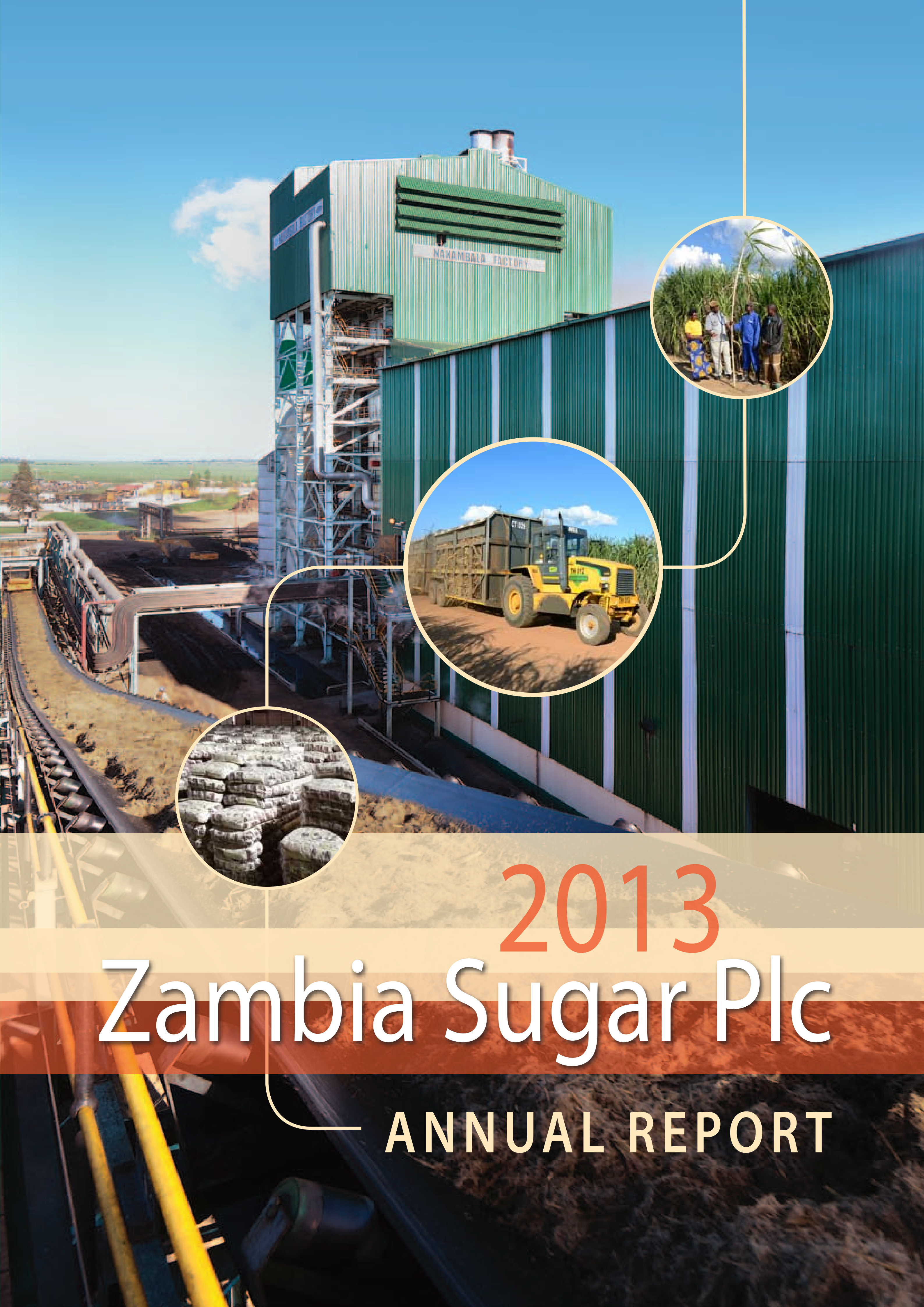


2013 Zambia Sugar Plc

ANNUAL REPORT

Centre pivots in the 2008/9 cane expansion area. Total cane supply in 2012/13 increased by 7% on the previous year to 3.246 million tons and included 330 000 tons from the Kaleya and Magobbo smallholder schemes.

The expanded Nakambala factory. Record sugar production of 404 000 tons was achieved compared to 374 000 tons in the previous season.

Brown sugar in the warehouse. Domestic sugar sales for the year increased by 10% to 159 000 tons representing 41% of total sales.

Operating theatre in the Nakambala Hospital. The company has modern medical facilities, staffed by two full time doctors and trained medical personnel.

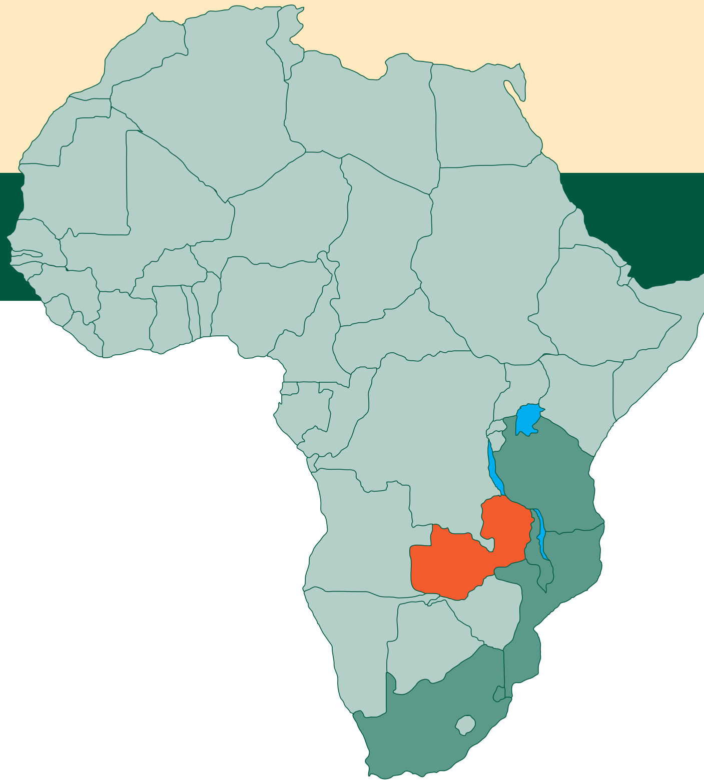
Classrooms donated to the Mazabuka Girls Secondary School. The company has an active social investment programme to address specific needs in the wider community

The Mazabuka Community Radio Station. The company is in the process of constructing new premises to better suit the needs of this free-to-air community service.

ZAMBIA SUGAR Plc

KEY FEATURES	2013	2012
Revenue (ZMW'000)	**1 534 573**	1 480 091
Profit from operations (ZMW'000)	**316 189**	306 649
Profit for the year (ZMW'000)	**141 099**	129 892
Earnings per share (ZMW per 1000 shares)	**21.61**	19.80
Headline earnings (ZMW per 1000 shares)	**21.58**	19.80
Dividends (ZMW per 1000 shares)	**10.80**	9.90
Number of shares in issue (000)	**6 331 428**	6 331 428

ZAMBIA



CONTENTS

COMPANY PROFILE

Zambia Sugar Plc is located at the Nakambala Estate in the Mazabuka District of the Southern Province. The company is listed on the Lusaka Stock Exchange, with 82% of shares held by Illovo Sugar Limited of South Africa and the balance by institutional and private shareholders in Zambia.

Combined with good climatic and soil conditions, the company's cane growing operations are significantly enhanced by access to water from the Kafue River for efficient irrigation of the crop, resulting in excellent yields and high sucrose content in the cane. Approximately 60% of the cane throughput for the factory is provided by these operations, with the balance by private growers. Of these deliveries, the sugar produced from cane supplied by around 160 small-scale farmers, and exported to the European Union (EU), benefits directly from financial incentives granted under the 'Fairtrade' label.

The company is Zambia's largest sugar producer, with milling capacity to produce in excess of 400 000 tons of high-quality sugar per annum. Approximately 40% of current production is sold to domestic consumer and industrial markets, with the balance exported to markets in the EU and Africa regional markets. The company also manufactures a range of sugar-based speciality products that are sold predominantly in the domestic consumer market. Molasses, a by-product of the sugar milling process, is sold mainly as stock feed into both local and Africa regional markets.

All sugar is sold under the Whitespoon brand and direct-consumption domestic market sugar is Vitamin-A fortified.

Zambia Sugar is the single largest employer in the Mazabuka region, and is regarded externally as the premier agricultural enterprise in Zambia. It currently employs around 1 900 permanent employees and more than 4 000 seasonal workers at peak periods. It is a significant earner of foreign exchange and indirectly supports the creation and sustainability of many local enterprises that supply goods and services to the company.

Zambia Sugar's holding company, Illovo Sugar Limited, is a leading, low-cost African sugar producer and a significant manufacturer of downstream products. The Illovo group is Africa's biggest sugar producer and has extensive agricultural and manufacturing operations in six African countries. The group produces raw and refined sugar for local, regional, European Union (EU), United States of America (USA) and world markets from sugar cane supplied by its own agricultural operations and independent growers. High-value products manufactured downstream of the sugar production process are sold internationally. Installed electricity generating capacity, fuelled by renewable resources, provides around 91% of the group's energy requirements. Illovo is listed on the Johannesburg Stock Exchange and is a subsidiary of Associated British Foods Plc which holds 51.4% of the issued share capital.

OPERATING LOCATIONS

HEAD OFFICE

Mazabuka – agricultural, sugar manufacturing, packing and distribution operations.

SALES DEPOTS

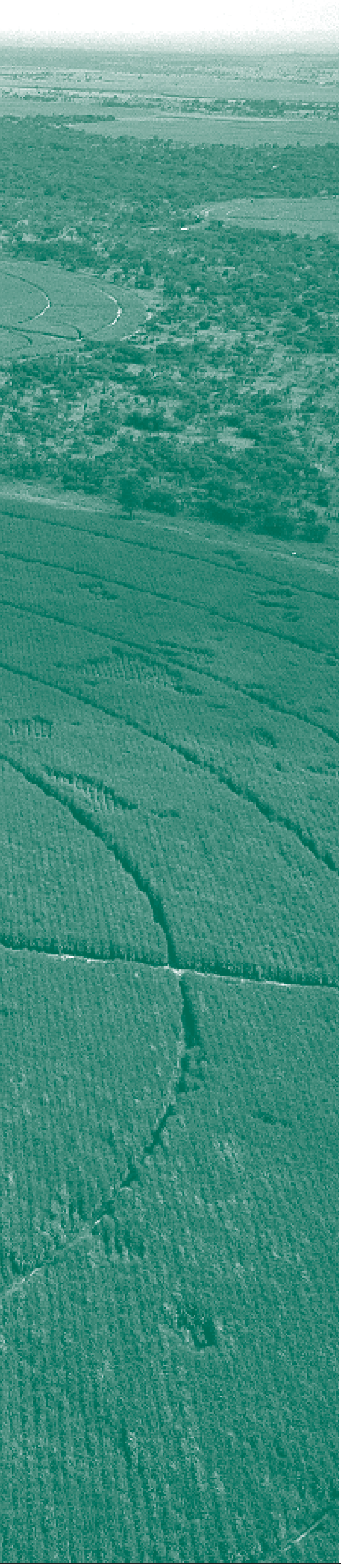
DIRECTORATE

Name	Qualifications	Appointed	Position
NON-EXECUTIVE CHAIRMAN			
F M Banda (62)[&]	ACIS, FCMA, CGMA, FZICA	2002	Director of companies
EXECUTIVE DIRECTORS			
A M Chibumba (52)[#]	PhD, MSc, MPhil, BEng, CFA	2013	Managing Director
D M Kabunda (50)	BA(PubAdmin), MBA	2008	Human Resources Director
R M L Katowa (52)	BA, MBA, MCIM, FZIM	2002	Marketing Director
H K Mambwe (41)	BSc , FCCA, FZICA	2013	Finance Director
M F Pousson (47)	NHD ElecEng,GCC (Elec)	2013	Operations Director
NON-EXECUTIVE DIRECTORS			
G J Clark (57)[*^#&]	BAcct(Hons), FCA(Aus)	2001	Managing Director - Illovo Sugar Limited
M H Abdool-Samad (42)[*#]	BCom, CA(SA)	2011	Financial Director - Illovo Sugar Limited
G B Dalgleish (47)[#]	MScEng(Chem)	2012	Operations Director - Illovo Sugar Limited
A R Mpungwe[*^#]	BA(Hons)	2007	Director of companies
I G Parrott (46)[#]	BCom, CIA	2011	Regional Director - Illovo Sugar Limited
NON-EXECUTIVE INDEPENDENT DIRECTORS			
M D Mwanakatwe[^&]	BA, ACCA, FZICA	2005	Director of companies
DKA Patel		2006	Director of companies

SENIOR MANAGEMENT

Name	Qualifications	Joined	Operating responsibility
L A Elkington (63)	BCompt	2010	Commercial
J Mukukwa (48)	MScEng(Chem)	1990	Factory
L M Sievu (51)[<>]	BAcc, ACMA, ACIS, CGMA, FZICA	2004	Corporate affairs
A H Domleo (53)	BCom	2012	Agriculture

*	Member of Audit Committee	:	Chairman - M H Abdool-Samad
^	Remuneration Committee Member	:	Chairperson - M D Mwanakatwe
#	Risk Management Committee Member	:	Chairman - G B Dalgleish
&	Nomination Committee Member	:	Chairman - G J Clark
<>	Company Secretary		



PRINCIPAL ACTIVITIES

The principal activities of the company are the cultivation of sugar cane and the production of sugar, for sale into local and export markets.

REVIEW OF OPERATIONS

The expanded Nakambala factory continued to consolidate its operations during the 2012/13 season, meeting design capacity. The factory processed a record 3.25 million tons of cane resulting in record sugar production of more than 400 000 tons. For the first time, the factory exported a small quantity of electricity into the national power grid.

Record domestic market growth was achieved, with local sales in 2012/13 continuing to benefit from strong economic fundamentals and a regional sugar deficit.

The increased sugar production, higher sales revenues, combined with effective cost control and the benefit of improved factory productivity, resulted in an improvement in profit from operations, which increased to ZMW316 million from ZMW307 million in 2011/12.

The continued repayment of the expansion-related borrowings reduced the finance costs from ZMW155 million in the previous year to ZMW142 million, representing a 9% decrease, in contrast to a 22% increase the previous year.

During the season, the company employed around 1 900 permanent employees and more than 4 000 seasonal employees at peak periods. Further employment was generated and sustained amongst the company's outgrowers who farm 10 000 hectares of sugar cane in the Mazabuka District. In addition, Zambia Sugar provided sustainable livelihoods for those in the sugar value chain of supplying goods and services to the company and continued its strong contribution to the Zambian economy with more than ZMW710 million (2012: ZMW620 million) injected into the economy through payments to employees, growers for the supply of cane, government in the form of taxation and to lenders of expansion capital in the form of interest. In addition, a substantial portion of goods and services were procured locally. The company remains committed to meaningful corporate social responsibility and in the past year, significant support was given to communities in the form of primary health care, education, sport and cultural activities.

AGRICULTURE

Cane delivered to the factory by our own operations increased from 1.90 million tons in the previous year to 1.94 million tons in 2012/13. Outgrowers delivered a further record crop of 1.30 million tons cane, compared with 1.15 million tons in the previous year. It is particularly pleasing that the Magobbo smallholder project, made up of 94 smallholder farmers, delivered 71 800 tons of cane at an average yield of 166 tons cane per hectare. In addition, the other smallholder scheme, the Kaleya Smallholders Company Limited (Kascol), supplied its second-highest tonnage on record of 258 000 tons. Combined small grower cane deliveries for the 2012/13 season amounted to 10% of total cane throughput.

PRODUCTION

The factory processed a record 3.246 million tons cane and produced a record 404 000 tons of sugar compared with 374 000 tons produced in the 2011/12 season. At the end of the season a small quantity of electricity was exported into the national power grid, another first for the company. Further power exports were made in March 2013 during steam trials for the 2013/14 milling season.

MARKETING

Domestic sales for the year increased by 10% to 159 000 tons of sugar representing 41% of total sales. Sales to EU markets decreased to 121 000 tons in the year, whilst exports into regional markets increased by 24% to 104 000 tons. The company benefited from favourable prices in these export markets. The company additionally produced speciality sugars for export to EU markets and syrup for the domestic consumer market. The company continued to benefit from its well-established sugar marketing and distribution network across the country.

PROSPECTS

Good climatic conditions and an increase in the area to be harvested by outgrowers will increase sugar cane deliveries to the mill during the coming year. Operations commenced in the 2013/14 season in the first week of April 2013 and there is an expectation of a further year of record cane and sugar production. Continued strong performance of the Zambian economy will benefit sales realisation with a continued reduction in borrowings expected to enhance earnings. Exchange rate movements and weather will however continue to influence profits.

HUMAN RESOURCES

The company is an equal opportunity employer that is committed to develop its employees. The goal of the company is to recruit and retain employees that possess the competencies and skills required to achieve targeted business performance. In this respect, the company is adequately resourced.

Key areas of human resources focus include employee strategic alignment, the roll out of the continuous improvement process, targeted manpower succession planning, and talent and performance management.

The company's employment practices comply with Zambian regulatory requirements. During the year the company won the National Labour Productivity award presented by the Ministry of Labour and Social Security. Labour turnover has remained low at less than 5%, while absenteeism and ill health rates continue to decline.

Talent management practices have been enhanced and performance contracts are in place, with employees undergoing regular performance appraisals.

Employee training and development is aimed at building the capacity to deliver business objectives. During the year a substantial amount was spent on training and development. A number of management trainees were employed by the company and successfully completed their training. In addition more than 1 000 employees underwent various technical training programmes. The company offered industrial attachments to 60 university and college students and sponsored four students to the University of Zambia and Copperbelt University on the company bursary scheme.

The company encourages and proactively engages in dialogue and partnership with the employee unions. Several communication channels such as the Joint Consultative Council exist and work to enhance good rapport between management and union representatives.

During the year, the majority of employees, both permanent and seasonal, participated in the Business Understanding Programme, an interactive training module that helps employees gain a deeper appreciation of the business, its performance drivers and their contribution to successful outcomes.

Technology transfer and upgrading of local skills and mentorship programmes remain a priority. During the year, the company localised three senior management positions, including that of the Managing Director and Finance Director.

The Zambia Sugar Employee Wellness programme remains effective and is highly regarded. The main clinic was upgraded to a 25 bed hospital and has been cited as an example of a meaningful public private sector initiative. The company's malaria eradication and HIV and AIDS programmes are ranked amongst the best in the country. The majority of the employees have undergone voluntary HIV and AIDS counciling and testing.

The company sponsored private school has consistently attained exemplary results.

SUSTAINABILITY

Zambia Sugar has a sustainability reporting process to assess, quantify and disclose the company's key social and environmental impacts. Environmental sustainability reporting is structured to reflect the inputs, outputs, and modes of impact the business has on the environment, relative to guidelines established by the Global Reporting Initiative (GRI). Materials, energy and water represent three standard inputs used across the operation. These inputs result in outputs of environmental consequence, which are dealt with below under 'emissions, effluent and waste'.

Materials

The major inputs used in the operations of the company are fertilizers, herbicides, sugar packaging material and lubricants. These materials have a minimal impact on greenhouse gas (GHG) emissions.

Energy

The consumption of fossil fuels is a major source of GHG emissions. The 2012/13 season saw an increase in the amount of fuel consumption mainly due to the transport of excess bagasse from the factory. This is expected to decline in the ensuing sugar season.

Water

A water footprint accounting and sustainability analysis was concluded during the year. Water footprint represents the volume of fresh water used in the sugar production process. The management of water resources remains a priority focus area for the company.

Emissions, effluent and waste

The company complies with the requirements of the Environmental Management Act No. 12 of 2011 and actively engages with the Zambia Environmental Management Agency (ZEMA). Significant achievements during the year included a meaningful reduction in the quantity of hazardous waste generated and a 60% improvement in the quality of waste water available for irrigation.

Emissions - Boiler emission levels of sulphur dioxide (SO^2) and nitrogen oxides (NOx) are low compared to conventional fossil fuels, due to the characteristically low levels of sulphur and nitrogen contained in bagasse. The new boiler installed during the expansion project is fitted with a wet scrubber to remove particulate matter and SO^2 gas from emissions into the atmosphere.

Effluent - Waste water is re-used in irrigation or disposed of under guidelines established by ZEMA. Rehabilitation of factory effluent settling ponds and reed beds completed during the year has improved the quality of waste water.

Waste - There are two waste disposal facilities on the Nakambala estate, both licensed by ZEMA. Non-hazardous waste is treated in compliance with license conditions. Hazardous waste is disposed of according to methodologies developed in consultation with ZEMA.

Occupational health and safety

A three tier workers committee is used to drive the improvement of occupational health and safety in the workplace.

Health and safety performance

The company has implemented an integrated Safety, Health and Environmental management system in all areas of operational risk within the company and is certified according to the NOSA Integrated Five-Star Platinum system with a four star rating. A total of 7.8 million man-hours without lost time injury was achieved during the year.

Serious disease

The prevention and cure of serious disease contributes to the health, satisfaction, and stability of the workforce, and helps maintain the organisation's social license to operate in a community or region. The company takes a pro-active stance against life-threatening epidemics such as HIV and AIDS, Malaria and Tuberculosis. These diseases are being managed, largely on a preventative basis, to negate their impact on employees and their families.

Strategies towards controlling the spread of HIV and AIDS, include preventative awareness programmes, along with an established in-house Wellness Programme for those afflicted. These programmes continue to be developed in accordance with appropriate "best practice", aligned to international standards. They involve ongoing high-profile education and awareness campaigns, effective treatment and prevention of sexually transmitted infections, use of peer counsellors in the process of preventative activities and education, voluntary counselling and testing (VCT), use of prophylactic antibiotics, effective screening for tuberculosis, and the promotion of a healthy lifestyle. In the year under review, the majority of permanent employees participated in VCT. The benefits of the HIV and AIDS programmes are being realised and there is evidence that as more employees are accessing HIV and AIDS related information, more are willing to undergo VCT and subsequently talk about their status. It has been observed that new HIV infection rates are declining and those who are infected are willing to undergo treatment. As a result, the incidence of sick leave and HIV and AIDS related deaths continues to decline.

The company has modern medical facilities, staffed by two full time doctors and trained medical personnel. These facilities are accessible to all employees, permanent and seasonal.

The company also has a number of potable water treatment plants on the estate, to provide safe drinking water to the employees and their families and to minimise water borne diseases.

Society

Zambia Sugar's approach to dealing with social groups in the community is an important aspect of sustainability. The impacts the company operations have on the community in which it operates are managed and mediated.

Product responsibility

Zambia Sugar is currently certified under the SABS ISO 9001:2000 quality management system and is in the process of seeking certification of its food safety systems in compliance with ISO 22000:2005 and BSI-PAS 220:2008.

No incidents of non-compliance with food hygiene regulations or product quality standards were recorded during 2012/13.

Economic

Whereas direct economic impacts and market influence tend to focus on the immediate consequences of monetary flow to stakeholders, indirect economic impacts flow from the circulation of wealth in the economy. Indirect impacts are an important aspect of Zambia Sugar's role as a participant or agent in socio-economic change.

Zambia Sugar contributes to the economic well-being of employees, as it offers wages above the statutory and industry minimum and thereby facilitating the building of strong community relations, employee loyalty, and strengthening the company's social license to operate.


NAKAMBALA FACTORY

It is the largest employer in Mazabuka district and has an extensive indirect financial impact on the surrounding community, through the payment of more than ZMW260 million (2011/12: ZMW220 million) in remuneration to employees. The largest of these positive impacts is experienced by the company's outgrowers, whose total earnings for cane delivered to the Nakambala factory amounted to more than ZMW297 million (2011/12: ZMW239 million).

The company continued to assist the Kaleya Smallholders Scheme by providing technical assistance in cane growing. The Kaleya Smallholders Scheme is registered for Fairtrade, enabling the smallholders to earn an extra US$60/ton on sugar exported into the EU. The smallholders have used the Fairtrade revenue to build a school, improve potable water reticulation and purchased a school bus, among the many developments. To improve cane yields and thereby the income of the Kaleya Smallholders, the company has continued its three-year programme of an early replant of 400 hectares at a cost of ZMW2.1 million. This has guaranteed earnings on the basis of a minimum average yield of 115 tons per hectare. From time to time, the Mazabuka Sugar Cane Growers Trust, of which the company is the settlor, provides bridging cash-flow loans to the smallholders.

By supporting local business in the supply chain, Zambia Sugar indirectly attracts additional investment to the local economy. The proportion of local spending is an important factor in contributing to the local economy and maintaining community relations. Approximately 80% of the company's procurement budget is spent with Zambian suppliers of goods and services.

Social investment

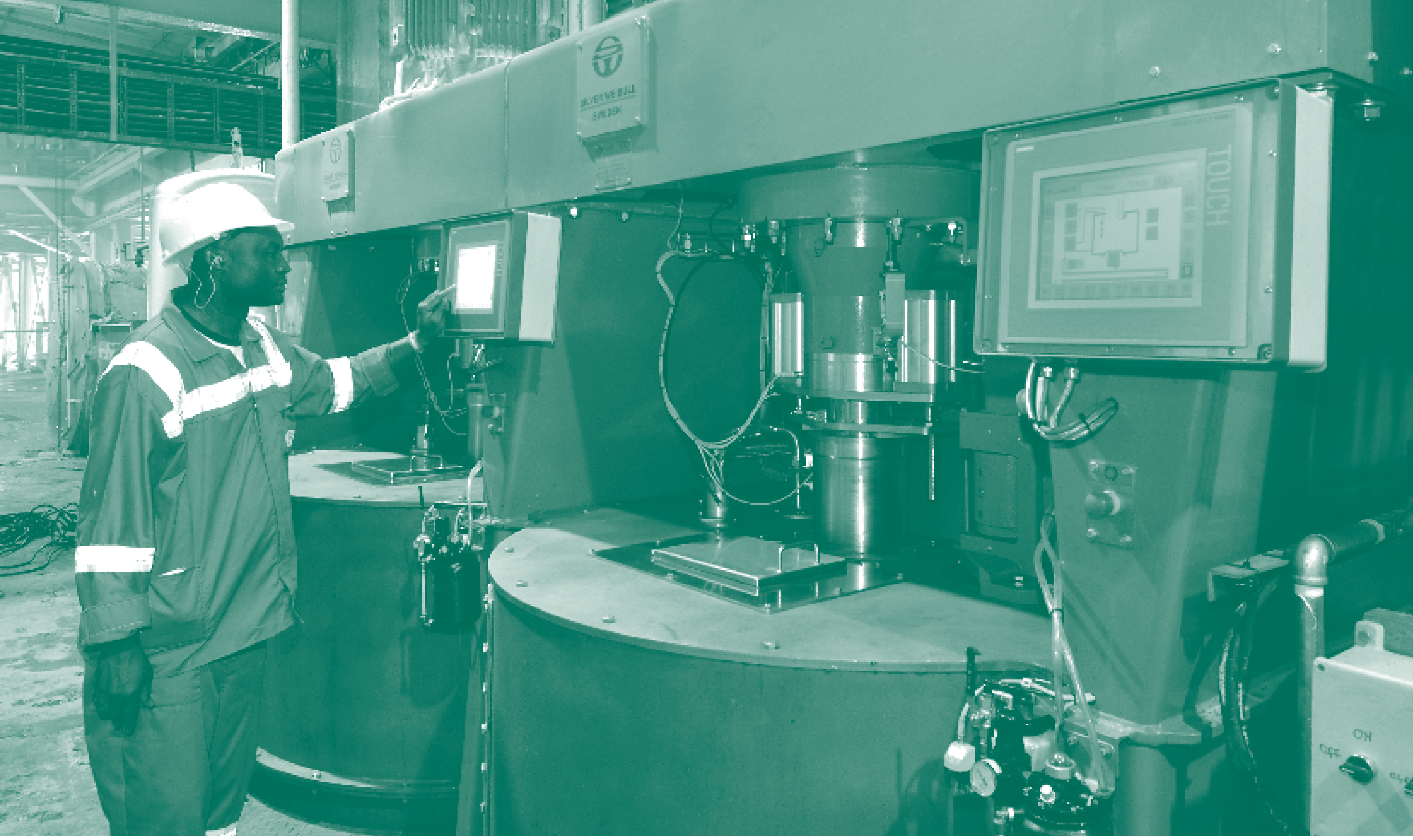
The company has an active social investment programme to address specific needs in the wider community. During the year a total of ZMW4 million (2011/12: ZMW2.1 million) was spent on social responsibility initiatives.

The company upgraded Kabanje Basic School, a government school on the estate, through electrification and phased construction of ablution facilities. The company has continued the phased upgrade of the not for profit Mazabuka Community Radio Station. In addition, the company sponsored schools athletics, traditional and cultural ceremonies, football clubs and several community projects.

The company once again excavated and rehabilitated the main drains in the two high-density townships adjacent to the estate and participated in a clean up campaign in the townships to reduce malaria and other waterborne diseases during the rainy season. The company continued to increase access to potable water for the community of Mazabuka by supplying bulk raw water to the local water utility for treatment and subsequent reticulation in Mazabuka town. The company supported community-based institutions that administer school children feeding programmes, by donating sugar for vulnerable children to enhance school attendance.

The company administers a large estate, with more than 2 900 housing units across six townships, accommodating over 16 000 people. The company provides and supports municipal-type services, such as water and sewerage services, road maintenance, recreation facilities, refuse removal, security, schooling and medical services. The upgrade of social welfare amenities has continued. The company upgraded 295 employee houses and refurbished 57 ablution blocks during the year.

The company supports a variety of community clubs on the estate, including sports clubs that participate in community and national leagues, thereby providing recreation to the community of Mazabuka. During 2012/13 the company spent ZMW34 million (2011/12: ZMW31.2 million) on employee related social investment.


TOUCH

DIRECTORATE

The names of the directors in office at the date of this report are set out on page 3.

The following changes to the directorate of the company are noted:

Dr A M Chibumba was appointed Managing Director of the company with effect from 1 February 2013. With this appointment, Mr I G Parrott stepped down as Managing Director and continues as a member of the board.

Mr M F Pousson was appointed Operations Director of the company with effect from 1 February 2013 following the reassignment of Mr S S Munsamy within the Illovo Group.

Mr H K Mambwe was appointed Finance Director of the company with effect from 1 March 2013 and Mr L A Elkington took up another role within the company.

COMPANY SECRETARY

L M Sievu

DIRECTORS' INTERESTS

No director had any interest in any contract with the company during the year under review.

The beneficial interest of directors holding office at the end of the year under review, in the issued ordinary share capital of the company, as at 31 March 2013, were as follows:

	2013 **No of shares**	2012 No of shares
F M Banda	143 505	143 505
D M Kabunda	350 000	350 000

ANALYSIS OF SHAREHOLDERS

	Number of holders	**Number of shares**	**%**
Individuals			
1 - 250 000	3 325	64 828 347	1.02
250 001 - 500 000	26	9 579 265	0.15
500 001 - 750 000	12	7 445 965	0.12
750 001 - 1 000 000	3	2 753 703	0.04
1 000 001 - 2 000 000	7	8 652 991	0.14
	3 373	93 260 271	1.47
Banks, Nominees and Trusts	48	130 464 378	2.06
Pensions Funds	54	885 611 571	13.99
Companies	51	58 441 311	0.99
Illovo Sugar Coöperatief U.A.	1	5 163 156 672	81.55
	154	6 230 269 518	98.52
Total	3 529	6 331 427 708	100.00

DIVIDENDS

An interim dividend of ZMW4.00 per 1 000 shares (2012: ZMW3.50) was paid to shareholders on 21 December 2012. Notice is hereby given that a second interim dividend of ZMW5.80 per 1 000 shares (2012: ZMW5.40) was declared in respect of the year ended 31 March 2013. This dividend is payable on 24 June 2013 to shareholders registered at the close of business on 23 May 2013.

At the forthcoming Annual General Meeting to be held on 13 August 2013, the directors will propose a final dividend for the year ended 31 March 2013.

EMPLOYEES

The average number of employees employed during the year under review was as follows:

Month	Year	Average Number
April	2012	4 355
May	2012	4 525
June	2012	4 525
July	2012	4 963
August	2012	5 124
September	2012	5 313

Month	Year	Average Number
October	2012	5 315
November	2012	5 314
December	2012	3 523
January	2013	2 610
February	2013	2 650
March	2013	2 536

The total remuneration and benefits paid in respect of the above employees was ZMW267 million (2012: ZMW220 million) for the year ended 31 March 2013.

RESEARCH AND DEVELOPMENT

In order to optimise the return from existing installed capacity, the company continues to benefit from well-established in-house group resources, which provide technical expertise in agricultural and sugar production and downstream product manufacture to all group operations. A centralised core of expertise exists to ensure technical standards are optimised and maintained for both existing equipment and new agricultural and factory installations, and to keep abreast with technical innovations. Benchmarking to improve productivity and reduce unit costs is a major area of attention in all operations, with additional resources recently having been allocated to enhance operational performance and benchmarking across the group.

AUDITORS

Deloitte & Touche were the company's auditors during the year.

The directors and employees of the company strive to ensure that the company is managed in an efficient, accountable, responsible, transparent and moral manner. The board of directors endorses the Lusaka Stock Exchange (LuSE) Corporate Governance Code ("the Code") for listed and quoted companies and believes that in all material respects the company complied with the principles of the Code throughout the year under review.

THE BOARD AND BOARD COMMITTEES

The company has a unitary board of directors, which has a predominance of non-executive directors. The roles of the chairman and chief executive are separated and the chairman is non-executive. The company's board of directors is accountable to shareholders and responsible for reviewing the performance of management against budgets and business plans, ensuring a comprehensive system of internal control policies and procedures and operates and complies with sound corporate governance principles, and identifying key risk areas.

The board is ultimately responsible for ensuring that the business is a going concern, and to this end effectively controls the company and its management and is involved in all decisions that are material for this purpose. The board delegates the day-to-day management of the business to the managing director, assisted by senior management, who operate as an executive committee. During the year, the board met to consider issues of operational strategy, capital expenditure, and other matters having a material effect on the company. The board of directors held four regular meetings in the past year, where management presented matters for board discussion and approval. There was full attendance at all meetings, except Mr A Mpungwe at the August 2012 meeting and Messrs M H Abdool-Samad, M D Mwanakatwe (Mrs) and D K Patel at the October 2012 meeting. The directors gave satisfactory reasons to the board for not attending the meetings.

In addition, there is provision in the company's Articles of Association, for decisions taken between meetings, to be confirmed by way of a written directors' resolution.

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

AUDIT COMMITTEE

The Audit Committee comprises a chairman, who is a non-executive director, and two other non-executive board members. The committee is responsible for maintaining an appropriate relationship with the external auditors and for reviewing the company's internal audit resources, internal financial controls and the audit process. It aids the board in seeking to ensure that the financial and non-financial information supplied to shareholders presents a balanced assessment of the company's position.

The committee reviews the objectivity and independence of the external auditors and also considers the scope of their work and fees paid for audit and non-audit services.

The committee has unrestricted access to company documents and information, as well as to employees of the company and the external auditors. Members of the committee may, in pursuit of their duties, take independent professional advice on any matter at the company's expense. The committee chairman reports the outcome of meetings to the board.

Both the independent external and internal auditors have unrestricted access to the committee and its chairman.

The committee has two meetings a year, and in the past year there was full attendance, by its members, at both meetings.

NOMINATION COMMITTEE

The Nomination Committee comprises two non-executive independent directors and one non-executive director and is chaired by a non-executive director. The committee is responsible for:

- ensuring that a regular, rigorous and objective evaluation of the structure, size, composition, balance of skills, knowledge and experience of the board is undertaken;
- recommending any proposed changes to the composition of the board and to instigate and manage the recruitment process;
- supervising the administration of the company's policies relating to actual or potential conflicts of interest affecting members of the board;
- ensuring that appropriate succession planning is in place for both members of the board and the senior management reporting in the executive committee;
- ensuring the company's adherence to applicable legal and regulatory requirements; and
- overseeing compliance with the applicable corporate governance regulations.


MAZABUKA COMMUNITY RADIO
MAZABUKA

REMUNERATION COMMITTEE

The Remuneration Committee comprises two non-executive independent directors and one non-executive director and is chaired by a non-executive independent director. The committee is responsible for reviewing compensation to attract, retain and motivate executives and senior managers, of the quality required for the business. The committee assesses and approves a broad remuneration strategy for the company, and is also responsible for developing and determining the company's general remuneration policy for executive and senior management. The committee plays an integral part in succession planning, relative to senior managers. The committee met once during the past year and there was full attendance.

RISK MANAGEMENT COMMITTEE

The company's Risk Management Committee comprises three non-executive directors and one executive director and is chaired by a non-executive director. Meetings are attended by all senior managers of the company.

The committee has formal terms of reference approved by the board. The committee is responsible for:

- reviewing the company's risk philosophy, strategy and policies, and ensuring compliance with such policies;
- reviewing the adequacy and overall effectiveness of the company's risk management function;
- ensuring the implementation of an ongoing process for risk identification, mitigation and management;
- ensuring the establishment of a comprehensive system of controls;
- pursuing measures for increasing risk awareness throughout the company;
- reviewing any significant legal matters; and
- reviewing the adequacy of insurance coverage.

The committee gives particular focus to operational risks, including health and safety. The committee met twice during the past year and there was full attendance by its members at both meetings.

EXECUTIVE MANAGEMENT COMMITTEE

The managing director and senior management meet on a weekly basis to review operational performance, capital programmes and other relevant issues. The executive management committee is responsible for implementing the strategies and policies determined by the board, managing the business and affairs of the company.

MANAGEMENT REPORTING

The company has established management reporting procedures, which include the preparation of annual strategic plans and budgets. Actual results are reported monthly against approved budgets and compared to the prior year. Profit and cash flow projections are reviewed regularly, whilst working capital and borrowing levels are monitored on an ongoing basis.

INTERNAL CONTROL

The control systems are designed to safeguard the company's assets, maintain proper accounting records and ensure the reliability of management and financial information produced by the company. Control systems are based on established Illovo group policies and procedures and are implemented by trained personnel, with an appropriate segregation of duties.

The effectiveness of these internal controls and systems is monitored by the internal audit department, with the aid of self-assessment audit checklists. The independent external auditors, through the audit work they perform, confirm that the abovementioned monitoring procedures are being effectively applied.

Nothing has come to the attention of the directors or the independent external auditors to indicate that any material breakdown in the functioning of abovementioned internal controls and systems has occurred during the year under review.

ETHICS

The company's fundamental policy is to conduct its business with honesty and integrity and in accordance with the highest legal and ethical standards. The company has a Code of Conduct and Business Practices, determining the minimum standards required of all staff, which is disseminated throughout the company and reviewed annually by senior management, and is also available on the group website: www.illovosugar.com. All managers are required to give written assent to this Code. In any instance where ethical standards are called into question, the circumstances are investigated and resolved by the appropriate executive.

FRAUD CONTROL

A Tip-Offs Anonymous "Hotline", inviting people from within and outside the company to anonymously report any wrongdoings, is operated by independent forensic accountants, and all matters arising are then appropriately investigated and reported upon.

ANTI BRIBERY AND CORRUPTION

The company has rolled out an Anti Bribery and Corruption Policy (ABC). The ABC policy is embedded in the company's operations and widely disseminated, with employees required to assent that they understand and abide by the provisions of the policy. Appropriate ABC training for employees is ongoing and visibility of the policy is sustained in communication briefs. The company has embarked on embedding the relevant ABC provisions in supply agreements and suppliers, transporters, sugar distributors and agents are required to assent to these provisions. The company liaises with the national Anti Corruption Commission (ACC) where required.

LEGAL COMPLIANCE AND COMPETITION

The board requires management to submit an annual declaration confirming that the company's operations complied with the applicable Laws of Zambia. In addition, the company complies with the competition requirements of the Competition and Consumer Protection Act, No. 24 of 2010 and all relevant employees make annual declarations confirming that they were not involved in any anti-competitive practices. The company has recourse to the group company secretary and external legal advice on matters of legal compliance.

INSIDER TRADING

Directors and officers of the company who have access to unpublished, price sensitive information, in respect of the company, are prohibited from dealing in the shares of the company, during defined restricted periods, including those periods immediately prior to the announcement of interim and final financial results.

FIVE YEAR REVIEW

PRODUCTION & SALES	2013 Tons '000	2012 Tons '000	2011 Tons '000	2010 Tons '000	2009 Tons '000
Own estate cane produced	**1 942**	1 887	1 974	1 705	722
Total cane milled	**3 246**	3 039	3 103	2 612	1 626
Sugar production	**404**	374	385	315	194
Cane sugar ratio	**8.03**	8.13	8.06	8.29	8.38
Sugar sales	**384**	383	376	306	193
Local	**159**	145	143	130	118
Export	**225**	238	233	175	75
Molasses sales	**97**	86	86	56	45
Local	**45**	39	43	41	39
Export	**52**	47	43	15	6

FINANCIAL	Notes		2013 ZMW'000	2012 ZMW'000	2011 ZMW'000	2010 ZMW'000	2009 ZMW'000
Statement of profit or loss and other comprehensive income							
Revenue			**1 534 573**	1 480 091	1 232 448	907 963	532 478
Profit from operations			**316 189**	306 649	173 990	159 006	78 048
Net financing costs			**(141 683)**	(155 491)	(127 159)	(46 285)	-
Profit before taxation			**174 506**	151 158	46 831	112 721	78 048
Taxation			**(33 407)**	(21 266)	(16 995)	(15 081)	59 068
Profit for the year			**141 099**	129 892	29 836	97 640	137 116
Attributable to non-controlling interest			**(4 277)**	(4 544)	(1 922)	(1 464)	-
Profit attributable to shareholders of Zambia Sugar Plc			**136 822**	125 348	27 914	96 176	137 116
Other comprehensive income			**5 022**	(1 858)	912	-	-
Total comprehensive income for the year attributable to shareholders of Zambia Sugar Plc			**141 844**	123 490	28 826	96 176	137 116
Reconciliation of headline earnings							
Profit attributable to shareholders of Zambia Sugar Plc			**136 822**	125 348	27 914	96 176	137 116
Adjusted for:							
(Gain)/loss on sale of property, plant and equipment			**(170)**	12	243	(1 133)	688
Headline earnings for the year			**136 652**	125 360	28 157	95 043	137 804
Statement of financial position							
Property, plant and equipment			**1 219 133**	1 235 658	1 264 658	1 303 378	1 115 712
Intangible asset			**67 902**	67 902	67 902	67 902	-
Cane roots			**196 552**	197 087	200 380	204 826	162 595
Deferred tax asset			**-**	-	4 233	17 982	31 037
Current assets			**660 822**	506 141	511 343	427 938	311 341
Cash and bank balances			**42 161**	208 096	53 400	59 145	119 777
Borrowings			**(973 174)**	(1 136 603)	(1 150 181)	(1 231 550)	(1 155 345)
Deferred tax liability			**(76 813)**	(47 299)	(35 701)	(34 329)	-
Current liabilities			**(230 193)**	(202 986)	(181 645)	(83 377)	(151 725)
Net asset value			**906 390**	827 996	734 389	731 915	433 392
Profitability and asset management							
Operating margin		%	**20.6**	20.7	14.1	17.5	14.7
Return on net assets	1	%	**17.0**	16.7	9.2	13.2	7.5
Liquidity and borrowings							
Current ratio	2	times	**3.1**	3.5	3.1	5.8	2.8
Interest cover	3	times	**2.2**	2.0	1.4	3.4	-
Net debt : equity ratio	4	%	**103**	112	149	160	239
Gearing	5	%	**51**	53	60	62	71
Earnings and dividends							
Earnings per 1000 shares	6	ZMW	**21.61**	19.80	4.41	16.09	25.20
Headline earnings per 1000 shares	7	ZMW	**21.58**	19.80	4.45	15.90	25.39
Dividend per 1000 shares	8	ZMW	**10.80**	9.90	3.55	7.50	12.60
Dividend cover	9	times	**2.0**	2.0	1.3	2.1	2.0
Dividend paid		ZMW'000	**65 847**	32 923	27 542	69 646	70 822
LUSE statistics							
Ordinary shares in issue		000	**6 331 428**	6 331 428	6 331 428	6 331 428	5 426 938
Weighted average number of shares		000	**6 331 428**	6 331 428	6 331 428	5 977 066	5 426 938
Net asset value per 1000 shares	10	ZMW	**143.2**	130.8	116.0	115.6	79.9
Market price per 1000 shares at year end		ZMW	**260**	269	318	315	239
Dividend yield at year end	11	%	**4.2**	3.7	1.1	2.4	5.3
Price : headline earnings ratio	12	%	**12.0**	13.6	71.5	19.8	9.4

1. **Return on net assets**

Profit from operations expressed as a percentage of average net operating assets.

2. **Current ratio**

Current assets divided by current liabilities.

3. **Interest cover**

Profit from operations divided by net financing costs.

4. **Net debt : equity ratio**

Interest-bearing liabilities (net of cash and cash equivalents) divided by total equity.

5. **Gearing**

Interest-bearing liabilities (net of cash and cash equivalents) expressed as a percentage of total equity and interest-bearing liabilities (net of cash and cash equivalents).

6. **Earnings per share**

Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

7. **Headline earnings per share**

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

8. **Dividend per share**

Dividends for the year (interim: paid and declared; final: proposed) divided by number of shares in issue.

9. **Dividend cover**

Headline earnings per share divided by dividend per share (interim: paid and declared; final: proposed).

10. **Net asset value per share**

Total assets less total liabilities divided by the number of shares in issue.

11. **Dividend yield at year end**

Dividends per share (interim: paid and declared: final: proposed) as a percentage of year-end market price.

12. **Price: headline earnings ratio at year end**

Year-end market price divided by headline earnings per share.

The value added statement reflects the wealth that the Group and the Company has been able to create through its agricultural, manufacturing and selling operations, and its subsequent distribution and reinvestment in the business.

During the period under review, ZMW642.3 million was created. Of this amount, ZMW480.9 million was distributed to employees, providers of capital and to government. Of the wealth created, 42% was paid to employees.

The balance of the wealth created was retained and reinvested in the company for the replacement of assets and the development of operations.

	GROUP		COMPANY	
	2013 ZMW '000	2012 ZMW '000	**2013 ZMW '000**	2012 ZMW '000
Wealth created				
Revenue	**1 534 573**	1 480 091	**1 534 573**	1 480 091
Dividend income	**-**	-	**11 298**	9 024
Foreign currency exchange losses	**-**	(528)	**-**	-
Paid to growers for cane purchases	**(297 121)**	(238 949)	**(377 773)**	(310 333)
Manufacturing and distribution costs	**(595 170)**	(664 291)	**(559 367)**	(626 747)
	642 282	576 323	**608 731**	552 035
Wealth distributed				
To employees as salaries, wages and other benefits	**267 005**	219 704	**259 221**	214 167
To lenders of capital as interest	**141 683**	154 963	**142 216**	154 970
To shareholders as dividends	**67 727**	34 426	**65 847**	32 923
To government as taxation	**4 451**	5 169	**523**	264
	480 866	414 262	**467 807**	402 324
Wealth reinvested				
Retained profits	**78 394**	93 608	**61 600**	72 295
Depreciation	**54 066**	52 356	**50 517**	48 817
Deferred taxation	**28 956**	16 097	**28 807**	28 599
	642 282	576 323	**608 731**	552 035
Amounts paid to government for taxation excludes the following:				
Employees tax deducted from remuneration	**31 316**	30 811	**30 972**	30 550
Net VAT amount refunded by government	**(5 076)**	(10 875)	**(14 741)**	(18 394)
Customs and excise duties	**11 432**	11 514	**11 432**	11 514
Withholding taxes collected on behalf of government	**13 630**	14 130	**13 630**	12 551
	51 302	45 581	**41 293**	36 221

Zambia Sugar Plc

(Incorporated in Zambia)

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

CONTENTS

STATEMENT OF RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

Section 164(6) of the Companies Act, 1994 (as amended) requires the directors to prepare financial statements for each financial year which give a true and fair view of the affairs of the group and the company and the profit or loss for that period.

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information, which have been audited by the independent external auditors, Messrs Deloitte & Touche.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

IN THE OPINION OF THE DIRECTORS:

- the statement of profit or loss and other comprehensive income is drawn up so as to give a true and fair view of the profit of the group and the company for the financial year ended 31 March 2013;
- the statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the group and the company as at 31 March 2013;
- there are reasonable grounds to believe that the group and the company will be able to pay debts as and when they fall due;
- the financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act, 1994 (as amended).

Signed on behalf of the board by:

F M Banda
Chairman

A M Chibumba
Managing Director

TO THE MEMBERS OF ZAMBIA SUGAR Plc

Report on the financial statements

We have audited the annual financial statements and group annual financial statements of Zambia Sugar Plc, which comprise the statements of profit or loss and other comprehensive income, statements of financial position at 31 March 2013, statements of cash flows, statements of changes in equity and a summary of significant accounting policies and other explanatory notes as set out on pages 24 to 52.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1994 (as amended), 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 fraud or error.

Auditors' responsibility

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. Those 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the 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 present fairly, in all material respects, the financial position of the company and the group at 31 March 2013, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 1994 (as amended).

Report on other legal requirements

The Companies Act, 1994 (as amended) requires that in carrying out our audit, we consider and report to you on the following matter: we confirm that, in our opinion, the accounting and other records and registers required by the Act have been properly kept in accordance with the Act.

Deloitte & Touche

Chartered Accountants

F M Nchimunya
Partner
Date: 7 May 2013

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2013

	Notes	GROUP 2013 ZMW '000	GROUP 2012 ZMW '000	COMPANY 2013 ZMW '000	COMPANY 2012 ZMW '000
Revenue	4	**1 534 573**	1 480 091	**1 534 573**	1 480 091
Cost of sales		**(745 873)**	(720 548)	**(783 454)**	(748 969)
Gross profit		**788 700**	759 543	**751 119**	731 122
Other gains and (losses)		**189**	(18)	**189**	12
Distribution expenses		**(272 508)**	(287 676)	**(272 508)**	(287 676)
Administration expenses		**(200 192)**	(165 200)	**(196 127)**	(161 573)
Profit from operations	5	**316 189**	306 649	**282 673**	281 885
Dividend income		**-**	-	**11 298**	9 024
Net finance costs	6	**(141 683)**	(155 491)	**(142 216)**	(154 970)
Profit before taxation		**174 506**	151 158	**151 755**	135 939
Taxation	7	**(33 407)**	(21 266)	**(29 330)**	(28 863)
Profit for the year		**141 099**	129 892	**122 425**	107 076
Other comprehensive income:					
Adjustments in respect of cash flow hedges		**5 580**	(2 124)	**5 580**	(2 124)
Taxation effect of cash flow hedges		**(558)**	266	**(558)**	266
Total comprehensive income for the year		**146 121**	128 034	**127 447**	105 218
Profit for the year attributable to:					
Shareholders of Zambia Sugar Plc		**136 822**	125 348	**122 425**	107 076
Non-controlling interest		**4 277**	4 544	**-**	-
		141 099	129 892	**122 425**	107 076
Total comprehensive income attributable to:					
Shareholders of Zambia Sugar Plc		**141 844**	123 490	**127 447**	105 218
Non-controlling interest		**4 277**	4 544	**-**	-
		146 121	128 034	**127 447**	105 218
Earnings per share	8				
Earnings per share (ZMW per 1000 shares)		**21.61**	19.80	**19.34**	16.91
Headline earnings per share (ZMW per 1000 shares)		**21.58**	19.80	**19.31**	16.91

STATEMENTS OF FINANCIAL POSITION
as at 31 March 2013

	Notes	GROUP 2013 ZMW '000	GROUP 2012 ZMW '000	COMPANY 2013 ZMW '000	COMPANY 2012 ZMW '000
ASSETS					
Non-current assets		**1 483 587**	1 500 647	**1 451 103**	1 465 123
Property, plant and equipment	11	**1 219 133**	1 235 658	**1 126 376**	1 144 315
Cane roots	12	**196 552**	197 087	**169 103**	165 184
Intangible asset	13	**67 902**	67 902	**-**	-
Investment in subsidiary	14	**-**	-	**155 624**	155 624
Current assets		**708 173**	714 237	**633 744**	662 043
Inventories	15	**170 825**	103 198	**164 457**	97 385
Growing cane	16	**266 251**	231 954	**218 080**	191 647
Trade and other receivables	17	**158 875**	96 855	**157 312**	96 284
Factory overhaul costs	18	**54 938**	44 810	**54 938**	44 810
Derivative financial instruments		**6 694**	383	**6 694**	383
Current tax asset	7	**222**	464	**222**	464
Amounts due by related parties	23	**3 017**	28 477	**3 017**	28 748
Cash and cash equivalents		**47 351**	208 096	**29 024**	202 322
Total assets		**2 191 760**	2 214 884	**2 084 847**	2 127 166
EQUITY AND LIABILITIES					
Equity attributable to shareholders of Zambia Sugar Plc		**872 394**	796 397	**823 783**	762 183
Share capital and premium	19	**247 337**	247 337	**247 337**	247 337
Capital redemption reserve		**40**	40	**40**	40
Hedging reserve		**4 076**	(946)	**4 076**	(946)
Dividend reserve		**43 054**	40 520	**43 054**	40 520
Retained earnings		**577 887**	509 446	**529 276**	475 232
Non-controlling interest		**33 996**	31 599	**-**	-
Total equity		**906 390**	827 996	**823 783**	762 183
Non-current liabilities		**895 543**	1 049 458	**872 195**	1 026 259
Long-term borrowings	20	**818 730**	1 002 159	**818 730**	1 002 159
Deferred tax liability	21	**76 813**	47 299	**53 465**	24 100
Current liabilities		**389 827**	337 430	**388 869**	338 724
Trade and other payables	22	**157 912**	129 889	**155 822**	128 203
Current portion of long-term borrowings	20	**154 444**	134 444	**154 444**	134 444
Amounts due to related parties	23	**62 480**	63 586	**64 706**	68 964
Bank overdraft		**5 190**	-	**5 190**	-
Derivative financial instruments		**2 166**	1 435	**2 166**	1 435
Current tax liability	7	**1 094**	2 398	**-**	-
Provisions	24	**6 541**	5 678	**6 541**	5 678
Total liabilities		**1 285 370**	1 386 888	**1 261 064**	1 364 983
Total equity and liabilities		**2 191 760**	2 214 884	**2 084 847**	2 127 166

The responsibilities of the company's directors with regard to the preparation of the financial statements are set out on page 22. The financial statements on pages 24 to 52 were approved for issue by the board of directors on 07 May 2013 and were signed on its behalf by:

F M Banda
Chairman

A M Chibumba
Managing Director

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2013

	Share capital and premium ZMW '000	Capital redemption reserve ZMW '000	Hedging reserve ZMW '000	Dividend reserve ZMW '000	Retained earnings ZMW '000	Attributable to shareholders of Zambia Sugar Plc ZMW '000	Non-controlling interest ZMW '000	Total ZMW '000
GROUP								
Balance at 31 March 2011	247 337	40	912	10 764	446 777	705 830	28 558	734 388
Total comprehensive income for the year			(1 858)		125 348	123 490	4 544	128 034
Profit for the year					125 348	125 348	4 544	129 892
Cash flow hedges			(1 858)			(1 858)	-	(1 858)
Transfer to dividend reserve				62 679	(62 679)	-	-	-
Dividends paid				(32 923)		(32 923)	(1 503)	(34 426)
Balance at 31 March 2012	**247 337**	**40**	**(946)**	**40 520**	**509 446**	**796 397**	**31 599**	**827 996**
Total comprehensive income for the year			5 022		136 822	141 844	4 277	146 121
Profit for the year					136 822	136 822	4 277	141 099
Cash flow hedges			5 022			5 022	-	5 022
Transfer to dividend reserve				68 381	(68 381)	-	-	-
Dividends paid				(65 847)		(65 847)	(1 880)	(67 727)
Balance at 31 March 2013	**247 337**	**40**	**4 076**	**43 054**	**577 887**	**872 394**	**33 996**	**906 390**
COMPANY								
Balance at 31 March 2011	247 337	40	912	10 764	430 835	689 888	-	689 888
Total comprehensive income for the year			(1 858)		107 076	105 218	-	105 218
Profit for the year					107 076	107 076		107 076
Cash flow hedges			(1 858)			(1 858)	-	(1 858)
Transfer to dividend reserve				62 679	(62 679)	-	-	-
Dividends paid				(32 923)		(32 923)	-	(32 923)
Balance at 31 March 2012	**247 337**	**40**	**(946)**	**40 520**	**475 232**	**762 183**	**-**	**762 183**
Total comprehensive income for the year			5 022		122 425	127 447	-	127 447
Profit for the year					122 425	122 425		122 425
Cash flow hedges			5 022			5 022	-	5 022
Transfer to dividend reserve				68 381	(68 381)	-	-	-
Dividends paid				(65 847)		(65 847)	-	(65 847)
Balance at 31 March 2013	**247 337**	**40**	**4 076**	**43 054**	**529 276**	**823 783**	**-**	**823 783**

The Capital Redemption Reserve was created on the redemption of preference shares in 1996.

The hedging reserve arises in respect of foreign currency forward sales contracts in place at 31 March which mature in the new year.

The dividend per thousand shares, calculated on a cash basis, amounts to ZMW10.40 (2012: ZMW5.20). The calculation is based on the dividends paid in the year of ZMW65.9 million (2012: ZMW32.9 million) divided by the weighted average number of ordinary shares in issue of 6 331 427 708 (2012: 6 331 427 708).

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2013

	Notes	GROUP 2013 ZMW '000	GROUP 2012 ZMW '000	COMPANY 2013 ZMW '000	COMPANY 2012 ZMW '000
Cash flows from operating activities					
Profit from operations		**316 189**	306 649	**282 673**	281 885
Adjustments for:					
Depreciation		**54 066**	52 356	**50 517**	48 817
Change in fair value of cane roots		**3 669**	3 293	**(3 919)**	(769)
Change in fair value of growing cane		**(34 297)**	(96)	**(26 433)**	618
Provisions raised during the year		**6 541**	5 678	**6 541**	5 678
Provisions utilised during the year		**(5 678)**	(4 898)	**(5 678)**	(4 898)
Factory overhaul costs expensed		**44 810**	40 462	**44 810**	40 462
Net foreign exchange loss		**-**	(528)	**-**	-
(Gain)/loss on disposal of property, plant and equipment		**(189)**	18	**(189)**	(12)
Operating cash flows before working capital movements		**385 111**	402 934	**348 322**	371 781
Working capital movements		**(132 207)**	(16 205)	**(133 945)**	(13 547)
(Increase)/decrease in inventories		**(67 627)**	(664)	**(67 072)**	347
Factory overhaul costs incurred		**(54 938)**	(49 445)	**(54 938)**	(49 445)
Increase in net amounts due to related parties		**24 354**	17 506	**21 473**	19 655
Increase in trade and other receivables		**(62 020)**	(15 786)	**(61 028)**	(16 958)
Increase in trade and other payables		**28 024**	32 184	**27 620**	32 854
Cash generated from operations		**252 904**	386 729	**214 377**	358 234
Net financing costs	6	**(141 683)**	(154 963)	**(142 216)**	(154 970)
Income tax paid		**(5 513)**	(3 895)	**(281)**	(737)
Dividends paid to shareholders of Zambia Sugar Plc		**(65 847)**	(32 923)	**(65 847)**	(32 923)
Dividends paid to non-controlling shareholders		**(1 880)**	(1 503)	**-**	-
Net cash generated by operating activities		**37 981**	193 445	**6 033**	169 604
Investing activities					
Payments for property, plant and equipment		**(40 809)**	(23 401)	**(32 712)**	(21 839)
Dividends received		**-**	-	**11 298**	9 024
Proceeds on disposal of property, plant and equipment		**323**	27	**323**	27
Movement on financial instruments		**-**	(1 797)	**-**	(1 797)
Net cash (outflows)/inflows before financing activities		**(2 505)**	168 274	**(15 058)**	155 019
Financing activities					
Net proceeds from borrowings		**-**	592 619	**-**	592 619
Repayment of borrowings		**(163 430)**	(606 197)	**(163 430)**	(596 520)
Net (decrease)/increase in cash and cash equivalents		**(165 935)**	154 696	**(178 488)**	151 118
Net cash and cash equivalents at beginning of year		**208 096**	53 400	**202 322**	51 204
Net cash and cash equivalents at end of year		**42 161**	208 096	**23 834**	202 322
Comprising of:					
Bank and cash balances		**47 351**	208 096	**29 024**	202 322
Bank overdraft		**(5 190)**	-	**(5 190)**	-

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) on a basis consistent with the prior year, except for the adoption of the revised accounting standards which have been described in Note 2. The adoption of these standards has had no impact on the consolidated financial statements.

These financial statements are presented in Zambian Kwacha in units of Thousands.

The principal accounting policies are set out below:

1.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and Nanga Farms Plc controlled by the company (its subsidiary). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in net assets since the date of the combination. Non-controlling interests are allocated their proportionate share of total comprehensive income even if this results in the non-controlling interest having a deficit, unless there is doubt as to the recoverability of the deficit.

1.2 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

1.3 Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts received or receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. Revenue is recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

1.4 Leases

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

Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on the straight-line basis over the term of the relevant lease.

1.5 Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and any impairment losses. Cost includes professional fees and, for qualifying assets, capitalised borrowing costs.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant asset.

Assets under construction are carried at cost, less any identified impairment loss. Such assets are initially shown as capital work in progress and transferred to the relevant class of assets when commissioned. Cost includes all costs incurred to bring the asset into use and, where necessary, borrowing costs.

Depreciation is calculated on a straight line basis at rates estimated to write down the asset to its residual value. Depreciation commences when the assets are ready for their intended use.

Effective annual rates of depreciation are :	
Leasehold buildings	1.7%
Canals and domestic water works	1.7 - 5%
Furniture, fittings and equipment	8.3 - 20%
Plant and machinery	2 - 6.7%
Motor vehicles - Commercial	6.7 - 14.3%
Motor vehicles - Non Commercial	12.5 - 20%

Management reviews the residual values annually, considering market conditions and projected disposal values. In the annual assessment of useful lives, maintenance programmes and technological innovations are considered.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

In Zambia, land is held on lease from the Government of the Republic of Zambia for a period of 99 years. In line with the requirements of IAS 17 - Leases, since the lease does not transfer substantially all the risks and ownership of the land, the lease is treated as an operating lease. Any advance payment is treated as a prepayment and amortised over the period of the lease on a straight line basis.

1.6 Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortised but tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit and loss when the asset is derecognised.

1.7 Cane roots and growing cane

Cane roots are valued at fair value determined by the escalated average cost, using appropriate inflation related indices, of each year of planting adjusted for the remaining expected life.

The fair value of growing cane is determined annually based on the estimated sucrose content in cane at 31 March valued at the estimated sucrose price for the following season, less estimated costs for harvesting and cane haulage.

1.8 Factory overhaul costs

Factory overhaul costs comprise expenditure actually incurred on plant and equipment for the overhaul of the factory in preparation for the new sugar season commencing after financial year end. This expenditure is written off in full over its expected useful life being the duration of one sugar season.

1.9 Inventories

Sugar inventories are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. The basis of determining cost is the average method. Maintenance inventory is valued at average cost with obsolete items being written off. Redundant and slow moving inventories are identified and written down to their net realisable value.

1.10 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and for which 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, taking into account the risks and uncertainties surrounding the obligation. 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.

1.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.12 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 statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it also 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 temporary 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. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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 them together.

1.13 Foreign currency transactions

The financial statements of the company and its subsidiary are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are expressed in Zambian Kwacha ('ZMW'), which is the functional currency of the company and its subsidiary, as well as the presentation currency for the consolidated financial statements.

In preparing the financial statements of the company and its subsidiary, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 are recognised in profit or loss in the year in which they arise.

1.14 Financial instruments

The group's principal financial instruments are trade receivables, cash and cash equivalents, bank borrowings and trade payables. Trade receivables are stated at cost less provision for impairment. This represents fair value. Cash and cash equivalents are measured at amortised cost, based on relevant exchange rates at the reporting date. Trade and other payables are stated at cost.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Financial assets that are measured at amortised cost are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

1.15 Derivative financial instruments

The group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

The use of financial derivatives is governed by the group's policies, which provide written principles on the use of financial derivatives consistent with the group's risk management strategy. The group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date, and are 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.

1.16 Hedge accounting

The group designates certain hedging instruments as either fair value hedges or cash flow hedges.

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 or liability that are attributable to the hedged risk.

The effective portion of changes in the 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 the foreign currency risk of a firm commitment is designated and accounted for as a cash flow hedge.

Gains or losses on the cash flow hedge of a forecast transaction or firm commitment, previously recognised in other comprehensive income and accumulated in equity, are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss. However, if the cash flow hedge results in the recognition of a non-financial asset or a non-financial liability, then the associated gains or losses accumulated in equity are included in the initial measurement of that asset or liability.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, 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, the gains or losses are recognised immediately in profit or loss.

1.17 Retirement benefits

The group's employees are members of a separately administered defined contribution pension scheme. The group's contributions are charged to the profit or loss as they become payable in accordance with the rules of the scheme.

The group also contributes to the National Pension Authority (NAPSA), a defined contribution scheme, for its eligible employees as provided for by law. Membership is compulsory and monthly contributions are made by both employer and employees. The employer's contribution is charged to profit or loss in the year in which it arises.

1.18 Asset impairment review

An assessment is made at each reporting date to determine whether there is objective evidence that the group's tangible and intangible assets may be impaired. An estimate of the future undiscounted net cash flows of the related assets over the remaining useful life is used to determine whether the asset value is recoverable and to measure any impairment by reference to fair value. If such evidence exists, the estimated recoverable amount of the asset is determined and any impairment loss on the difference between the recoverable amount and carrying amounts is recognised in profit or loss.

1.19 Segmental analysis

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

Segments results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

2.1 International Financial Reporting Standards adopted during the year

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year, except for the adoption of the following revised accounting standards:

IFRS 7 Financial Instruments: Disclosures

The amendments increase the disclosure requirements for transactions where a financial asset is transferred but the transferor retains some level of continuing exposure to the asset. The application of this improvement by the group has had no impact on the consolidated financial statements.

IAS 12 Income Taxes

The amendments require an entity to measure deferred tax relating to an asset based on whether the carrying amount of the asset will be recovered through use or through sale. The application of this improvement by the group has had no impact on the consolidated financial statements.

2.2 International Financial Reporting Standards (IFRSs) in issue, but not yet effective

At the date of approval of these financial statements, the following relevant Standards and Interpretations were in issue, but not yet effective:

IFRS 7 Financial instruments: disclosures

The amendments enhance the disclosure of financial assets and liabilities that have been off-set. These amendments are effective for the year ending 31 March 2014.

IFRS 9 Financial instruments: classification and measurement

The standard introduces new requirements for classifying and measuring financial instruments. Under the new classification requirements, all financial assets will be recognised at either amortised cost or fair value as determined by the contractual cash flows of the assets. In terms of the new measurement requirements, changes in fair value of financial liabilities measured "at fair value through profit or loss" that are attributable to changes in credit risk of the liability will be recognised in other comprehensive income. The standard will be effective for the year ending 31 March 2014.

IFRS 10 Consolidated Financial Statements

The standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The standard will be effective for the year ending 31 March 2014.

IFRS 11 Joint Arrangements

The standard replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers. The standard requires jointly controlled entities to be reassessed and reclassified, it also removes the option to account for jointly controlled entities using proportionate consolidation. The standard will be effective for the year ending 31 March 2014.

IFRS 12 Disclosure of Interests in Other Entities

The standard introduces disclosure requirements to enable users of financial statements to evaluate the nature of, and risks associated with, the group's interests in other entities as well as the effects of those interests on the company's financial position, financial performance and cash flows. Other entities consist of subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard will be effective for the year ending 31 March 2014.

IFRS 13 Fair Value Measurement

The standard introduces a definition of fair value; sets out a single framework for measuring fair value; and establishes disclosure requirements for fair value measurements. The standard will be effective for the year ending 31 March 2014.

IAS 1 Presentation of Financial Statements

The amendments provide guidance on how items are to be presented in other comprehensive income, including how items should be grouped based on whether they will potentially be reclassified to profit or loss in subsequent periods. These amendments are effective for the year ending 31 March 2014.

IAS 1 Presentation of Financial Statements

The amendment removes the requirement to disclose supporting notes for the opening balance sheet which is required for retrospective restatement or reclassification. The amendments will be effective for the year ending 31 March 2014.

IAS 19 Employee Benefits

The amendments eliminate the option to defer the recognition of gains and losses, known as the "corridor method"; streamlining the presentation of changes in assets and liabilities arising from defined benefit plans including requiring re-measurements to be presented in other comprehensive income; and enhancing disclosure requirements for defined benefit plans. The amendments are effective for the year ending 31 March 2014.

IAS 27 Separate Financial Statements

The standard has been revised to exclude all the consolidation requirements, which now form part of IFRS 10 Consolidated Financial Statements. The revised standard is effective for the year ending 31 March 2014.

IAS 28 Investments in Associates and Joint Ventures

Following the introduction of IFRS 11 Joint Arrangements, the standard has been revised to prescribe the requirements for the equity method when accounting for investments in associates and joint ventures. The revised standard is effective for the year ending 31 March 2014.

IAS 32 Financial Instruments: Presentation

Amendments have been made to the application guidance on the offsetting of financial assets and financial liabilities. The revised standard is effective for the year ending 31 March 2015.

IAS 34 Interim Financial Reporting

The amendments clarify the interim reporting of segment information for total assets in order to enhance consistency with the requirements of IFRS 8 Operating Segments. The revised standard is effective for the year ending 31 March 2014.

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

3.1 Critical accounting judgements made by management

In the application of the group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Management has made the following judgement, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements.

Impairment of assets

In making its judgement, management has assessed at each reporting date whether there is any indication that the group's tangible and intangible 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.

Impairment losses on trade receivables

Impairment losses are based upon historical patterns of losses. In determining whether an impairment loss should be recorded in the income statement, the company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of trade receivables before a decrease can be identified with an individual trade receivable in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of trade receivables in their company, or local economic conditions that correlate with defaults on assets in that company. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portifolio when scheduling future cash flows. The methodology and assumptions used for estimating both the amount and the timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

3.2 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 uncertainty at the reporting date that have the most significant effect on the amounts recognised in the financial statements.

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 11 to the financial statements.

Cane roots valuation

The escalated average costs of planting cane roots are adjusted for the remaining expected life. This requires an estimation by management of the average number of ratoons expected from the crop. The key assumptions and carrying value of cane roots is disclosed in note 14 to the financial statements.

Growing cane valuation

Growing cane is valued at the estimated sucrose content in cane at 31 March valued at the estimated sucrose price for the following season, less 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 assessing the estimated sucrose price, management is required to assess into which markets the forthcoming crop will be sold and assess the domestic and export prices as well as related foreign currency exchange rates. The key assumptions and carrying value of growing cane is disclosed in note 16 to the financial statements.

Income taxes

At the time of preparing the annual financial statements, estimates are used to determine the income tax charge for the year. When the income tax computation is finalised and submitted to the Zambia Revenue Authority, any differences to the estimate will be recognised in profit or loss in the period in which such determination is made.

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	
	2013 ZMW '000	2012 ZMW '000	2013 ZMW '000	2012 ZMW '000
4. Revenue				
Revenue represents proceeds receivable from the following primary business segments:				
Sugar production	**1 093 266**	1 083 247	**1 173 919**	1 154 630
Cane growing	**441 307**	396 844	**360 654**	325 461
	1 534 573	1 480 091	**1 534 573**	1 480 091
From secondary business segments as follows:				
Local market	**787 068**	666 874	**787 068**	666 874
Export market	**747 505**	813 217	**747 505**	813 217
	1 534 573	1 480 091	**1 534 573**	1 480 091
5. Profit from operations				
Profit from operations has been determined after charging/(crediting) the following:				
Auditors' remuneration	**1 176**	959	**939**	757
- Audit fees	**888**	834	**692**	650
- Fees for other services	**253**	102	**223**	86
- Other expenses	**35**	23	**24**	21
Charitable donations	**116**	474	**94**	452
Change in fair value of cane roots (see note 12)	**3 669**	3 293	**(3 919)**	(769)
Change in fair value of growing cane (see note 16)	**(34 297)**	(96)	**(26 433)**	618
Depreciation expense (see note 11)	**54 066**	52 356	**50 517**	48 817
Directors' emoluments for services as directors	**1 068**	1 416	**1 059**	1 407
Employees remuneration expenses	**249 425**	205 047	**241 981**	199 806
Employer contributions to pension funds (see note 26)	**17 580**	14 657	**17 240**	14 361
Exchange gain on trading balances	**(2 494)**	(2 676)	**(2 536)**	(3 118)
Factory overhaul costs expensed (see note 18)	**44 810**	40 462	**44 810**	40 462
Management fees (see note 23.1)	**20 753**	18 818	**20 753**	18 818
6. Net financing costs				
Interest charged on:				
Long-term borrowings	**137 154**	146 730	**137 154**	146 730
Bank short-term facilities	**4 940**	5 811	**4 940**	5 480
Other	**388**	3 391	**778**	3 644
Total interest charged	**142 482**	155 932	**142 872**	155 854
Interest received on loans and deposits	**(799)**	(969)	**(656)**	(884)
	141 683	154 963	**142 216**	154 970
Foreign exchange loss	**-**	528	**-**	-
	141 683	155 491	**142 216**	154 970

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	ZMW '000	ZMW '000	**ZMW '000**	ZMW '000
7. Taxation				
Current taxation				
- current year charge	**4 199**	5 225	**460**	450
- under/(over) provision in prior year	**252**	(56)	**63**	(186)
Deferred taxation				
- current year charge	**28 961**	34 149	**28 812**	35 200
- overprovision in prior year	**(5)**	(257)	**(5)**	(257)
- income tax rate adjustment	**-**	(17 795)	**-**	(6 344)
Total taxation charge	**33 407**	21 266	**29 330**	28 863
Included under current assets/(liabilities):				
(Payable)/receivable in respect of the previous year	**(1 934)**	(660)	**464**	(9)
Current tax charge	**(4 199)**	(5 225)	**(460)**	(450)
(Under)/over provision in prior year	**(252)**	56	**(63)**	186
	(6 385)	(5 829)	**(59)**	(273)
Paid during the year	**5 513**	3 895	**281**	737
Taxation (payable)/receivable	**(872)**	(1 934)	**222**	464
Reconciliation of rate of taxation:	**%**	%	**%**	%
Company taxation rate applicable to agricultural entities	**10.0**	15.0	**10.0**	15.0
Increase/(decrease) in charge due to:				
- Deferred tax rate adjustment [1]	**-**	1.4	**-**	1.6
- Change in farming tax rate from 15% to 10%	**-**	(11.7)	**-**	(4.7)
- Under/(over) provision in prior years	**0.1**	(0.2)	**0.0**	(0.3)
- Expenses disallowed for tax purposes	**1.4**	2.0	**1.7**	2.3
- Tax rate differential on non-farming income	**0.6**	0.2	**0.2**	0.2
- Derecognised accumulated tax losses [2]	**7.0**	7.3	**8.1**	8.1
- Dividends received	**-**	-	**(0.7)**	(1.0)
Effective rate of taxation	**19.1**	14.1	**19.3**	21.2

[1] The deferred tax rate adjustment relates to the application of concessionary income tax rates to income derived from the expansion project investment under the Zambia Development Agency Act. These rates are graduated over a period of ten years and will become available once the present accumulated tax loss has been fully utilized. The rate change adjustment applies to temporary differences arising from capital allowances on expansion project assets and adjusts the deferred tax provision on differences reversing during the concessionary tax rate period from the statutory rate of 10% to the applicable concessionary rate.

[2] The partial derecognition of accumulated tax losses follows a reassessment of the extent to which it is probable that future taxable profit will be available against which these losses can be utilised, within the prescription period of five years.

	GROUP		COMPANY	
	2013	2012	2013	2012
	ZMW '000	ZMW '000	ZMW '000	ZMW '000
8. Earnings per share				
Earnings per share (ZMW per 1000 shares)	**21.61**	19.80	**19.34**	16.91
Headline earnings per share (ZMW per 1000 shares)	**21.58**	19.80	**19.31**	16.91
Number of shares	**Shares '000**	Shares '000	**Shares '000**	Shares '000
Weighted average number of ordinary shares for the purposes of earnings and headline earnings per share	**6 331 428**	6 331 428	**6 331 428**	6 331 428
Earnings	**ZMW '000**	ZMW '000	**ZMW '000**	ZMW '000
Earnings for the purposes of earnings per share	**136 822**	125 348	**122 425**	107 076
Reconciliation of headline earnings				
Profit attributable to shareholders of Zambia Sugar Plc	**136 822**	125 348	**122 425**	107 076
Adjusted for:				
(Gain)/loss on sale of property, plant and equipment	**(189)**	18	**(189)**	(12)
Tax effect of adjustments	**19**	(3)	**19**	2
Non-controlling interest effect of adjustments	**-**	(4)	**-**	-
Headline earnings for the year	**136 652**	125 360	**122 255**	107 066

	ZMW '000	ZMW '000	ZMW '000	ZMW '000
9. Dividends paid				
ZMW0.70 per 1000 shares (second interim 2011) - paid 14 June 2011		4 432		4 432
ZMW1.00 per 1000 shares (final 2011) - paid 24 September 2011		6 331		6 331
ZMW3.50 per 1000 shares (first interim 2012) - paid 31 December 2011		22 160		22 160
ZMW5.40 per 1000 shares (second interim 2012) - paid 22 June 2012	**34 190**		**34 190**	
ZMW1.00 per 1000 shares (final 2012) - paid 17 September 2012	**6 331**		**6 331**	
ZMW4.00 per 1000 shares (first interim 2013) - paid 21 December 2012	**25 326**		**25 326**	
	65 847	32 923	**65 847**	32 923
	ZMW	ZMW	**ZMW**	ZMW
Dividends declared per 1000 shares - second interim declared 07 May 2013	**5.80**	5.40	**5.80**	5.40
Dividends proposed per 1000 shares - final to be proposed at AGM	**1.00**	1.00	**1.00**	1.00
Number of ordinary shares in issue (millions)	**6 331**	6 331	**6 331**	6 331

10. Segmental analysis

Year to 31 March 2013	GROUP Sugar production ZMW '000	GROUP Cane growing ZMW '000	GROUP TOTAL ZMW '000	COMPANY Sugar production ZMW '000	COMPANY Cane growing ZMW '000	COMPANY TOTAL ZMW '000
Revenue	1 093 266	441 307	1 534 573	1 173 919	360 654	1 534 573
Profit from operations	237 927	78 262	316 189	237 926	44 747	282 673
Property, plant and equipment	865 928	353 205	1 219 133	865 928	260 448	1 126 376
Balance at beginning of year	885 013	350 645	1 235 658	885 013	259 302	1 144 315
Additions at cost	20 909	16 766	37 675	20 910	11 802	32 712
Depreciation charge for the year	(39 889)	(14 177)	(54 066)	(39 890)	(10 627)	(50 517)
Net book value of disposals	(105)	(29)	(134)	(105)	(29)	(134)
Intangible assets	-	67 902	67 902	-	-	-
Investment in subsidiary				-	155 624	155 624
Cane roots	-	196 552	196 552	-	169 103	169 103
Current assets	405 516	302 657	708 173	405 516	228 228	633 744
Inventories	154 309	16 516	170 825	154 309	10 148	164 457
Growing cane	-	266 251	266 251	-	218 080	218 080
Factory overhaul costs	54 938	-	54 938	54 938	-	54 938
Trade and other receivables	157 312	1 563	158 875	157 312	-	157 312
Derivative financial instruments	6 694	-	6 694	6 694	-	6 694
Current tax asset	222	-	222	222	-	222
Amounts due by related parties	3 017	-	3 017	3 017	-	3 017
Cash and cash equivalents	29 024	18 327	47 351	29 024	-	29 024
Current liabilities	286 788	83 039	369 827	289 014	79 855	368 869
Trade and other payables	124 658	33 254	157 912	124 658	31 164	155 822
Current portion of long-term borrowings	87 389	47 055	134 444	87 389	47 055	134 444
Amounts due to related parties	62 480	-	62 480	64 706	-	64 706
Derivative financial instruments	2 166	-	2 166	2 166	-	2 166
Current tax liability	-	1 094	1 094	-	-	-
Bank overdrafts	5 190	-	5 190	5 190	-	5 190
Provisions	4 905	1 636	6 541	4 905	1 636	6 541
Non-current liabilities	598 640	316 904	915 543	598 640	293 556	892 195
Long-term borrowings	545 175	293 556	838 730	545 175	293 556	838 730
Deferred tax liability	53 465	23 348	76 813	53 465	-	53 465
Net asset value	**386 017**	**520 373**	**906 390**	**383 791**	**439 992**	**823 783**

10. Segmental analysis - continued

Year to 31 March 2012	GROUP			COMPANY		
	Sugar production	Cane growing	TOTAL	Sugar production	Cane growing	TOTAL
	ZMW '000	ZMW '000	ZMW '000	ZMW '000	ZMW '000	ZMW '000
Revenue	1 083 247	396 844	1 480 091	1 154 630	325 461	1 480 091
Profit from operations	259 196	47 453	306 649	259 226	22 659	281 885
Property, plant and equipment	885 013	350 645	1 235 658	885 013	259 302	1 144 315
Balance at beginning of year	907 389	357 269	1 264 658	907 389	263 919	1 171 308
Additions at cost	16 161	7 240	23 401	16 161	5 678	21 839
Depreciation charge for the year	(38 537)	(13 819)	(52 356)	(38 537)	(10 280)	(48 817)
Net book value of disposals	-	(45)	(45)	-	(15)	(15)
Intangible assets	-	67 902	67 902	-	-	-
Investment in subsidiary				-	155 624	155 624
Cane roots	-	197 087	197 087	-	165 184	165 184
Current assets	450 713	263 524	714 237	450 984	211 059	662 043
Inventories	82 787	20 411	103 198	82 787	14 598	97 385
Growing cane	-	231 954	231 954	-	191 647	191 647
Factory overhaul costs	44 810	-	44 810	44 810	-	44 810
Trade and other receivables	91 470	5 385	96 855	91 470	4 814	96 284
Derivative financial instruments	383	-	383	383	-	383
Current tax asset	464	-	464	464	-	464
Amounts due by related parties	28 477	-	28 477	28 748	-	28 748
Cash and cash equivalents	202 322	5 774	208 096	202 322	-	202 322
Current liabilities	259 230	78 200	337 430	264 608	74 116	338 724
Trade and other payables	102 562	27 327	129 889	102 562	25 641	128 203
Current portion of long-term borrowings	87 389	47 055	134 444	87 389	47 055	134 444
Amounts due to related parties	63 586	-	63 586	68 964	-	68 964
Derivative financial instruments	1 435	-	1 435	1 435	-	1 435
Current tax liability	-	2 398	2 398	-	-	-
Provisions	4 258	1 420	5 678	4 258	1 420	5 678
Non-current liabilities	675 503	373 955	1 049 458	675 503	350 756	1 026 259
Long-term borrowings	651 403	350 756	1 002 159	651 403	350 756	1 002 159
Deferred tax liabilities	24 100	23 199	47 299	24 100	-	24 100
Net asset value	**400 992**	**427 004**	**827 996**	**395 885**	**366 298**	**762 183**

11. Property, plant and equipment

	Leasehold land and buildings ZMW '000	Plant and machinery ZMW '000	Motor vehicles ZMW '000	Furniture and fittings ZMW '000	Capital work in progress ZMW '000	Total ZMW '000
GROUP						
Cost						
Balance at 1 April 2011	541 622	861 330	54 942	13 052	4 240	1 475 186
Additions	-	-	-	-	23 401	23 401
Transfers	2 383	4 832	6 495	686	(14 396)	-
Disposals	(16)	(188)	(1 426)	(381)	-	(2 011)
Reclassification	1 720	(5 767)	3 037	(11)	-	(1 021)
Balance at 31 March 2012	**545 709**	**860 207**	**63 048**	**13 346**	**13 245**	**1 495 555**
Additions	-	-	-	-	37 675	37 675
Transfers	2 519	17 939	15 705	779	(36 942)	-
Disposals	(24)	(66)	(1 289)	-	-	(1 379)
Balance at 31 March 2013	**548 204**	**878 080**	**77 464**	**14 125**	**13 978**	**1 531 851**
Depreciation						
Balance at 1 April 2011	41 556	118 175	41 921	8 876		210 528
Charge for year	9 431	36 803	4 949	1 173		52 356
Disposals	(10)	(184)	(1 400)	(372)		(1 966)
Reclassification	(654)	3 381	(3 773)	25		(1 021)
Balance at 31 March 2012	**50 323**	**158 175**	**41 697**	**9 702**		**259 897**
Charge for year	9 498	37 290	6 053	1 225		54 066
Disposals	(8)	(66)	(1 171)	-		(1 245)
Balance at 31 March 2013	**59 813**	**195 399**	**46 579**	**10 927**		**312 718**
Net carrying amount						
Balance at 31 March 2013	**488 391**	**682 681**	**30 885**	**3 198**	**13 978**	**1 219 133**
Balance at 31 March 2012	495 386	702 032	21 351	3 644	13 245	1 235 658

11. **Property, plant and equipment** – continued

	Leasehold land and buildings ZMW '000	Plant and machinery ZMW '000	Motor vehicles ZMW '000	Furniture and fittings ZMW '000	Capital work in progress ZMW '000	Total ZMW '000
COMPANY						
Cost						
Balance at 1 April 2011	460 899	839 056	57 242	11 968	4 240	1 373 405
Additions	-	-	-	-	21 839	21 839
Transfers	2 383	3 723	6 160	686	(12 952)	-
Disposals	-	(9)	(1 359)	-	-	(1 368)
Balance at 31 March 2012	**463 282**	**842 770**	**62 043**	**12 654**	**13 127**	**1 393 876**
Additions	-	-	-	-	32 712	32 712
Transfers	2 340	14 715	15 493	779	(33 327)	-
Disposals	(24)	(66)	(1 289)	-	-	(1 379)
Balance at 31 March 2013	**465 598**	**857 419**	**76 247**	**13 433**	**12 512**	**1 425 209**
Depreciation						
Balance at 1 April 2011	41 166	114 449	37 841	8 641		202 097
Charge for year	9 168	33 764	4 712	1 173		48 817
Disposals	-	(9)	(1 344)	-		(1 353)
Balance at 31 March 2012	**50 334**	**148 204**	**41 209**	**9 814**		**249 561**
Charge for year	9 235	34 419	5 835	1 028		50 517
Disposals	(8)	(66)	(1 171)	-		(1 245)
Balance at 31 March 2013	**59 561**	**182 557**	**45 873**	**10 842**		**298 833**
Net carrying amount						
Balance at 31 March 2013	**406 037**	**674 862**	**30 374**	**2 591**	**12 512**	**1 126 376**
Balance at 31 March 2012	412 948	694 566	20 834	2 840	13 127	1 144 315

Expenditure on assets under construction is initially shown as capital work in progress and is transferred to the relevant class of asset when commissioned.

In accordance with Section 193 of the Companies Act, 1994 the Register of Land and Buildings is available for inspection by members and their duly authorised agents at the registered office of the company.

All leasehold land and buildings and all plant and machinery of the company have been pledged as security for loans (see note 20).

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	ZMW '000	ZMW '000	**ZMW '000**	ZMW '000

11. Property, plant and equipment - continued

Leasehold Land

The Company has leasehold agreements with various local farmers. The leases are treated as operating leases and will be charged to profit or loss over the lease period as follows:

Within one year	**2 834**	2 465	**2 834**	2 465
More than one year but less than five years	**11 337**	11 995	**11 337**	11 995
More than five years	**17 006**	32 313	**17 006**	32 313
	31 177	46 773	**31 177**	46 773

12. Cane roots

The carrying value of cane roots is reconciled as follows:				
Carrying value at beginning of year	**197 087**	200 380	**165 184**	164 415
Expansion of area under cane	**3 134**	-	**-**	-
Change in fair value	**(3 669)**	(3 293)	**3 919**	769
Carrying value at end of year	**196 552**	197 087	**169 103**	165 184

The area under cane for the purpose of valuing cane roots at 31 March 2013 was 17 025 hectares (2012: 17 079 hectares). The expected life of cane roots is 7 years. The average remaining expected life of cane roots at 31 March 2013 was 3.41 years (2012: 3.58 years).

13. Intangible asset

The intangible asset represents a strategic cane supply arrangement arising from the acquisition of a controlling interest in Nanga Farms Plc. The arrangement provides security over cane supply to Zambia Sugar Plc, is considered to have an indefinite useful life, and is tested for impairment annually.

14. Investment in subsidiary

The principal subsidiaries of Zambia Sugar Plc are as follows:	**Issued capital ZMW '000**	**Effective percentage holding %**	**Shares at cost ZMW '000**	**Amounts due by subsidiary ZMW '000**	**Amounts due to subsidiary ZMW '000**
2013					
Direct investment					
Tukunka Agricultural Ltd	**10 000**	**100**	**-**	**-**	**-**
Indirect investment					
Nanga Farms Plc	**487**	**86**	**155 624**	**-**	**2 792**
2012					
Direct investment					
Tukunka Agricultural Ltd	10 000	100	-	-	-
Indirect investment					
Nanga Farms Plc	487	85,73	155 624	271	5 592

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	ZMW '000	ZMW '000	**ZMW '000**	ZMW '000
15. Inventories				
Consumables and components	**72 917**	69 299	**70 799**	67 483
Provision for obsolesence	**(3 143)**	(2 710)	**(3 143)**	(2 710)
	69 774	66 589	**67 656**	64 773
Livestock	**4 250**	3 997	**-**	-
Finished goods - sugar	**96 801**	32 612	**96 801**	32 612
	170 825	103 198	**164 457**	97 385
16. Growing cane				
The carrying value of growing cane is reconciled as follows:				
Carrying value at beginning of year	**231 954**	231 858	**191 647**	192 265
Change in fair value	**34 297**	96	**26 433**	(618)
Carrying value at end of year	**266 251**	231 954	**218 080**	191 647

The expected area to harvest for the following season is 17 025 hectares (2012: 17 078 hectares) which is anticipated to yield 117.4 tons cane per hectare (2012: 116.0 tons) at a sucrose content in cane of 14.55% (2012: 14.60%). As at 31 March 2013 the average maturity of the growing cane was estimated at 69.1% (2012: 66.7%).

	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
17. Trade and other receivables				
Trade receivables comprise amounts receivable in respect of the sale of sugar and molasses:				
Gross trade receivables	**106 380**	80 266	**106 380**	80 266
Allowance for doubtful debts	**(403)**	(384)	**(403)**	(384)
	105 977	79 882	**105 977**	79 882
Prepayments	**8 782**	6 497	**8 782**	6 497
Other receivables	**44 116**	10 476	**42 553**	9 905
Balance at end of year	**158 875**	96 855	**157 312**	96 284
Movement in the allowance for doubtful debts				
Balance at beginning of year	**384**	507	**384**	491
Amounts written off during the year	**-**	(104)	**-**	(104)
Amounts raised/(released) during the year	**19**	(19)	**19**	(3)
Balance at end of year	**403**	384	**403**	384

The directors consider that the carrying amount of trade and other receivables approximates their fair value. Additional disclosures concerning the management of credit risk have been provided in note 28.4.

	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
18. Factory overhaul costs				
Balance at beginning of year	**44 810**	35 827	**44 810**	35 827
Capitalised during the year	**54 938**	49 445	**54 938**	49 445
Amortised during the year	**(44 810)**	(40 462)	**(44 810)**	(40 462)
Balance at end of year	**54 938**	44 810	**54 938**	44 810

	Years of repayment	Effective Interest rate (%)	GROUP 2013 ZMW '000	GROUP 2012 ZMW '000	COMPANY 2013 ZMW '000	COMPANY 2012 ZMW '000
19. Share capital and premium						
Authorised:						
7 000 000 000 (2012: 7 000 000 000) ordinary shares of ZMW0.50 per 1000 shares			**3 500**	3 500	**3 500**	3 500
Issued and fully paid:						
6 331 427 708 (2012: 6 331 427 708) ordinary shares of ZMW0.50 per 1000 shares			**3 165**	3 165	**3 165**	3 165
Share premium			**244 172**	244 172	**244 172**	244 172
			247 337	247 337	**247 337**	247 337
20. Long-term borrowings						
Financial and other institutions (see note i)	2013 - 2017	14.40	**458 174**	592 619	**458 174**	592 619
Related parties (see note ii)			**515 000**	543 984	**515 000**	543 984
Total borrowings			**973 174**	1 136 603	**973 174**	1 136 603
Less:						
Current portion - Zambian Kwacha (see note i)			**(154 444)**	(134 444)	**(154 444)**	(134 444)
Long-term portion			**818 730**	1 002 159	**818 730**	1 002 159
The amounts are due for repayment in the following years ending 31 March:						
2013			**-**	134 444	**-**	134 444
2014			**154 444**	134 444	**154 444**	134 444
2015			**134 444**	134 444	**134 444**	134 444
2016			**134 444**	134 444	**134 444**	134 444
2017 and beyond			**549 842**	598 827	**549 842**	598 827
			973 174	1 136 603	**973 174**	1 136 603

Summary of borrowing arrangements

(i) This Zambian kwacha denominated loan from financial and other institutions was drawn down in May 2011 to refinance the original Tranche A expansion loan and to reduce the level of related party borrowing from Illovo Group Holdings reflected in Note 23.2. The loan is repayable over five years commencing April 2012 and attracts interest at the ruling Bank of Zambia policy rate adjusted by means of a liquidity premium to the 182 day T-Bill rate at the beginning of each interest period plus a 3.25% margin.

The loan is secured by way of a first legal mortgage over fixed property to which the company holds title, a first fixed charge over all plant and machinery, a first floating charge over all tangible movable assets, and a first agricultural charge over vehicles, plant and machinery, growing crops, cane roots and all other movable assets.

(ii) Loans from related parties are disclosed in Note 23.2.

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	ZMW '000	ZMW '000	**ZMW '000**	ZMW '000
21. Deferred tax liability				
Balance at beginning of year	**47 299**	31 468	**24 100**	(4 233)
Charged to income:				
- Current year income statement charge	**28 961**	34 149	**28 812**	35 200
- Prior year income statement relief	**(5)**	(257)	**(5)**	(257)
- Current year other comprehensive income charge/(relief)	**558**	(266)	**558**	(266)
- Income tax rate adjustment	**-**	(17 795)	**-**	(6 344)
Balance at end of year	**76 813**	47 299	**53 465**	24 100
Analysis of provision:				
Property, plant and equipment	**63 612**	65 664	**54 988**	56 848
Intangible asset	**6 790**	6 790	**-**	-
Factory overhaul costs	**5 494**	4 481	**5 494**	4 481
Growing cane and cane roots	**45 836**	41 150	**38 274**	33 929
Tax losses	**(44 862)**	(69 900)	**(44 862)**	(69 900)
Other	**(57)**	(886)	**(429)**	(1 258)
Balance at end of year	**76 813**	47 299	**53 465**	24 100

22. Trade and other payables

Trade payables comprise amounts outstanding for trade purchases and ongoing costs:				
Trade payables	**149 739**	126 613	**147 649**	124 927
Other payables	**8 173**	3 276	**8 173**	3 276
Balance at end of year	**157 912**	129 889	**155 822**	128 203

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

The group has financial risk management policies in place to ensure that all payables are paid within the agreed credit terms.

23. Amounts due to/by related parties

The majority shareholding in Zambia Sugar Plc is held by Illovo Sugar Coöperatief U.A., incorporated in the Netherlands, a subsidiary of Illovo Sugar Limited, a Company incorporated in the Republic of South Africa. Illovo Sugar Limited is listed on the Johannesburg Stock Exchange and is a subsidiary of Associated British Foods plc which holds 51.5% of the issued share capital. All related party transactions are conducted at arms length.

	GROUP		COMPANY	
	2013	2012	2013	2012
	ZMW '000	ZMW '000	ZMW '000	ZMW '000
23.1 Trading transactions				
Amounts due by related parties				
Illovo Group Marketing Services Limited	-	22 368	-	22 368
Illovo Sugar Limited - Corporate Division	-	2 250	-	2 250
Kilombero Sugar Company Limited	-	622	-	622
Illovo Sugar (Malawi) Limited	2 677	622	2 677	622
Azucarera Ebro, S.LU.	-	1 988	-	1 988
The Silver Spoon Company, a trading division of British Sugar Plc	-	627	-	627
East African Supply (Pty) Limited	340	-	340	-
Nanga Farms Plc	-	-	-	271
	3 017	28 477	3 017	28 748
Amounts due to related parties				
Illovo Sugar Limited - Procurement Division	33 331	33 010	32 765	32 796
Illovo Sugar Limited - Corporate Division	3 083	3 076	3 083	3 076
Illovo Sugar Ireland	7 300	6 032	7 300	6 032
Illovo Group Marketing Services Limited	18 766	21 468	18 766	21 468
Nanga Farms Plc	-	-	2 792	5 592
	62 480	63 586	64 706	68 964

The following transactions were carried out with related parties during the year:

Related party	Transaction	Group 2013	Group 2012	Company 2013	Company 2012
Illovo Sugar Limited - Procurement Division	Imports of goods & services	116 707	97 224	112 077	97 224
Azucarera Ebro, S.LU.	EU sugar exports	29 005	70 239	29 005	70 239
Illovo Group Holdings Limited	Loan interest	62 493	65 022	62 493	65 022
Illovo Sugar Ireland	Management fee	20 753	18 818	20 753	18 818
Illovo Group Marketing Services Limited	Export agency commission	14 786	16 432	14 786	16 432
Illovo Sugar (Malawi) Limited	Regional management fee	2 069	622	2 069	622
Kilombero Sugar Company Limited	Regional management fee	865	622	865	622
The Silver Spoon Company, a trading division of British Sugar Plc	EU sugar exports	-	13 689	-	13 689
		246 678	282 668	242 048	282 668

The Company has a contract with Illovo Sugar Ireland for the supply of management services. Management fees are disclosed in note 5.

Purchases from Nanga Farms Plc have been eliminated on consolidation.

			GROUP		COMPANY	
			2013	2012	**2013**	2012
			ZMW '000	ZMW '000	**ZMW '000**	ZMW '000
23.2 Loans from related parties						
	Years of repayment	**Effective Interest rate (%)**				
Illovo Group Holdings Limited						
- Zambian kwacha (see note i)	**2017**	11,64	**515 000**	543 985	**515 000**	543 985
The amounts are due for repayment in the following years ending 31 March:						
Beyond 2016			**515 000**	543 985	**515 000**	543 985
			515 000	543 985	**515 000**	543 985

(i) This loan is unsecured and attracts interest at the ruling 91 day T-Bill rate at the beginning of each interest period plus a 4% margin. The loan is to be fully repaid at a date to be agreed between the parties, subject to continuing compliance with tranche A loan covenant requirements.

	GROUP 2013 ZMW '000	GROUP 2012 ZMW '000	COMPANY 2013 ZMW '000	COMPANY 2012 ZMW '000
24. Provisions				
At beginning of year	**5 678**	4 898	**5 678**	4 898
Provisions made during the year	**6 541**	5 678	**6 541**	5 678
Utilised during the year	**(5 678)**	(4 898)	**(5 678)**	(4 898)
At end of year	**6 541**	5 678	**6 541**	5 678
Analysed as follows:				
Provision for leave pay	**6 541**	5 678	**6 541**	5 678
25. Capital commitments				
	49 686	47 125	**47 275**	45 506
Approved but not contracted	**4 149**	7 664	**3 469**	7 127
Contracted	**53 835**	54 789	**50 744**	52 633

Capital expenditure will be financed from cash resources and short term borrowings.

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	ZMW '000	ZMW '000	**ZMW '000**	ZMW '000

26. Retirement benefits

Defined contribution pension scheme

Zambia Sugar provides retirement benefits for its employees through a defined contribution pension scheme which was established on 1 May 2002. The employer's contribution is recognised as an expense in the year in which the related services are rendered by the employees. The group expensed an amount of ZMW8.7 million (2012: ZMW7.7 million) during the year in respect of this scheme.

The group also contributes to the National Pension Scheme Authority (NAPSA), a defined contribution scheme, for its eligible employees as required by law. Membership is compulsory and monthly contributions are made by both employer and employees. The employer's contribution is expensed in the year in which it arises. The group expensed an amount of ZMW8.9 million (2012: ZMW6.6 million) during the year in respect of this scheme.

27. Contingent liabilities

There is a contingent liability estimated at ZMW 485 000 in respect of local industrial relations actions currently before the courts.

28. Financial risk management

Financial instruments consist primarily of cash deposits with banks, investments and loans, trade and other receivables and payables, derivative financial instruments and bank borrowings. Financial instruments are carried at fair value or amounts that approximate fair value.

Categories of financial instruments

	Group 2013 ZMW '000	Group 2012 ZMW '000	Company 2013 ZMW '000	Company 2012 ZMW '000
Financial assets				
Loans and receivables	**209 465**	333 892	**189 575**	327 818
Derivative financial instruments designated as cash flow hedges	**6 694**	383	**6 694**	383
Financial liabilities				
Derivative financial instruments designated as fair value hedges	**-**	1 435	**-**	1 435
Derivative financial instruments designated as cash flow hedges	**2 166**	-	**2 166**	-
Financial liabilities measured at amortised cost	**1 199 850**	1 332 476	**1 198 892**	1 333 770
Reconciliation to the statement of financial position				
Trade and other receivables including amounts due by related parties	**161 892**	125 332	**160 329**	125 032
Taxation receivable	**222**	464	**222**	464
Cash and cash equivalents	**47 351**	208 096	**29 024**	202 322
Loans and receivables	**209 465**	333 892	**189 575**	327 818
Trade and other payables including amounts due to related parties	**220 392**	193 475	**220 528**	197 167
Taxation payable	**1 094**	2 398	**-**	-
Bank overdraft	**5 190**	-	**5 190**	-
Long-term borrowings	**838 730**	1002 159	**838 730**	1002 159
Current portion of long-term borrowings	**134 444**	134 444	**134 444**	134 444
Financial liabilities measured at amortised cost	**1 199 850**	1 332 476	**1 198 892**	1 333 770

28.1 Liquidity risk management

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

The group treasury had access to the following local banking facilities at 31 March 2013:

	GROUP
	2013
	ZMW '000
	118 500

28.2 Interest rate risk management

Taking cognisance of the seasonality of the group's cashflow and long term interest rate forecasts, the treasury risk management committee positions the group's interest rate exposures according to expected movements in interest rates.

The interest rate profile at 31 March 2013 is as follows:

	Floating rate		Total borrowings
	Less than one year	Greater than one year	
Borrowings (ZMW'000)	160	818	978
% total borrowings	16%	84%	100%

The group has no fixed rate facilities.

Interest rate sensitivity

The group is exposed to interest rate cash flow risk in respect of its variable rate loans and short-term cash investments, which can impact on the cash flows of these instruments. The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant in the case of variable rate borrowings.

	GROUP		COMPANY	
	2013	2012	2013	2012
	ZMW '000	ZMW '000	ZMW '000	ZMW '000
If interest rates had been 50 basis points higher/lower and all other variables held constant, profit before tax for the year would decrease/increase by:	**5 040**	5 448	**5 058**	5 448

28.3 Currency risk management

In the normal course of business, the group enters into transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts. The carrying amount of unhedged and uncovered foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	ASSETS		LIABILITIES	
	2013	2012	**2013**	2012
	ZMW '000	ZMW '000	**ZMW '000**	ZMW '000
Group				
US dollars	**5 763**	6 659	**23 850**	28 749
SA rands	**9 110**	3 624	**38 706**	38 650
Euros	**6 632**	35 902	**2 933**	661
Company				
US dollars	**4 970**	6 656	**23 850**	28 494
SA rands	**9 110**	3 624	**39 275**	38 434
Euros	**6 632**	35 902	**2 933**	661

Foreign currency sensitivity

The group's exchange rate exposure relates mainly to the US dollar, rand and the euro. The following sensitivity analysis indicates the impact on profit before tax resulting from the revaluation of unhedged and uncovered foreign currency denominated monetary items outstanding on the reporting date for an assumed 10% movement in the US dollar, rand and the euro. A positive/(negative) number indicates an increase/(decrease) in profit before tax where the kwacha strengthens by 10% against the relevant currency. For a 10% weakening of the kwacha against the relevant currency, there would be an equal and opposite impact on profit before tax.

10% foreign currency sensitivity

All figures in ZMW '000	US dollar		SA rand		Euro	
	2013	2012	**2013**	2012	**2013**	2012
Group						
Monetary assets	**(578)**	(666)	**(911)**	(362)	**(663)**	(3 590)
Monetary liabilities	**2 395**	2 875	**3 979**	3 865	**294**	66
	1 817	2 209	**3 068**	(3 503)	**(369)**	(3 524)
Company						
Monetary assets	**(498)**	(666)	**(911)**	(362)	**(663)**	(3 590)
Monetary liabilities	**2 395**	2 849	**3 923**	3 843	**294**	66
	1 897	2 183	**3 012**	3 481	**(369)**	(3 524)

Exchange rates most affecting the performance of the group and the company are as follows:

	Rates at 31 March		Average for year	
	2013	2012	**2013**	2012
Kwacha/Rand	**0.585**	0.687	**0.609**	0.667
Kwacha/US dollar	**5.420**	5.290	**5.169**	4.969
Kwacha/Euro	**6.933**	7.067	**6.659**	6.821

The group has entered into certain forward exchange contracts to cover forecast foreign currency proceeds not yet receivable. The contracts will be utilised for purposes of trade during the 2014 financial year.

	GROUP 2013			GROUP 2012		
Foreign currency sold	**Foreign currency million**	**Average rate**	**Amount in ZMW '000**	**Foreign currency million**	**Average rate**	**Amount in ZMW '000**
US dollar	**31.0**	**5.524**	**171 245**	20.0	5.431	108 617
Euro	**26.3**	**7.408**	**194 461**	26.7	7.169	191 412

28.4 Credit risk management

Credit risk is 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 customers. Trade receivables comprise a widespread customer base, and the company undertakes ongoing credit evaluations of the financial condition of their customers. At 31 March 2013, the group does not consider there to be any material credit risk that has not been insured or adequately provided for.

The carrying amount of the financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the group and the company's maximum exposure to credit risk.

The group and the company grants credit terms of 14 - 30 days to its customers. The analysis of trade receivables which are past due at reporting date is as follows:

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	ZMW '000	ZMW '000	**ZMW '000**	ZMW '000
Not past due	**96 662**	69 488	**96 662**	69 488
Past due by 30 days	**5 326**	6 001	**5 326**	6 001
Past due by 60 days	**3 334**	2 578	**3 334**	2 578
Past due by 90 days	**492**	1 338	**492**	1 338
Past due over 120 days	**566**	861	**566**	861
	106 380	80 266	**106 380**	80 266
less : allowance for doubtful debts	**(403)**	(384)	**(403)**	(384)
Total trade receivables	**105 977**	79 882	**105 977**	79 882

No specific trade receivables were placed under liquidation in either the current or the previous year.

28.5 Capital risk management

The group manages its capital to ensure that the company and its subsidiary will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of equity and debt, which includes borrowings net of cash and cash equivalents.

29 Events after the reporting date

There are no significant events occurring after the reporting date which would require adjustment or disclosure in these financial statements.

Notice is hereby given that the 51st annual general meeting of the members of the company will be held at the Taj Pamodzi Hotel, Lusaka, Zambia on Tuesday 13 August 2013 at 11h00 to transact the following business:

1. **Approval of the minutes of the previous meeting**

2. **Financial statements**

   To receive and adopt the annual financial statements for the year ended 31 March 2013.

3. **Election of directors**

   i. To confirm the appointment of each of Messrs AM Chibumba, MF Pousson and HK Mambwe who were appointed as directors since the previous annual general meeting.

   ii. To re-elect each of Mrs DC Kabunda, Mrs RML Katowa, Mrs MD Mwanakatwe and Mr DKA Patel who retire by rotation, in terms of the Companies Act, and who, being eligible, offer themselves for re-election.

4. **Approval of directors' fees**

   That unless otherwise determined by the company in general meeting, the annual fees payable by the company to directors for the year ending 31 March 2014 be revised to ZMW135 million (2013: ZMW125 000), ZMW140 million (2013: ZMW130 000) for committee members and ZMW160 00 (2013: ZMW140 000) for the board chairman and be approved with effect from 1 April 2013.

5. **Appointment of auditors**

   To confirm the reappointment of the auditors, Deloitte & Touche, for the year ending 31 March 2014 and to authorise the directors to determine the auditors terms and remuneration.

6. **Declaration of final dividend**

   That a final dividend of ZMW1.00 per 1 000 shares, for the year ended 31 March 2013, as recommended by the directors, be declared to all shareholders registered in the books of the company, at close of business on 29 August 2013 and payable on 17 September 2013.

7. **Special Resolution 1: Consolidating and dividing of authorised share capital**

   That the authorized share capital of the Company, comprising 7,000,000,000 ordinary shares of ZMW 0.0005 par value each, be consolidated and divided on a 20-for-1 basis into 350,000,000 authorized ordinary shares of ZMW 0.01 par value.

8. **Special Resolution 2: Consolidating and dividing of issued share capital**

   That the issued and fully paid up ordinary shares of the Company, comprising all issued and fully paid up ordinary shares of ZMW 0.0005 par value each as at the Consolidation Date, be consolidated and divided on a 20-for-1 basis into issued and fully paid up ordinary shares of ZMW 0.01 par value each.

9. **Authority for Directors: Consolidating and dividing of share capital**

   To authorise any director, subject to passing special resolutions 1 and 2, to do or cause to be done, all such things, and to issue and execute any documents as may be necessary or requisite so as to give effect to and implement the resolutions relating to the consolidating and dividing of share capital, on behalf of the Company.

10. **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 so as to reach the Company's registered office or the transfer secretaries not later than 10h00 on Monday 12 August 2013.

By order of the Board

LM Sievu
Company Secretary
7 May 2013

SHAREHOLDERS' DIARY

Financial year end	March
Annual general meeting	August

Reports and profit statements

Interim report	November
Profit announcement for the year	May
Annual report and financial statements	August

Dividends

First interim	Declared	November
	Payment	December
Second interim	Declared	May
	Payment	June
Final	Declared	August
	Payment	September

Shareholders are reminded to notify the transfer secretaries of any change in postal address or of their banking instruction for purposes of dividend payments.

CORPORATE INFORMATION

Secretary	:	Lovemore M Sievu
Business address and registered office	:	Nakambala Estate, Mazabuka, Zambia
Postal address	:	P O Box 670240, Mazabuka, Zambia
Telephone	:	(260) 21 3 231106
Fax	:	(260) 21 3 230385
Email address	:	lsievu@zamsugar.zm
Website		www.illovosugar.com
Transfer secretaries	:	Lewis Nathan Advocates Financial Markets and Commercial Law Division The Nathan Park 758 Independence Avenue, Woodlands, Lusaka, Zambia
Postal address	:	P O Box 37268, Lusaka, Zambia
Telephone	:	(260) 21 1 262009/261995
Fax	:	(260) 21 1 261997
E-mail address	:	lewis@zamnet.zm
Auditors	:	Deloitte & Touche
Bankers	:	Barclays Bank of Zambia Citi-Bank Zambia FNB Zambia Stanbic Bank Zambia Standard Chartered Bank Zambia Zambia National Commercial Bank

ZAMBIA SUGAR Plc

FORM OF PROXY

For the 51st 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 the Taj Pamodzi Hotel, Lusaka, Zambia on Tuesday 13 August 2012 at 11h00 and at any adjournment thereof as follows:

Resolution No.	Agenda Item	Mark with X where applicable		
		In favour	Against	Abstain
1.	Approval of the minutes of the previous meeting.			
2.	Adoption of the audited 2013 annual financial statements.			
3.	Election of directors			
	Confirmation of appointment of directors			
3.1	AM Chibumba			
3.2	HK Mambwe			
3.3	MF Pousson			
	Re-election of directors			
3.4	DC Kabunda			
3.5	Mrs RML Katowa			
3.6	MD Mwanakatwe			
3.7	DK Patel			
4.	Approval of directors' fees.			
5.	Re-appointment of Deloitte & Touche as auditors.			
6.	Declaration of final dividend			
7.	Special Resolution 1: Consolidating and dividing of authorised share capital			
8.	Special Resolution 2: Consolidating and dividing of issued share capital			
9.	Authority for Directors: Consolidating and dividing of share capital			

Signed at ________________________________ on this_____________________day of _________________2013

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 TO THE FORM OF PROXY

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 or the transfer secretaries by no later than **10h00 on Monday 12 August 2013**.
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 attended the meeting, then that person attending the meeting whose name appears first on the proxy form, and whose name is not deleted, shall be regarded as the validly appointed proxy.

SUGAR
ILLOVO
GROUP