricultural services such as cane cutting and weeding.

"It is estimated that over 70 000 people live on the group's premises at Dwangwa and Nchalo and the company administers a robust social responsibility programme in an attempt to uplift living standards and the general well-being of these communities."

INVESTING IN THE COMMUNITY

It is estimated that over 70 000 people live on the group's premises at Dwangwa and Nchalo and the company administers a robust social responsibility programme in an attempt to uplift living standards and the general well-being of these communities. Maize was again grown by the group and distributed to vulnerable communities, including the elderly and orphans, within its areas of operations. Significant relief aid such as food, medical care and shelter, was provided to villagers affected by extensive flooding in the southern region of the country, surrounding the Nchalo operation, in the early part of 2015. In an ongoing effort to provide safe drinking water, the group continued to drill and equip boreholes in areas surrounding the estates. Medical equipment worth K 400 million was secured during the year in collaboration with Project CURE and distributed to estate clinics and surrounding communities' health facilities during the year.

The group continued to fortify all sugar for direct consumption within the local market with vitamin A in an effort to contribute to government's aim to reduce micro-nutrient deficiencies within targeted segments of the community and also continued its active involvement in school feeding programmes.

Illovo Malawi maintained its proactive approach in eliminating child labour wherever possible through its vast supply chain.

PROMOTING SAFETY AND ENVIRONMENTAL BEST PRACTICE

Safety awareness throughout the group is an important focus area with awareness and training activities aimed at protecting the safety and well-being of our own employees, external contractors and the wider community continuing throughout the year. Daily safety briefings are undertaken to re-enforce safety measures and continuing efforts are applied to inculcate a safety mind-set throughout all areas of the business. Visible signage was also erected in strategic locations to constantly remind of a "safety first" culture. Regrettably, despite these ongoing efforts, an employee died in an unfortunate accident on the factory floor during the year.

The group is cognisant of its responsibility to ensure that it manages the environmental impact of its activities and strives to maintain an environment which meets the needs of current and future generations. It also acknowledges the public awareness concerning environmental issues and the essential role that a managed and protected environment plays in the growing of sugar cane used in the production of sugar. Both sugar factories have upgraded their waste-water discharge systems, resulting in water from the milling process being settled before being recycled for use as irrigation water on the fields. This process supplements lake / river water demand and reduces the requirement from these sources for crop irrigation. Biomass, residual cane matter after harvesting and cane fibre or bagasse, the fibrous residue following the extraction process, are used as a bio-renewable fuel source by the factory boilers to produce steam for processing requirements. Both estates participate in annual tree planting activities in an effort to retard environmental degradation and soil erosion and continue to make substantial donations of tree seedlings to affected communities.

Value Added Statement

The value added statement shows the wealth the group has been able to create through manufacturing, trading and investment operations and its subsequent distribution and reinvestment in the business.

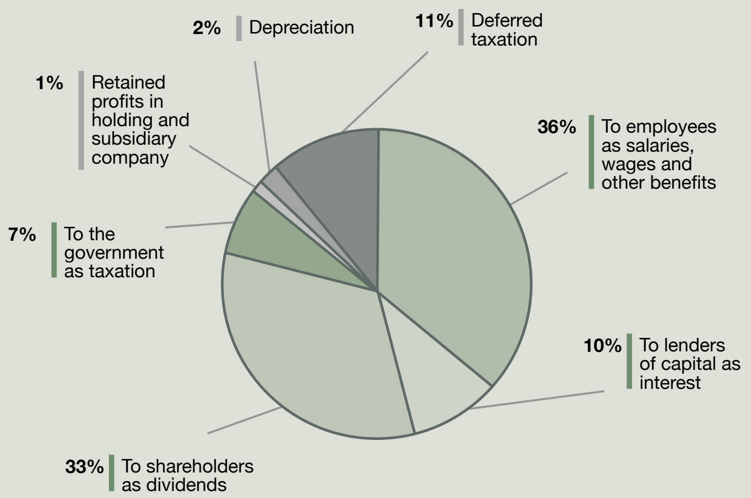
	2015 K million
Wealth created	
Revenue	92 508
Income from investments	52
Paid to growers for cane purchases	(9 285)
Cane growing and manufacturing costs	(44 604)
	38 671
Wealth distributed	
To employees as salaries, wages and other benefits	13 653
To lenders of capital as interest	3 931
To shareholders as dividends	13 199
To the government as taxation	2 680
	33 463
Wealth reinvested	
Retained profits in holding and subsidiary company	332
Depreciation	902
Deferred taxation	3 974
	5 208
	38 671
Analysis of taxes paid to and collected on behalf of the government	
Central and local government	
Current taxation	2 045
Customs duties, import surcharges and other taxes	635
Total contribution to central and local government	2 680
The above amount contributed excludes the following:	
- employees taxation deducted from remuneration	1 889
- net VAT amount collected on behalf of the government	328
- withholding tax on dividends	890
	3 107
Total contributed to government	5 787

Wealth distributed (%)

To employees as salaries, wages and other benefits	36
To lenders of capital as interest	10
To shareholders as dividends	33
To the government as taxation	7
	86

Wealth reinvested (%)

Retained profits in holding and subsidiary company	1
Depreciation	2
Deferred taxation	11
	14



Five Year Review

K million	Note		2015	2014	2013	2012	2011
Statements of profit or loss and other comprehensive income							
Revenue			92 508	87 848	63 185	36 450	30 809
Operating profit			23 429	28 613	32 478	12 034	9 736
Dividends income			52	82	24	-	-
Net finance costs			(3 931)	(1 657)	(2 494)	(384)	(557)
Profit before taxation			19 550	27 038	30 008	11 650	9 179
Net profit for the year			13 531	18 816	20 933	8 080	6 425
Headline earnings			13 531	18 816	20 904	8 079	6 414
Dividends paid			(13 199)	(10 524)	(8 810)	(4 587)	(4 994)
Reconciliation of headline earnings							
Net profit for the year			13 531	18 816	20 933	8 080	6 425
Adjusted for :							
Net profit on sale of property, plant and equipment			-	-	(29)	(1)	(11)
Headline earnings			13 531	18 816	20 904	8 079	6 414
Statements of financial position							
Shareholders' equity			41 834	41 023	32 907	20 634	17 181
Deferred tax			20 867	16 728	13 511	8 601	7 947
Interest-bearing debt			4 150	3	219	2 164	355
Total funding			66 851	57 754	46 637	31 399	25 483
Property, plant and equipment			22 945	17 678	11 769	8 559	7 989
Cane roots			25 827	19 963	14 687	10 182	9 230
Current assets - cash			121	1 695	1 714	5 393	732
Current assets - other			52 254	38 392	35 710	17 076	15 173
Total assets			101 147	77 728	63 880	41 210	33 124
Interest-free liabilities			(34 296)	(19 974)	(17 243)	(9 811)	(7 641)
Net assets			66 851	57 754	46 637	31 399	25 483
Earnings and dividends	Note						
Basic and diluted earnings per share	1	tambala	1 896.6	2 637.3	2 934.1	1 132.5	900.6
Headline earnings per share	2	tambala	1 896.6	2 637.3	2 930.0	1 132.4	899.0
Dividends paid and proposed		tambala	750.0	1 850.0	1 465.0	795.0	630.0
Dividend cover on headline earnings	3	times	2.5	1.4	2.0	1.4	1.4
Financial statistics							
Return on average shareholders' equity	4	%	32.7	50.9	78.2	42.7	39.0
Return on net assets	5	%	37.6	54.8	83.2	42.3	39.4
Gearing	6	%	10	-	-	-	-
Interest cover	7	times	6.0	17.3	13.0	29.5	17.2
Net worth per share	8	tambala	5 864	5 750	4 612	2 892	2 408

	2015	2014	2013	2012	2011
Operational statistics					
Cane harvested (hectares)	18 961	19 567	20 179	19 698	19 521
Nchalo	12 602	13 246	13 568	13 312	13 102
Dwangwa	6 359	6 321	6 611	6 386	6 419
Tons cane per hectare (weighted average)	103	101	104	105	109
Nchalo	97	97	105	104	111
Dwangwa	113	111	103	107	106
Cane crushed (tons)	2 398 991	2 399 926	2 460 735	2 369 098	2 389 058
Nchalo	1 227 088	1 280 346	1 418 834	1 381 516	1 450 380
Dwangwa	721 143	704 036	683 168	683 746	682 636
Outgrowers	450 760	415 544	358 733	303 836	256 042
Sucrose percent (weighted average)	14.22	14.26	14.26	13.95	14.06
Nchalo	13.85	13.74	13.72	13.39	13.64
Dwangwa	14.71	15.09	15.20	15.04	14.93
Outgrowers	14.46	14.47	14.58	14.02	14.09
Sugar produced (tons)	282 962	289 013	299 494	283 487	282 445
Nchalo	157 229	163 169	177 108	163 851	168 573
Dwangwa	125 733	125 844	122 386	119 636	113 872
Analysis of sugar sales by destination (tons)	273 244	290 505	293 938	291 504	277 799
Domestic market	169 836	168 461	161 469	168 159	170 681
Export market	103 408	122 044	132 469	123 345	107 118

Notes

1 Basic and diluted earnings per share
Net profit for the year divided by the weighted average number of ordinary shares in issue.

2 Headline earnings per share
Headline earnings divided by the weighted average number of ordinary shares in issue.

3 Dividend cover on headline earnings
Headline earnings per share divided by dividends per share.

4 Return on average shareholders' equity
Net profit for the year expressed as a percentage of average shareholders' equity.

5 Return on net assets
Operating profit expressed as a percentage of average net operating assets.

6 Gearing
Interest-bearing debt (net of cash) expressed as a percentage of shareholders' equity.

7 Interest cover
Operating profit divided by net financing costs.

8 Net worth per share
Shareholders' equity divided by the number of shares in issue at the end of the year.

Illovo Sugar Malawi

Annual Financial Statements

For the year ended 31 March 2015

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Approval of Annual Financial Statements

The directors of Illovo Sugar (Malawi) Limited are responsible for the preparation and the integrity of the annual financial statements of the group and the company and the objectivity of other information presented in the annual financial statements. In order to fulfil this responsibility, the group maintains internal accounting and administrative control systems designed to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded in accordance with the group's policies and procedures.

The going-concern basis has been adopted in preparing these financial statements. The directors have no reason to believe that the group and the company will not be a going-concern in the foreseeable future.

The group's external auditors, Deloitte, audited the financial statements and the auditor's report is represented on page 18.

The annual financial statements of the group and the company which appear on pages 21 to 51 were approved by the board of directors on 7 May 2015 and are signed on its behalf by:

G B Dalgleish
Chairman

R J de Allende
Managing Director

7 May 2015

Deloitte.

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Independent auditor's report to the members of Illovo Sugar (Malawi) Limited

We have audited the consolidated annual financial statements of Illovo Sugar (Malawi) Limited and its subsidiary as set out on pages 21 to 51, which comprise the consolidated and separate statements of profit or loss and other comprehensive income for the year ended 31 March 2015, the consolidated and separate statements of financial position, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in a manner required by the Companies Act, 1984 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to error or fraud.

Auditor's responsibility for the financial statements

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the consolidated and separate financial position of Illovo Sugar (Malawi) Limited and its subsidiary as of 31 March 2015 and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in accordance with the provisions of the Companies Act, 1984, so far as concerns the members of the company.

Deloitte.

Public Accountants
Blantyre, Malawi
7 May 2015

Audit . Tax . Consulting . Financial Advisory.

A member of
Deloitte Touche Tohmatsu

Resident Partners: N.T.Uka J.S.Melrose L.L.Katandula V.W.Beza C.A.Kapenda

Statutory Information

1. NATURE OF BUSINESS

The principal activities of the group are the growing of sugar cane and the manufacture of sugar. This is more fully described under the group profile appearing on page 3.

2. REVIEW OF OPERATIONS

Detailed commentary is given in the directors' report on pages 6 to 7.

3. ACQUISITIONS

There were no acquisitions of investments in the current year.

4. SHARE CAPITAL

Full details of the current authorised and issued share capital are set out in the statements of changes in equity on page 32 of the financial statements. There have been no changes in the current year.

5. SHAREHOLDERS

An analysis of shareholders and their shareholdings is given on page 52.

The register of members reflects six beneficial shareholdings equal to or greater than 1% of the issued ordinary share capital. Details are given on page 52.

6. DIVIDENDS

A first interim ordinary dividend of 750 tambala per share (2014: 750 tambala per share) was declared on 29 October 2014 and was paid to shareholders on 9 January 2015.

Due to the cash flow constraints of the group and the negative interest rate environment the directors recommend that a final dividend should not be paid.

Total distribution for the year will be 750 tambala per share (2014: 1 850 tambala per share).

The directors of the wholly owned and only subsidiary of the company, Dwangwa Sugar Corporation Limited, declared and paid dividends of K 5.00 billion (2014: K 5.00 billion) to the company during the year.

7. ILLOVO SUGAR MALAWI EMPLOYEES' SHARE PURCHASE SCHEME

During the year under review the trustees of the scheme disposed of 7 100 shares (2014: 19 900 shares) and purchased 50 000 shares (2014: 28 800 shares) in the company bringing the total number of shares held to 737 146 shares (2014: 694 246 shares).

8. SUBSIDIARY COMPANY

Information concerning the subsidiary of the company is set out in note 8 to the financial statements.

9. DIRECTORATE AND SECRETARIES

The names of the secretaries and compliance officer together with the company's business and postal addresses and the directors in office at the date of this report, are set out on pages 4 and 5 respectively.

In terms of the company's articles of association, a third of the non-executive directors retire by rotation at the forthcoming annual general meeting. Accordingly, Messrs M H Abdool-Samad, J P Hulley and A R Mpungwe will retire and being eligible, offer themselves for re-election.

S L G Malata holds 104 759 ordinary shares (2014: 101 336 ordinary shares) in the company as at 31 March 2015.

The register of shares of the company is available for inspection at the registered office.

No change in the interest of directors has occurred between the year-end and the date of approval of these financial statements.

10. DIRECTORS' FEES

At the last annual general meeting held on 21 August 2014 shareholders approved the fees payable to each director and the chairman to be K 1 875 000 per annum with effect from 1 April 2014. At the forthcoming annual general meeting, it will be proposed that such fees be increased to K 2 250 000 per annum for the ensuing year.

11. HOLDING COMPANY

SUCOMA Holdings Limited (incorporated in Mauritius) is the holding company of Illovo Sugar (Malawi) Limited (incorporated in Malawi) with a 75.98% interest in its issued share capital. Illovo Sugar Limited (incorporated in the Republic of South Africa) owns 100% shareholding in SUCOMA Holdings Limited. The ultimate holding company is Associated British Foods plc (incorporated in the United Kingdom).

12. AUDITOR

Deloitte will continue in office in accordance with the provisions of section 191(1) of the Companies Act, 1984.

13. SPECIAL RESOLUTIONS

There were no special resolutions adopted during the financial year.

14. POST BALANCE SHEET EVENTS

There have been no matters of material interest to report on in the period between the end of the financial year and the date of approval of the financial statements.

Accounting Policies

The principal accounting policies of the group conform to International Financial Reporting Standards (IFRS) which have been consistently applied.

1. COMPLIANCE WITH IFRS

The financial statements have been prepared in accordance with IFRS.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 Standards and interpretations affecting amounts reported and/or disclosed in the financial statements

In the current year, the group has adopted those new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and are effective for annual reporting periods beginning on 1 January 2014.

The adoption of these new and revised standards and interpretations did not have a significant impact on the financial statements of the group.

2.2 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:

IAS 1 Presentation of financial statements

Amendments resulting from Annual Improvements 2012-2014 cycle (amendments to address perceived impediments to preparers exercising their judgments in presenting their financial reports). Issued September 2014. Effective date – annual periods beginning on or after 1 July 2016.

IAS 16 Property, plant and equipment

Amends the definition of a bearer plant and requires biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with this standard. Issued June 2014. Effective date – annual periods beginning on or after 1 January 2016.

IAS 19 Employee benefits

Amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. Issued November 2013. Effective date – annual periods beginning on or after 1 July 2014.

Amendments resulting from Annual Improvements 2012-2014 cycle (clarifies high quality bonds used in estimating the discount rate). Issued September 2014. Effective date – annual periods beginning on or after 1 July 2016.

IAS 24 Related party disclosures

Amendments resulting from Annual Improvements 2010-2012 cycle (management entities). Issued December 2013. Effective date – annual periods beginning on or after 1 February 2015.

IAS 27 Separate financial statements

Amended to permit investments in subsidiaries, joint ventures and associate to be optionally accounted for using the equity method. Issued August 2014. Effective date – annual periods beginning on or after 1 January 2016.

IAS 34 Interim financial reporting

Amendments resulting from Annual Improvements 2012-2014 cycle (clarifies the meaning of 'elsewhere in the interim report' and require a cross reference). Issued September 2014. Effective date – annual periods beginning on or after 1 July 2016.

IAS 41 Agriculture

Clarifies that produce growing on bearer plants remains within the scope of IAS 41. Issued June 2014. Effective date – annual periods beginning on or after 1 January 2016.

IFRS 2 Share based payments

Amendments resulting to Annual Improvements 2010-2012 cycle (amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'). Issued December 2013. Effective date – annual periods beginning on or after 1 February 2015.

IFRS 5 Non-current assets held and discontinued operation

Amendments resulting from Annual Improvements 2012-2014 cycle (clarifies the reclassification of an asset from 'held for sale' to 'held for distribution' or vice versa). Issued September 2014. Effective date – annual periods beginning on or after 1 July 2016.

IFRS 7 Financial instrument: Disclosure

Amendments resulting from Annual Improvements 2012-2014 cycle (clarifies offsetting disclosure). Issued September 2014. Effective date – annual periods beginning on or after 1 July 2016.

IFRS 8 Operating segments

Amendments resulting to Annual Improvements 2010-2012 cycle (requires disclosure of the judgments made by management). Issued December 2013. Effective date – annual periods beginning on or after 1 February 2015.

IFRS 9 Financial instrument: Disclosure

Contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and measurement. Issued November 2013. Effective date – annual periods beginning on or after 1 January 2018.

IFRS 10 Consolidated financial statements

Consolidation exception for investment entities. Issued December 2014. Effective date – annual periods beginning on or after 1 January 2016.

IFRS 12 Disclosure of interests in other entities

Consolidation exception for investment entities. Issued December 2014. Effective date – annual periods beginning on or after 1 January 2016.

IFRS 13 Fair value movement

Amendments resulting from Annual Improvements 2010-2012 cycle (clarifies measurement of certain short-term receivables and payables on an undiscounted basis). Issued December 2013. Effective date – annual periods beginning on or after 1 July 2014.

Annual Improvements 2011-2013 cycle (clarifies scope of the portfolio exception in paragraph 52). Issued December 2013. Effective date – annual periods beginning on or after 1 July 2014.

IFRS 15 Revenue from contracts with customers

Provides a single, principles based five-step model to be applied to all contracts with customers. Issued May 2014. Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2017.

The group is in the process of evaluating the effects of these new standards, amendments and interpretations, and whilst they are not expected to have a significant impact on the group's results, additional disclosures may be required. The directors anticipate that other than IAS 41 these standards and interpretations in future periods will have no significant impact on the financial statement of the business.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain non-current assets and financial instruments. No other procedures are adopted to reflect the impact on the financial statements of specific price changes or changes in the general level of prices.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 1 to the financial statements.

4. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the company and its subsidiary. All significant inter-company transactions and balances are eliminated on consolidation.

5. 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 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 of assets annually taking into consideration market conditions and projected disposal values. In the annual assessment of useful lives, maintenance programmes and technological innovations are considered. Borrowing costs expended on new productive capacity prior to commencement of production are capitalised where such expenditure is incurred over a period in excess of 12 months.

6. CANE ROOTS AND GROWING CANE

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

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 in cane at 31 March valued at the estimated sucrose price for the following season, less the estimated costs for harvesting and transport.

7. LEASED ASSETS

Leases are classified as finance leases whenever the conditions of the lease transfers substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. 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.

The cost of the asset is depreciated at appropriate rates on the straight-line basis over the estimated useful life of the asset. Lease finance charges are charged to profit or loss as they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

8. INVENTORIES

Inventories are stated at the lower of cost and net realisable value. The basis of determining cost is the average method.

The cost of finished goods comprises all costs of purchase, costs of conversion and other costs incurred in bringing such inventories to their present location and condition.

Maintenance stores are valued at average cost with obsolete items being written-off. Redundant and slow-moving inventories are identified and written-down to their net realisable values.

9. 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 production season. This expenditure is fully written-off in the following year.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash resources comprising cash on hand, balances with bankers and investments in short-term money market instruments.

11. INVESTMENTS

Investments are stated at cost to the group less amounts written-off.

12. FOREIGN CURRENCY ASSETS AND LIABILITIES

The individual financial statements of the group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position of each entity are expressed in Malawi Kwacha (K), which is the functional currency of the group and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the group's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting 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.

13. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the group's statements of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position when the company has a legal enforceable right to set off the recognised amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

A financial asset is cash, an equity instrument, a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Financial assets are initially measured at fair value plus transaction costs. However, transaction costs for financial assets designed as held 'at fair value through profit or loss' are expensed.

Financial assets are accounted for 'at fair value through profit or loss' where the financial asset is either held for trading or is designated as 'at fair value through profit or loss'. Trade and other receivables are classified as 'loans and receivables' and are 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.

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 change in value. Cash and cash equivalent are classified as 'loans and receivables' and measured at fair value.

Investments are classified as 'held to maturity' where the group has the expressed intention and ability to hold the investment to maturity. Held to maturity investments are measured at amortised cost using the effective interest rate method, less any impairment losses recognised to reflect irrecoverable amounts. Other investments are classified as 'available for sale' and are measured at fair value with any gains or losses being recognised through other comprehensive income and accumulated in the investments' revaluation reserve. Where the investment is disposed of, or is determined to be impaired, the cumulative gain or loss accumulated in equity is reclassified to profit or loss. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted.

Financial liabilities

A financial liability is a contractual obligation to deliver cash, or another financial asset to another entity, or to exchange financial assets or liabilities with another entity under conditions that are potentially unfavourable to the entity.

Financial liabilities are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial liabilities designed as held 'at fair value through profit or loss' are expensed.

Financial liabilities are accounted for 'at fair value through profit or loss' where the financial asset is either held for trading or is designated as 'at fair value through profit or loss'.

Interest–bearing bank loans and overdrafts are 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 the borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

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

Derivative financial instruments

The group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks.

The use of financial derivatives is governed by the group's policies, which provide 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 subsequently remeasured to fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivative financial instruments embedded in non-derivative 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.

Equity

Debt and equity instruments are classified as either financial liabilities or as equity based on the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all its liabilities.

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

Hedge accounting

The group designated certain hedging instruments as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset and liability that are attributable to the hedged risk.

The effective portion of the changes in fair value of derivative financial instruments that are designated and qualify as hedges of future cash flows is recognised directly in other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. A hedge of foreign currency risk of a firm commitment is designated and accounted for as a cash flow hedge.

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, or terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any gain or loss recognised in other comprehensive income and accumulated in equity remains in equity until the forecast transaction occurs. If the forecast transaction is no longer expected to occur then the gains or losses are recognised immediately in profit or loss.

14. 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 statements of profit or loss and other comprehensive income 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 reporting 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 is accounted for using the liability method. 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 and deferred tax liabilities are generally recognised for all taxable temporary differences. 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 accounting profit nor the taxable profit.

The carrying amount of deferred tax assets is reviewed at each reporting 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 asset is realised or the liability settled. 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.

15. 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 is passed.

16. DIVIDEND AND INTEREST REVENUE

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

Interest revenue 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 value.

17. RETIREMENT BENEFITS

The group provides retirement benefits for its employees through two defined contribution plans, the SUCOMA Group Pension Scheme and the Illovo Sugar (Malawi) Limited Pension Fund.

Contributions by group companies to defined contribution retirement plans are recognised as an expense in the year in which the related services are rendered by employees.

18. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the net profit attributable to the shareholders and the weighted average number of ordinary shares in issue during the year. Where new equity shares are issued for no consideration, the profit is apportioned over the shares in issue after the issue and the corresponding figures for the earlier periods are adjusted accordingly.

19. DIVIDENDS PER SHARE

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the company's board of directors.

Dividends for the year that are declared after the reporting date are dealt with in a note.

The calculation of dividend per share is based on the dividends declared to shareholders during the period divided by the number of ordinary shares of shareholders on the date of payment.

20. PROVISIONS

Provisions are recognised when the group has a present obligation (constructive or legal) as a result of a past event and it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

21. ASSET IMPAIRMENT REVIEW

At each reporting 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 (or 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 (or cash generating unit) is increased to the revised estimate of its recoverable amount, 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 (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

22. COMPARATIVE FIGURES

When accounting policies are changed with retrospective effect, comparative figures are restated in accordance with the new policies. In addition, comparative figures are adjusted to conform to changes in presentation in the current year.

23. BORROWING COSTS

Borrowing costs are recognised in profit and loss in the period in which they are incurred. Borrowing costs expended on new productive capacity prior to commencement of production are capitalised where such expenditure is incurred over a period in excess of 12 months.

24. SEGMENTAL ANALYSIS

Segmental reporting is presented in respect of the group's business segments. The primary format is based on the group's internal reporting and management structure and combines businesses with common characteristics. Inter-segment pricing is determined on an arm's length basis.

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 cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

The group is comprised of the following business segments:

Cane growing - the growing of sugar cane for use in the sugar production process;
Sugar production - the manufacture of sugar from sugar cane.

25. SHARE BASED PAYMENTS

Illovo Sugar Limited issues cash settled share based payments to employees who include senior managers of the group. A liability equal to the portion of the goods or services received is recognised at current fair value determined at each reporting date.

Illovo Sugar Limited also introduced the Illovo Sugar Phantom Share Scheme during the year ended 31 March 2006 replacing the Illovo Sugar 1992 Share Option Scheme and the participants are executive directors and senior managers of the parent company which includes some senior managers of the group. Whilst the rules of the phantom scheme are modelled on those of the option scheme, the important difference is that the phantom scheme is 'cash settled' rather than 'equity settled'. The vesting periods are 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 Illovo Sugar Limited shares on the Johannesburg Stock Exchange for the 30 days 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 the shares on the trading day immediately preceding that on which an option is exercised and the grant price. The Nomination/Remuneration committee approves the granting of all share options in terms of the phantom scheme.

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

	Notes	GROUP 2015 K million	GROUP 2014 K million	COMPANY 2015 K million	COMPANY 2014 K million
Revenue	2	92 508	87 848	52 286	49 711
Operating profit	3	23 429	28 613	11 412	14 910
Dividend income		52	82	5 000	5 000
Finance costs	4	(3 985)	(1 682)	(2 514)	(1 037)
Interest income	4	54	25	54	25
Profit before taxation		19 550	27 038	13 952	18 898
Taxation	5	(6 019)	(8 222)	(2 813)	(4 258)
Net profit for the year		13 531	18 816	11 139	14 640
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss					
Adjustment in respect of cash flow hedges		644	(252)	644	(252)
Tax effect of the cash flow hedges		(165)	76	(165)	76
Total comprehensive income for the year		14 010	18 640	11 618	14 464
Basic and diluted earnings per share (tambala)	23	1 897	2 637		

Statements of Financial Position

As at 31 March 2015

	Notes	GROUP 2015 K million	GROUP 2014 K million	COMPANY 2015 K million	COMPANY 2014 K million
ASSETS					
Non-current assets					
Property, plant and equipment	6	22 945	17 678	17 067	12 995
Cane roots	7	25 827	19 963	17 967	14 123
Investments	8	-	-	324	324
		48 772	37 641	35 358	27 442
Current assets					
Inventories	9	7 499	4 768	4 489	2 721
Growing cane	10	28 425	24 552	16 954	14 987
Factory overhaul costs	11	3 297	2 205	2 366	1 291
Trade and other receivables	12	11 379	6 830	10 644	6 381
Holding company and fellow subsidiaries	16	1 068	-	1 068	-
Other financial assets	17	586	37	586	37
Cash and cash equivalents	13	121	1 695	120	1 694
		52 375	40 087	36 227	27 111
Total assets		101 147	77 728	71 585	54 553
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital and premium		782	782	782	782
Hedging reserves		413	(66)	413	(66)
Retained earnings		40 639	40 307	22 675	24 735
		41 834	41 023	23 870	25 451
Non-current liabilities					
Deferred tax	14	20 867	16 728	13 762	11 058
		20 867	16 728	13 762	11 058
Current liabilities					
Trade and other payables	15	14 368	9 781	11 216	7 190
Holding company and fellow subsidiaries	16	19 068	6 358	19 498	9 731
Bank overdrafts	13	4 150	3	4 150	3
Other financial liabilities	17	36	131	36	131
Taxation payable		824	3 704	(947)	989
		38 446	19 977	33 953	18 044
Total equity and liabilities		101 147	77 728	71 585	54 553

The financial statements were authorised for issue by the board of directors on 7 May 2015 and were signed on its behalf by:

G B Dalgleish (Chairman)

R J de Allende (Managing Director)

Statements of Changes in Equity

For the year ended 31 March 2015

	Share Capital K million	Share Premium K million	Hedging Reserves K million	Retained Earnings K million	Total K million
GROUP					
Balance at 31 March 2013	14	768	110	32 015	32 907
Total comprehensive income for the year			(176)	18 816	18 640
- profit for the year			-	18 816	18 816
- cash flow hedges			(176)	-	(176)
Dividends declared				(10 524)	(10 524)
- Second interim for the year ended 31 March 2013				(4 816)	(4 816)
- Final for the year ended 31 March 2013				(357)	(357)
- First interim for the year ended 31 March 2014				(5 351)	(5 351)
Balance at 31 March 2014	14	768	(66)	40 307	41 023
Total comprehensive income for the year			479	13 531	14 010
- profit for the year			-	13 531	13 531
- cash flow hedges			479	-	479
Dividends declared				(13 199)	(13 199)
- Second interim for the year ended 31 March 2014				(7 420)	(7 420)
- Final for the year ended 31 March 2014				(428)	(428)
- First interim for the year ended 31 March 2015				(5 351)	(5 351)
Balance at 31 March 2015	14	768	413	40 639	41 834
COMPANY					
Balance at 31 March 2013	14	768	110	20 619	21 511
Total comprehensive income for the year			(176)	14 640	14 464
- profit for the year			-	14 640	14 640
- cash flow hedges			(176)	-	(176)
Dividends declared				(10 524)	(10 524)
Balance at 31 March 2014	14	768	(66)	24 735	25 451
Total comprehensive income for the year			479	11 139	11 618
- profit for the year			-	11 139	11 139
- cash flow hedges			479	-	479
Dividends declared				(13 199)	(13 199)
Balance at 31 March 2015	14	768	413	22 675	23 870

ANALYSIS OF SHARE CAPITAL AND PREMIUM

	GROUP AND COMPANY	
	2015 K million	2014 K million
Authorised share capital		
1 000 000 000 (2014: 1 000 000 000) ordinary shares of 2 tambala each	20	20
Issued share capital		
713 444 391 (2014: 713 444 391) ordinary shares of 2 tambala each	14	14
Share premium	768	768
	782	782

Statements of Cash Flows

For the year ended 31 March 2015

		GROUP		COMPANY	
	Notes	2015 K million	2014 K million	2015 K million	2014 K million
Cash flows from operating activities					
Operating profit before working capital requirements	a	14 490	21 041	6 134	10 517
Working capital requirements	b	7 857	2 413	5 619	3 895
Cash generated from operations		22 347	23 454	11 753	14 412
Finance costs		(3 985)	(1 682)	(2 514)	(1 037)
Interest income		54	25	54	25
Taxation paid	c	(4 925)	(4 643)	(2 210)	(2 626)
Dividends paid		(13 199)	(10 524)	(13 199)	(10 524)
Net cash inflows/(outflows) from operating activities		292	6 630	(6 116)	250
Cash flows from investing activities					
Purchase of property, plant and equipment		(6 169)	(6 593)	(4 711)	(5 121)
Proceeds on disposal of property, plant and equipment		104	78	106	71
Dividends received		52	82	5 000	5 000
Net cash (outflows)/inflows from investing activities		(6 013)	(6 433)	395	(50)
Net cash (outflows)/inflows before financing activities		(5 721)	197	(5 721)	200
Net (decrease)/increase in cash and cash equivalents		(5 721)	197	(5 721)	200
Cash and cash equivalents at beginning of year		1 692	1 495	1 691	1 491
Cash and cash equivalents at end of year	13	(4 029)	1 692	(4 030)	1 691

Notes to the Statements of Cash Flows

For the year ended 31 March 2015

	GROUP		COMPANY	
	2015 K million	2014 K million	2015 K million	2014 K million
a. Operating profit before working capital requirements is calculated as follows:				
Operating profit	23 429	28 613	11 412	14 910
Add back: Depreciation	902	684	639	471
Profit on disposal of property, plant and equipment	(104)	(78)	(106)	(70)
Change in fair value of cane roots	(5 864)	(5 276)	(3 844)	(3 505)
Change in fair value of growing cane	(3 873)	(2 902)	(1 967)	(1 289)
Operating profit before working capital requirements	14 490	21 041	6 134	10 517
b. Working capital requirements comprise the following:				
Movement in inventories	(2 731)	(756)	(1 768)	(359)
Movement in factory overhaul costs	(1 092)	(614)	(1 075)	(403)
Movement in trade and other receivables	(4 549)	1 441	(4 263)	1 002
Movement in advances to holding company and fellow subsidiaries	11 642	1 589	8 699	2 836
Movement in trade and other payables	4 587	939	4 026	967
Movement in other liabilities	-	(186)	-	(148)
Working capital requirements	7 857	2 413	5 619	3 895
c. Taxation paid is reconciled to the amounts disclosed in the statements of comprehensive income as follows:				
Amounts payable at beginning of year	(3 704)	(3 418)	(989)	(1 401)
Per statements of comprehensive income (excluding deferred taxation)	(2 045)	(4 929)	(274)	(2 214)
Amounts payable at end of year	824	3 704	(947)	989
Taxation paid	(4 925)	(4 643)	(2 210)	(2 626)

1. Critical accounting judgements and key sources of estimation uncertainty

Critical accounting judgements made by management

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 disclosures:

Impairment of assets

In making its judgement, management assesses at each reporting 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.

Key sources of estimation uncertainty

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 reporting 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 6 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 carrying value of cane roots is disclosed in note 7 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 programmes. In reviewing the estimated sucrose price, management is required to assess into which markets the forthcoming crop will be sold and establish domestic and export prices as well as the related foreign currency exchange rates. The carrying value of growing cane is disclosed in note 10 to the financial statements.

Provision for doubtful debts

Allowances for doubtful debts are recognised against trade receivables of more than 60 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

There are no other key assumptions concerning the future, or key sources of estimation uncertainty at the reporting 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.

	GROUP		COMPANY	
	2015 K million	2014 K million	**2015 K million**	2014 K million
2. Revenue				
Revenue represents the proceeds receivable from:				
Sugar	89 147	86 049	50 180	48 582
Molasses and other products	3 361	1 799	2 106	1 129
	92 508	87 848	52 286	49 711
Includes revenue from exports	25 860	32 691	15 014	18 456
3. Operating profit				
Revenue	92 508	87 848	52 286	49 711
Cost of sales	(43 806)	(38 132)	(26 973)	(23 467)
Distribution expenses	(10 033)	(9 293)	(5 587)	(5 216)
Administration expenses	(15 240)	(11 810)	(8 314)	(6 118)
Operating profit after changes in fair value of biological assets	23 429	28 613	11 412	14 910
Less fair value adjustments:				
- cane roots	(5 864)	(5 276)	(3 844)	(3 505)
- growing cane	(3 873)	(2 902)	(1 967)	(1 289)
Operating profit before changes in fair value of biological assets	13 692	20 435	5 601	10 116
Operating profit has been determined after taking into account the following items:				
Depreciation	(902)	(684)	(639)	(471)
Profit on disposal of property, plant and equipment	104	78	106	70
Factory overhaul costs	(2 205)	(1 591)	(1 290)	(887)
Directors' fees	(15)	(15)	(15)	(15)
Auditor's remuneration:				
- statutory audit fees	(58)	(50)	(37)	(32)
- fees for other services	(39)	(31)	(25)	(20)
- expenses	(4)	(2)	(4)	(2)
Management fees and services	(2 063)	(1 306)	(1 238)	(784)
Operating lease charges	(566)	(659)	(448)	(486)
Contribution to retirement benefit funds	(584)	(423)	(456)	(323)
Foreign exchange gains	1 021	793	927	630

	GROUP		COMPANY	
	2015 K million	2014 K million	2015 K million	2014 K million
4. Finance costs				
Finance costs - interest expense on bank borrowings	(3 985)	(1 682)	(2 514)	(1 037)
Interest income				
Interest income - interest income on short-term bank deposits	54	25	54	25

	GROUP		COMPANY	
	2015 K million	2014 K million	2015 K million	2014 K million
5. Taxation				
Current tax	2 045	4 929	274	2 214
Deferred tax	3 974	3 293	2 539	2 044
	6 019	8 222	2 813	4 258

	%	%
Reconciliation of rate of taxation:		
Malawi corporation rate of taxation	30.0	30.0
Add increase in charge for year due to:		
Disallowable expenditure	0.8	0.4
Effective rate of taxation	30.8	30.4

For income tax purposes the Malawi Revenue Authority treats the group as one tax paying entity.

6. Property, plant and equipment

GROUP

	Land and buildings K million	Vehicles and aircraft K million	Plant, equipment and furniture K million	Total K million
Cost				
Opening balance at 1 April 2013	2 112	-	13 429	15 541
Adjustment to opening balance	23	2 753	(2 776)	-
Additions	218	1 208	5 167	6 593
Disposals	-	(145)	(4)	(149)
Closing balance at 31 March 2014	2 353	3 816	15 816	21 985
Opening balance at 1 April 2014	2 353	3 816	15 816	21 985
Additions	500	1 435	4 234	6 169
Disposals	-	(62)	(7)	(69)
Closing balance at 31 March 2015	2 853	5 189	20 043	28 085
Depreciation				
Opening balance at 1 April 2013	404	-	3 368	3 772
Adjustment to opening balance	(27)	887	(860)	-
Charge for the year	40	327	317	684
Disposals	-	(145)	(4)	(149)
Closing balance at 31 March 2014	417	1 069	2 821	4 307
Opening balance at 1 April 2014	417	1 069	2 821	4 307
Charge for the year	46	438	418	902
Disposals	-	(62)	(7)	(69)
Closing balance at 31 March 2015	463	1 445	3 232	5 140
Net book value				
Closing balance at 31 March 2014	1 936	2 747	12 995	17 678
Closing balance at 31 March 2015	2 390	3 744	16 811	22 945

The group's sugar and cane growing activities are situated on land under 99 year lease from the Government of Malawi as follows:

	2015 Hectares	2014 Hectares
Commencement:		
1 January 1965	4 763	4 763
1 March 1966	4	4
1 October 1974	12 391	12 391
1 March 1977	13 300	13 300
1 July 1992	3 767	3 767

6. Property, plant and equipment (continued)

COMPANY

	Land and buildings K million	Vehicles and aircraft K million	Plant, equipment and furniture K million	Total K million
Cost				
Opening balance at 1 April 2013	1 628	-	9 376	11 004
Adjustment to opening balance	23	1 807	(1 830)	-
Additions	207	835	4 079	5 121
Disposals	-	(120)	(4)	(124)
Closing balance at 31 March 2014	1 858	2 522	11 621	16 001
Opening balance at 1 April 2014	1 858	2 522	11 621	16 001
Adjustment to opening balance	-	-	(10)	(10)
Additions	346	801	3 564	4 711
Disposals	-	(62)	(7)	(69)
Closing balance at 31 March 2015	2 204	3 261	15 168	20 633
Depreciation				
Opening balance at 1 April 2013	280	-	2 378	2 658
Adjustment to opening balance	(27)	887	(860)	-
Charge for the year	30	225	216	471
Disposals	-	(119)	(4)	(123)
Closing balance at 31 March 2014	283	993	1 730	3 006
Opening balance at 1 April 2014	283	993	1 730	3 006
Adjustment to opening balance	-	(264)	254	(10)
Charge for the year	36	309	294	639
Disposals	-	(62)	(7)	(69)
Closing balance at 31 March 2015	319	976	2 271	3 566
Net book value				
Closing balance at 31 March 2014	1 575	1 529	9 891	12 995
Closing balance at 31 March 2015	1 885	2 285	12 897	17 067

The company's sugar and cane growing activities are situated on land under 99 year lease from the Government of Malawi as follows:

	2015 Hectares	2014 Hectares
Commencement:		
1 January 1965	4 763	4 763
1 March 1966	4	4
1 October 1974	12 391	12 391
1 July 1992	3 767	3 767

The register of land and buildings is open for inspection at the registered office.

	GROUP 2015 K million	GROUP 2014 K million	COMPANY 2015 K million	COMPANY 2014 K million
7. Cane roots				
The carrying value of cane roots can be reconciled as follows:				
Carrying value at beginning of year	19 963	14 687	14 123	10 618
Change in fair value	5 864	5 276	3 844	3 505
Carrying value at end of year	25 827	19 963	17 967	14 123

The group's area under cane for the purpose of valuing of cane roots as at 31 March 2015 was 19 908 ha (2014: 20 108 ha). The company's area under cane for the purpose of valuing of cane roots as at 31 March 2015 was 13 494 ha (2014: 13 493 ha). The fair values of cane roots are determined using inputs that are unobservable, using the best information available in the circumstances for valuing the cane roots and therefore fall into the level 3 fair value category. The expected lives of cane roots, for both the current and the previous years, is 8 years. The inflation rates used in the valuation of prior year cane roots as at 31 March 2015 was 28% (2014: 27%).

A 1% change in the inflation could increase or decrease the fair value of the cane roots to the following values:

	GROUP		COMPANY	
	2015 K million	2015 K million	2015 K million	2015 K million
	+ 1%	-1%	+ 1%	-1%
Fair value of cane roots	26 749	24 905	18 609	17 325

8. Investments

Investment in subsidiary company

The only subsidiary of the company is Dwangwa Sugar Corporation Limited, a company registered in Malawi.

Interest in the subsidiary is as follows:

	COMPANY 2015 K million	COMPANY 2014 K million
Issued capital	42	42
Effective percentage holding	100%	100%
Shares at cost	324	324
The directors' valuation of the shares based on the net asset value of the company at end of year	18 287	15 898

Other investments

Unlisted investment at cost:

	GROUP 2015 K million	GROUP 2014 K million
Ethanol Company Limited	0.2	0.2
210 000 Ordinary shares of K 1 each, representing 7.64% of issued share capital.		
	0.2	0.2
The directors' valuation of the shares based on the net asset value of the company at end of year	321	270

The fair value of the other investments is determined using inputs that are unobservable, the net asset value was the best information available in the circumstances and therefore fall into the level 3 fair value category.

	GROUP 2015 K million	GROUP 2014 K million	COMPANY 2015 K million	COMPANY 2014 K million
9. Inventories				
Consumables	3 599	3 461	2 273	2 089
Sugar	3 900	1 307	2 216	632
	7 499	4 768	4 489	2 721

The group deducted stock provisions of K59 million (2014: K64 million) to arrive at these numbers.

	GROUP		COMPANY	
	2015 K million	2014 K million	2015 K million	2014 K million

10. Growing cane

The carrying value of growing cane can be reconciled as follows:

Carrying value at beginning of year	24 552	21 650	14 987	13 698
Change in fair value	3 873	2 902	1 967	1 289
Carrying value at end of year	28 425	24 552	16 954	14 987

The fair value of the growing cane is determined using inputs that are unobservable, using the best information available in the circumstances for using the growing cane and therefore fall into the level 3 fair value category.

The following are the key assumptions in the valuation of growing cane:

Expected area to harvest the following season (ha)	19 054	19 573	12 754	13 193
Estimated yield (tons cane/ha)	102	102	98	100
Average maturity of cane at 31 March	67%	67%	68%	67%

A 1% change in the inflation could increase or decrease the fair value of the growing cane to the following values:

	GROUP		COMPANY	
	2015 K million	2015 K million	2015 K million	2015 K million
	+ 1%	-1%	+ 1%	-1%
Estimated sucrose content	29 440	27 410	17 560	16 349
Estimated sucrose price	29 441	27 389	17 558	16 348

11. Factory overhaul costs

Balance at beginning of year	2 205	1 591	1 291	888
Capitalised during the year	3 297	2 205	2 365	1 290
Amortised during the year	(2 205)	(1 591)	(1 290)	(887)
Balance at end of year	3 297	2 205	2 366	1 291

12. Trade and other receivables

Trade and other receivables	8 719	5 111	8 719	5 111
Other receivables and prepayments	2 660	1 719	1 925	1 270
	11 379	6 830	10 644	6 381

The directors consider that the carrying amount of trade and other receivables approximates their fair value. Trade and other receivables include debtors denominated in foreign currencies amounting to K 2 240 million (2014: K 4 140 million). The provision for doubtful debts as at 31 March 2015 is nil (2014: nil).

The foreign debtors are denominated in the following currencies:

European Euro	1 943	3 649	1 943	3 649
United States Dollar	297	491	297	491
	2 240	4 140	2 240	4 140

The age analysis of trade receivables is as follows:

Not past due	8 302	3 211	8 302	3 211
Past due by 30 days	38	1 651	38	1 651
Past due by 60 days	119	146	119	146
Past due by 90 days	260	1	260	1
Past due by 120 days and over	-	102	-	102
	8 719	5 111	8 719	5 111

	GROUP 2015 K million	GROUP 2014 K million	COMPANY 2015 K million	COMPANY 2014 K million
13. Cash and cash equivalents				
The group and the company have overdraft and guarantee facilities with various Malawian banking institutions. Local facilities attract interest rates between 28.0% and 37.0% (2014: 31.5% and 38.0%).				
Bank balances are made up of the following currencies:				
European Euro	1	2	1	2
Malawi Kwacha	100	1 679	99	1 678
South African Rand	2	-	2	-
United States Dollar	18	14	18	14
	121	1 695	120	1 694
Bank overdraft balances are made up of the following currencies:				
Malawi Kwacha	4 150	3	4 150	3
	4 150	3	4 150	3
Total cash and cash equivalents	(4 029)	1 692	(4 030)	1 691
Unsecured bank overdraft facility, reviewed annually payable at call:				
Amount used	4 150	3	4 150	3
Amount unused	15 150	9 972	15 150	9 972
Total bank overdraft facility	19 300	9 975	19 300	9 975
14. Deferred tax				
The movement in the year is analysed below:				
Balance at beginning of year	16 728	13 511	11 058	9 090
Current year other comprehensive income charge/(relief)	165	(76)	165	(76)
Current year income statement charge	3 974	3 293	2 539	2 044
Balance at end of year	20 867	16 728	13 762	11 058
Analysis of deferred tax liability:				
Excess capital allowances over depreciation	3 152	2 812	2 593	2 253
Cane roots and growing cane	16 276	13 355	10 476	8 733
Other	1 439	561	693	72
	20 867	16 728	13 762	11 058
15. Trade and other payables				
Trade payables	5 820	4 278	3 857	2 815
Other payables and accruals	8 548	5 503	7 359	4 375
	14 368	9 781	11 216	7 190

The other payables and accruals include K 252 million (2014: K 258 million) in respect of a government grant received from IrishAID and United Nations Children's Fund through the Malawi Government in 2013. The money was used by the group to start fortifying domestic direct consumption sugar with vitamin A.

Government grant	GROUP 2015 K million	GROUP 2014 K million	COMPANY 2015 K million	COMPANY 2014 K million
At beginning of year	258	-	219	-
Grant received during the year	-	258	-	219
Amortised during the year	(6)	-	(6)	-
At end of year	252	258	213	219

The directors consider that the carrying amount of trade and other payables approximates their fair value. The group's trade and other payables include liabilities denominated in foreign currencies amounting to K 372 million (2014: K 358 million).

The foreign creditors are denominated in the following currencies:	GROUP 2015 K million	GROUP 2014 K million	COMPANY 2015 K million	COMPANY 2014 K million
South African Rand	114	82	51	26
United States Dollar	258	276	258	276
	372	358	309	302

	GROUP		COMPANY	
	2015 K million	2014 K million	2015 K million	2014 K million
16. Holding company and fellow subsidiaries				
Amount due from holding company and fellow subsidiaries:				
Illovo Group Marketing Services Limited	181	-	181	-
Illovo Sugar South Africa	881		881	
Kilombero Sugar Company Limited	4	-	4	-
Zambia Sugar Plc	2	-	2	-
	1 068	-	1 068	-
Amounts due from holding company and fellow subsidiaries are denominated in the following currencies:				
European Euro	80	-	80	-
South African Rand	883	-	883	-
United States Dollar	105	-	105	-
	1 068	-	1 068	-
Amount due to holding company and fellow subsidiaries:				
Dwangwa Sugar Corporation Limited	-	-	2 265	4 297
Holding company and fellow subsidiaries	19 068	6 358	17 233	5 434
	19 068	6 358	19 498	9 731
Amounts due to holding company and fellow subsidiaries are denominated in foreign currencies except for Dwangwa Sugar Corporation Limited.				
Amounts due to holding company and fellow subsidiaries comprise:				
East African Supply (Pty) Limited	148	115	148	115
Illovo Group Holdings Limited	4	6	4	6
Illovo Group Marketing Services Limited	4 669	1 529	4 669	1 529
Illovo Sugar Limited	3 271	1 315	3 243	1 315
Illovo Sugar Limited - Procurement	7 132	3 226	5 328	2 302
Illovo Sugar Limited (Share-based payments)	119	167	119	167
Illovo Sugar South Africa	39	-	39	-
Sucoma Holdings Limited	3 659	-	3 659	-
Ubombo Sugar Limited	5	-	2	-
Zambia Sugar Plc	22	-	22	-
	19 068	6 358	17 233	5 434
Amounts due to holding company and fellow subsidiaries are denominated in the following currencies:				
European Euro	1 933	1 444	1 933	1 444
South African Rand	10 714	4 823	8 880	3 899
United States Dollar	2 762	91	2 762	91
	15 409	6 358	13 575	5 434

Certain senior employees of the company participate in the Illovo Sugar Limited group share-based payment scheme. During the year, the company recorded a reduction in the liability of K 90.8 million (2014 expenses of K 33.7 million) relating to the cash-settled share-based payment scheme.

	GROUP 2015 K million	GROUP 2014 K million	COMPANY 2015 K million	COMPANY 2014 K million
17. Other financial assets				
At beginning of year	37	182	37	182
Raised during the year - valuation of FECs (cash flow hedge)	586	37	586	37
Unutilised amounts reversed	(37)	(182)	(37)	(182)
At end of year	586	37	586	37
Other financial liabilities				
At beginning of year	131	24	131	24
Raised during the year - valuation of FECs (cash flow hedge)	36	131	36	131
Unutilised amounts reversed	(131)	(24)	(131)	(24)
At end of year	36	131	36	131

The financial instrument liabilities relate to foreign exchange contracts designated as cash flow hedges to cover expected European Euro and United States Dollar export proceeds.

The fair values of derivative financial instruments are determined using inputs that are observable either directly or indirectly and therefore fall into the level 2 fair value category.

	GROUP 2015 K million	GROUP 2014 K million	COMPANY 2015 K million	COMPANY 2014 K million
18. Capital commitments				
Contracted	967	744	730	618
Approved but not contracted	1 579	2 678	761	2 264
	2 546	3 422	1 491	2 882

Capital expenditure commitments are to be financed from internal resources and existing facilities.

19. Contingent liabilities

There are legal claims made against the group in the ordinary course of business, the outcome of which is uncertain. An amount of K 243.0 million (2014: K 228.0 million) represents an estimate of the cost to the group in the event that legal proceedings find the group to be liable.

20. Operating lease commitments

	2016	2017	2018	2019	2020 onwards	GROUP AND COMPANY 2015 Total	GROUP AND COMPANY 2014 Total
	K million	K million	K million	K million	K million	K million	K million
Bytes Technology Group	210	188	160	44	-	602	234
Land and buildings	96	96	96	96	1 864	2 248	2 637
Motor vehicles	396	94	94	94	94	772	1 622
	702	378	350	234	1 958	3 622	4 493

	GROUP AND COMPANY	
	2015 K million	2014 K million

21. Related party transactions

Related party relationships exist between the company and its subsidiary and other subsidiaries of the Illovo Sugar Group. All transactions are concluded at arm's length. Year-end balances are stated in note 16 and on the face of the statements of financial position.

	2015 K million	2014 K million
The annual payment transactions with related parties are as follows:		
Illovo Sugar Limited - management fees	2 063	1 306
Illovo Sugar Limited - Procurement - purchase of services and equipment	9 854	9 854
	11 917	11 160
The annual sales transactions with related parties are as follows:		
Azucarera Ebro SLU	3 372	2 213
Illovo Sugar South Africa Limited	1 731	-
Mitra Sugar Limited	10 578	10 846
The Silver Spoon Company, a trading division of British Sugar plc	115	531
	15 796	13 590
The annual interest payable with related parties is as follows:		
Illovo Sugar Limited - Procurement	300	121
	300	121

22. Exchange rates and inflation

The average of the year-end buying and selling rates of the foreign currencies most affecting the performance of the group is stated below, together with the increase in the consumer price index for the year, which represents an official measure of inflation.

	2015	2014
Kwacha/European Euro	471.8	593.3
Kwacha/South African Rand	36.3	41.4
Kwacha/United States Dollar	440.3	425.0
Inflation	18.2%	24.0%

23. Basic and diluted earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the group is based on the following data:

	2015	2014
Earnings		
Earnings for the purposes of basic and diluted earnings per share	13 531	18 816
Number of shares ('000s)		
Weighted average number of ordinary shares for the purpose of basic/diluted earnings per share	713 444	713 444
Basic and diluted earnings per share (tambala)	1 897	2 637
Reconciliation of headline earnings:		
Net profit for the year	13 531	18 816
Headline earnings	13 531	18 816
Headline earnings per share (tambala)	1 897	2 637

24. Dividend per share

Dividend per share is calculated by dividing the total dividends declared in the year by the weighted average number of ordinary shares in issue during the year.

	GROUP AND COMPANY 2015 K million	GROUP AND COMPANY 2014 K million
First interim dividend paid (for current year)	5 351	5 351
Second interim dividend paid (for previous year)	7 420	4 816
Final dividend paid (for previous year)	428	357
	13 199	10 524
Number of shares in issue ('000)	713 444	713 444
Weighted average number of shares on which dividend per share is based ('000)	713 444	713 444
Dividend paid per share (tambala)	1 850	1 475

A second interim and final dividend for the year ended 31 March 2015 of nil tambala per share (2014: 1 040 tambala per share) and nil tambala per share (2014: 60 tambala per share) respectively, amounting to a nil dividend (2014: K 7.848 billion), was approved/recommended by the board of directors on 7 May 2015.

25. Compensation of key management personnel

The remuneration of directors and key management during the year was as follows:

	2015 K million	2014 K million
Short-term benefits	1 705	1 407
Post-retirement benefits	143	194
Other long-term benefits	275	122
	2 123	1 723

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

26. Retirement benefit plans

The group operates two defined contribution plans. The SUCOMA Group Pension Scheme, which is managed internally by Trustees, is a defined contribution scheme and the contributions by employees and the group are 7.5% (2014: 7.5%) and 12.5% (2014: 12.5%) of the fund member's basic pensionable salaries, respectively. The Illovo Sugar (Malawi) Limited Pension Fund, which is managed internally by Trustees, is also a defined contribution scheme and the contributions by employees and the group are 7.5% (2014: 7.5%) and 12.5% (2014: 12.5%) of the fund member's basic pensionable salaries, respectively. The trustees are employees of the group. The administration of both pension funds has been subcontracted to Nico Life Insurance Company Limited. Nico Holdings Limited is the investment manager for the two funds.

The total expense recognised in profit or loss of K 584.2 million (2014: K 422.7 million) represents contributions payable to these plans by the group.

27. Segmental analysis

The primary business segments of the group are classified into sugar production and cane growing as follows:

GROUP
Year to 31 March 2015

	Sugar production K million	Cane growing K million	TOTAL K million
Revenue	53 543	38 965	92 508
Operating profit	15 237	8 192	23 429
Interest revenue	49	5	54
Dividend income	52	-	52
Interest expense	(2 962)	(1 023)	(3 985)
Income tax expense	(3 016)	(3 003)	(6 019)
Statements of financial position			
Non-current assets	13 949	34 823	48 772
Property, plant and equipment	13 949	8 996	22 945
Cane roots	-	25 827	25 827
Current assets	20 396	31 979	52 375
Inventories	4 696	2 803	7 499
Growing cane	-	28 425	28 425
Factory overhaul costs	3 297	-	3 297
Trade and other receivables	10 629	750	11 379
Holding company and fellow subsidiaries	1 068	-	1 068
Financial instrument - assets	586	-	586
Cash and cash equivalents	120	1	121
Current liabilities	16 665	21 781	38 446
Trade and other payables	9 021	5 347	14 368
Holding company and fellow subsidiaries	3 203	15 865	19 068
Bank overdrafts	4 150	-	4 150
Financial instrument - liabilities	36	-	36
Taxation payable	255	569	824
Non-current liabilities	8 556	12 311	20 867
Long-term borrowings	-	-	-
Deferred taxation	8 556	12 311	20 867
Net assets value	9 124	32 710	41 834
Property, plant and equipment transactions are categorised as follows:			
Purchases during the year	3 886	2 283	6 169
Depreciation	306	596	902

GROUP
Year to 31 March 2014

	Sugar production K million	Cane growing K million	TOTAL K million
Revenue	50 700	37 148	87 848
Operating profit	16 985	11 628	28 613
Interest revenue	21	4	25
Dividend income	82	-	82
Interest expense	(1 243)	(439)	(1 682)
Income tax expense	(3 849)	(4 373)	(8 222)
Statements of financial position			
Non-current assets	10 973	26 668	37 641
Property, plant and equipment	10 973	6 705	17 678
Cane roots	-	19 963	19 963
Current assets	13 543	26 544	40 087
Inventories	3 321	1 447	4 768
Growing cane	-	24 552	24 552
Factory overhaul costs	2 205	-	2 205
Trade and other receivables	6 284	545	6 830
Financial instrument - assets	38	-	38
Cash and cash equivalents	1 695	-	1 695
Current liabilities	10 397	9 580	19 977
Trade and other payables	6 566	3 215	9 781
Holding company and fellow subsidiaries	3 132	3 226	6 358
Bank overdrafts	3	-	3
Financial instrument - liabilities	131	-	131
Taxation payable	564	3 140	3 704
Non-current liabilities	6 738	9 990	16 728
Deferred taxation	6 738	9 990	16 728
Net assets value	7 381	33 642	41 023
Property, plant and equipment transactions are categorised as follows:			
Purchases during the year	4 306	2 286	6 593
Depreciation	257	428	684

The geographical segment of the group's business has not been prepared because all the group's operations are held within Malawi. There were no significant non-cash transactions during the current or prior years.

	GROUP		COMPANY	
	2015 K million	2014 K million	2015 K million	2014 K million

28. Financial instruments

Introduction and overview

The group has exposure to the following risks arising from its transactions in financial instruments:
- Capital
- Treasury
- Foreign currency
- Interest rate
- Credit
- Liquidity

This note, in addition to notes 12,13,15,16 and 17 presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for identification, measurement, monitoring and controlling risk and the group's management of capital.

28.1 Categories of financial instruments

	GROUP 2015 K million	GROUP 2014 K million	COMPANY 2015 K million	COMPANY 2014 K million
Financial assets				
Loans and receivables (including cash and cash equivalents)	13 154	8 562	12 418	8 112
Financial liabilities				
At amortised cost	37 622	16 273	34 900	17 055
The details of financial liabilities at amortised costs are as follows:				
Trade and other payables	14 368	9 781	11 216	7 190
Holding company and fellow subsidiaries	19 068	6 358	19 498	9 731
Bank overdrafts	4 150	3	4 150	3
Other financial liabilities	36	131	36	131
	37 622	16 273	34 900	17 055

28.2 Capital risk management

The group manages its capital to ensure that it remains a going concern whilst maximising the returns to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of debt (which includes short-term borrowings net of cash and cash equivalents) and equity.

28.3 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 formulate treasury management strategies in the light of prevailing market conditions and current economic forecasts. This committee operates within group policies approved by the board.

The group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a regular basis. The group does not enter into nor trade in financial instruments, including derivative financial instruments, for speculative purposes.

	GROUP		COMPANY	
	2015 K million	2014 K million	2015 K million	2014 K million

28.4 Foreign currency risk management

The group undertakes certain 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, where necessary.

The carrying amounts of the group's unhedged and uncovered foreign currency denominated assets and monetary liabilities at the reporting date are as follows:

Assets				
European Euro	2 023	3 649	2 023	3 649
South African Rand	883	-	883	-
United States Dollar	402	491	402	491
	3 308	4 140	3 308	4 140
Liabilities				
European Euro	1 933	1 444	1 933	1444
South African Rand	10 828	4 905	8 931	3925
United States Dollar	3 020	367	3 020	367
	15 781	6 716	13 884	5 736

28.4.1 Foreign currency sensitivity analysis

The group is largely exposed to the European Euro, South African Rand and United States Dollar. The following table details the group's sensitivity to a 10% increase and decrease in the Malawi Kwacha (K) against the relevant foreign currencies. A 10% movement is the usual sensitivity rate used when reporting foreign currency risk internally to key personnel and represents management assessment of the change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. A positive/negative number below denotes a decrease/increase in profit before tax where the Kwacha weakens/strengthens against the relevant currency.

	European Euro impact		South African Rand impact		United States Dollar impact	
	2015 K million	2014 K million	2015 K million	2014 K million	2015 K million	2014 K million
Profit or loss	9	221	995	491	(262)	12

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not reflect the average exposure during the year. Purchases from foreign suppliers are seasonal with higher purchases towards the last quarter of the year in order to meet demand.

28.5 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 local and international interest rates.

28.5.1 Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates on the financial assets and liabilities at the reporting date and a 5% interest rate change taking place at the beginning of the year.

If interest rates had been 500 basis points higher/lower and all other variables held constant, the group's profit before tax for the year ended 31 March 2015 would move by K 197 million (2014: K 84 million).

28.6 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The group uses other publicly available financial information and its own as a means of mitigating the risk of financial loss from defaults. The group uses other publicly available financial information and its own trading records to rate its major customers. The group's exposure and the performance of its counterparties are continuously monitored.

Credit exposure is controlled by counterparty limits that are reviewed and approved annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On-going credit evaluation is performed on the financial condition of accounts receivable and where appropriate, credit guarantee insurance cover is purchased.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any one time during the year. The credit risk on liquid funds is limited because the counterparties are reputable banks.

There are no off-statement financial position credit exposures.

The highest credit exposure outside the bank balances was K 5 957 million (2014: K 769 million) in relation to domestic trade receivables.

28.7 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with management, which has built an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity requirements. The group manages liquidity risk by maintaining adequate reserves and banking facilities, continuously monitoring forecast and actual cash flows and matching of the maturity profiles of financial assets and liabilities. Included in note 13 is a listing of additional undrawn facilities that the group has access to if the need arises.

28.7.1 Liquidity and interest risk tables

The following tables detail the group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the actual cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The table below shows both interest and principal cash flows.

	Weighted average effective rate	1 year	More than 1 year
	%	K million	K million
2015			
Bank overdraft	33.0	4 150	-
2014			
Bank overdraft	29.5	3	-

The group's non-financial assets are interest-free and their maturity period is indefinite.

The following table details the group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	1-3 months	3 months to 1 year	1 - 5 years	5+ years	Total
	K million	K million	K million	K million	K million
31 March 2015					
Trade and other receivables	11 379	-	-	-	11 379
Cash and cash equivalents	121	-	-	-	121
	11 500	-	-	-	11 500
31 March 2014					
Trade and other receivables	6 830	-	-	-	6 830
Cash and cash equivalents	1 695	-	-	-	1 695
	8 525	-	-	-	8 525

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The group has access to financing facilities as described in note 13 of which K 15.150 billion (2014: K 9.972 billion) was unused at the end of the reporting period. The group expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

Analysis of shareholders

31 March 2015

Category			Shareholders Number	Shareholders %	Ordinary Shares Number held	Ordinary Shares % of shares issued
Individuals						
1	–	5 000	1 663	73.88	2 249 421	0.32
5 001	–	10 000	248	11.01	2 060 587	0.29
10 001	–	50 000	231	10.26	4 597 924	0.64
50 001	–	100 000	26	1.16	2 019 368	0.28
100 001	–	200 000	25	1.11	3 645 444	0.51
200 001	–	500 000	20	0.89	6 172 956	0.87
500 001	–	and over	38	1.69	692 698 691	97.09
			2 251	100.00	713 444 391	100.00
Banks and nominees			43	1.91	14 722 576	2.06
Holding company			1	0.04	542 084 186	75.98
Individuals			1 994	88.58	33 462 072	4.69
Insurance, investment and trust companies			58	2.58	24 104 207	3.38
Non-residents			62	2.76	4 331 641	0.61
Other corporate bodies			55	2.44	18 874 328	2.65
Pension and provident funds			38	1.69	75 865 381	10.63
			2 251	100.00	713 444 391	100.00

Shareholders holding 1% or more of the total equity

SUCOMA Holdings Limited	542 084 186	75.98
Old Mutual Life Assurance Company (Malawi) Limited	59 073 471	8.28
Ramesh Haridas Savjani	14 821 735	2.08
Press Trust	11 642 404	1.63
First Merchant Bank Limited	9 378 616	1.31
National Investment Trust Limited	8 107 611	1.14

Shareholders' Diary

Financial / Statutory		
Financial year-end		March
Annual general meeting		August
Reports and profit statements		
Profit announcement for the year		May
Annual report and financial statements		August
Interim report		October
Dividends		
First interim	Declaration	October
	Payment	January
Second interim	Declaration	May
	Payment	July
Final	Declaration	August
	Payment	October

Notice of Meeting

Notice is hereby given that the 50th annual general meeting of members of the company will be held at Country Club Limbe, Limbe, Malawi on Friday, 14 August 2015 at 14h30 to transact the following business:

1. Financial statements

   To receive and adopt the annual financial statements for the year ended 31 March 2015.

2. Re-election of directors

   To re-elect Messrs M H Abdool-Samad, J P Hulley and A R Mpungwe who retire by rotation in terms of the articles of association, and who, being eligible, offer themselves for re-election.

3. Ordinary business

   To consider and, if deemed fit, to pass with or without modification the following ordinary resolutions:

   3.1 That unless otherwise determined by the company in general meeting, each director shall be entitled to remuneration for his/her services as such at the rate of K 2 250 000 per annum and that the remuneration herein determined shall be payable by the company every four months in arrears with effect from 1 April 2015.

   3.2 That Deloitte be re-appointed as auditors for the March 2016 financial year and that the directors be authorised to fix their remuneration.

   3.3 That no final dividend for the year ended 31 March 2015 as recommended by the directors be declared.

4. Other business

   To transact such other business as may be transacted at an annual general meeting of members.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. The proxy need not be a member of the company. Proxy forms should be forwarded to reach the company's registered office or the office of the transfer secretaries not later than 16h00 on Friday, 31 July 2015.

By order of the Board
Malawi Sugar Limited
Secretaries
Limbe, Malawi
7 May 2015

FORM OF PROXY FOR THE 50TH ANNUAL GENERAL MEETING

I/We ____
(Name/s in block letters)

of ____
(Address)

being the shareholder/member of the abovenamed company and entitled to

Number of votes ____________
(1 share = 1 vote)

do hereby appoint

1. ______________________ of ______________________ or failing him/her;

2. ______________________ of ______________________ or failing him/her;

3. the chairman of the meeting as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the annual general meeting of the company to be held at Country Club Limbe, Limbe, Malawi on Friday, 14 August 2015 at 14h30 and at any adjournment thereof as follows:

Agenda Item		Mark with X where applicable		
		In favour	Against	Abstain
1.	Adoption of 2015 annual financial statements.			
2.	Re-election of directors.			
3.1	Determination of directors' remuneration.			
3.2	Re-appointment of Deloitte as auditors.			
3.3	Declaration of final dividend.			

Signed at ______________ on this ____________ day of ______________ 2015

Signature ____

Assisted by me (where applicable) (see note 3) ______________________________

Full name/s of signatory/ies if signing in a representative capacity (see note 4) ______________________

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company.
2. If this proxy form is returned without any indication as to how the proxy should vote, the proxy will be entitled to vote or abstain from voting as he/she thinks fit.
3. A minor must be assisted by his/her guardian.
4. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless the company has already recorded that authority.
5. In order to be effective, proxy forms must reach the registered office of the company (Illovo Sugar (Malawi) Limited, Illovo House, Churchill Road, Private Bag 580, Limbe, Malawi) or the transfer secretaries (First Merchant Bank Transfer Secretaries, 2nd Floor, Livingstone Towers, Glyn Jones Road, Private Bag 122, Blantyre, Malawi) by no later than 16h00 on Friday, 31 July 2015.
6. The delivery of the duly completed proxy form shall not preclude any member or his/her duly authorised representative from attending the meeting, speaking and voting instead of such duly appointed proxy.
7. If two or more proxies attend the meeting, then that person attending the meeting whose name appears first on the proxy form, or whose name is not deleted, shall be regarded as the appointed proxy.

Notes

Notes

SUGAR
ILLOVO
GROUP