Zambia Sugar

Building on Capabilities

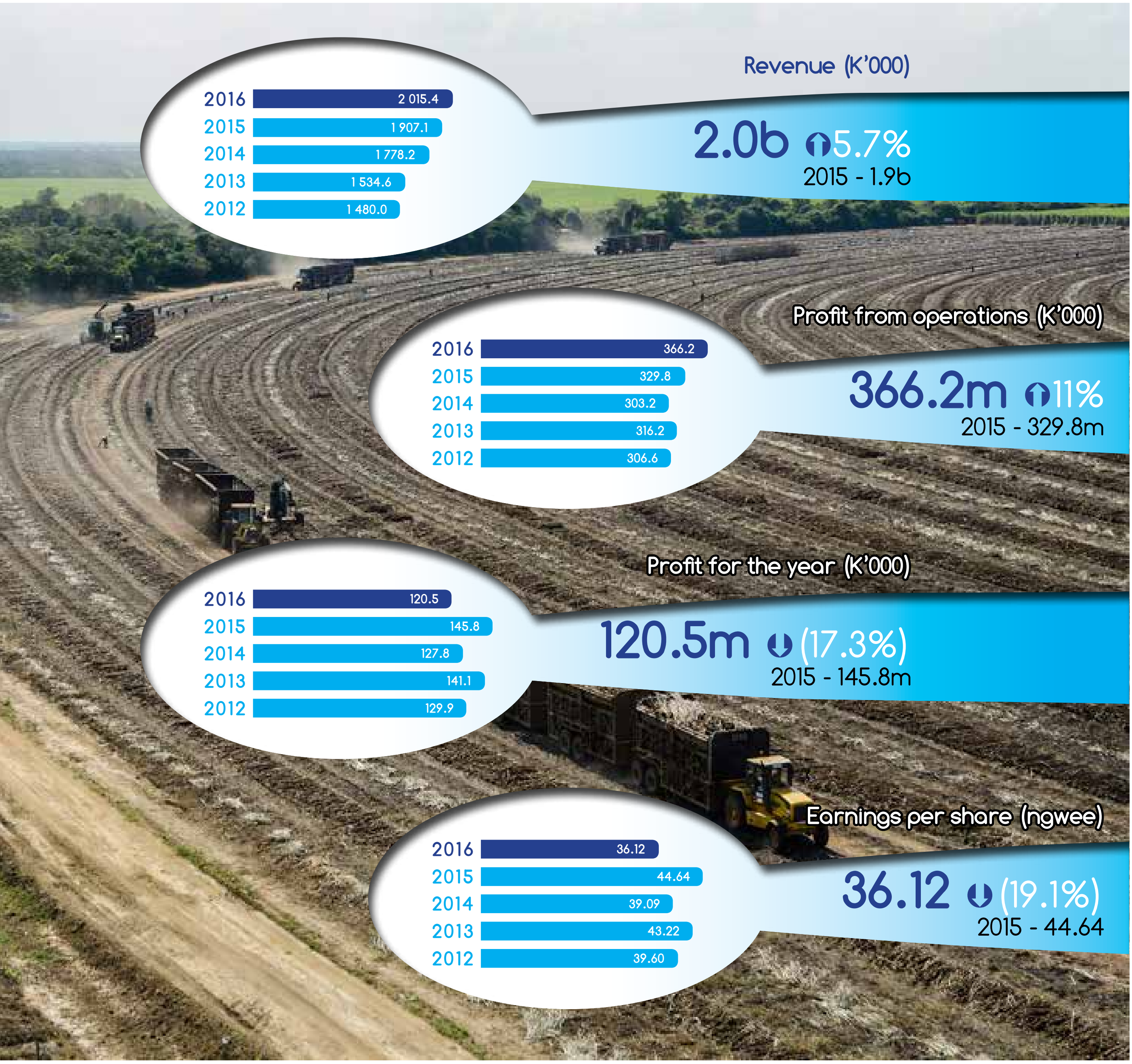
2016 Annual Report

A member of ILLOVO Sugar Group

Contents

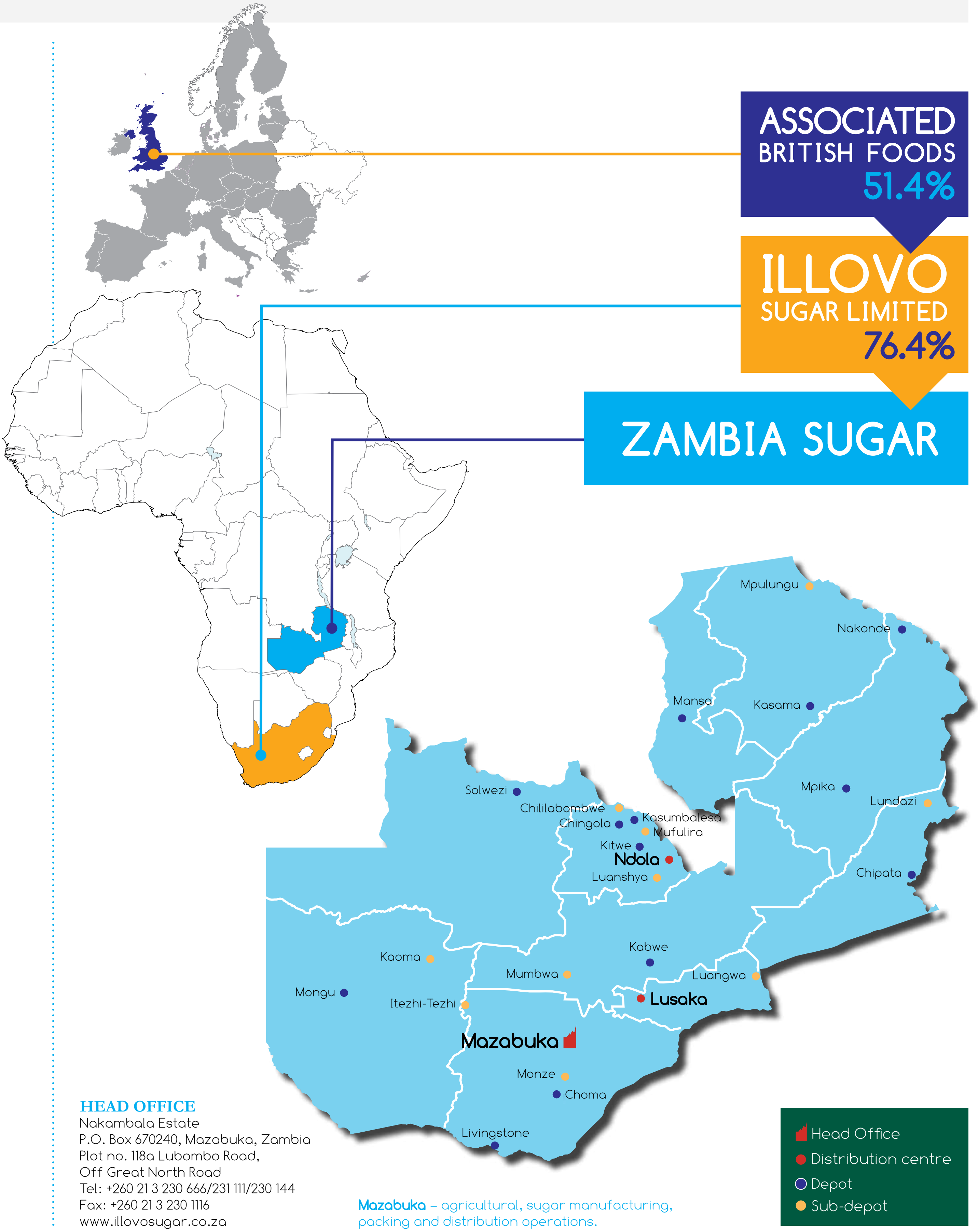
A Bell cane haulage tractor collects harvested cane from one of the fields, which will then be transported to the factory for crushing.

Financial Highlights



	2016	2015
Revenue (K'000)	**2 015 435**	1 907 169
Profit from operations (K'000)	**366 219**	329 803
Profit for the year (K'000)	**120 519**	145 781
Earnings per share (ngwee)	**36.12**	44.64
Headline earnings per share (ngwee)	**36.12**	44.64
Dividends per share (ngwee)	**-**	23.00
Number of shares in issue (000)	**316 571**	316 571

Zambia Sugar Structure and Operating Locations



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

Vision To be a *diversified, world-class market leading* business contributing to the economic growth and prosperity of its *shareholders, employees* and *communities.*

Values

INTEGRITY | *Upholding our values*

We consistently live our values, treat all individuals in a fair and consistent manner as well as act in accordance with ethical guidelines and statutory requirements. We are welcomed by the communities in which we operate, are trusted by investors and our employees are proud to work for us.

ACCOUNTABILITY | *Delivery focused*

We find ways to break through resistance and obstacles and strive to seek new methods in order to continuously improve. We align our day-to-day work with the Illovo vision and strategic intent and our objectives, action plans and commitments are delivery focused. We also engage in celebrating our achievements.

EMPOWERMENT | *Empowering our people*

We are committed to the development of our people through the continued acquisition of new knowledge and skills. We use various methodologies to enhance the learning experience and the transfer of skills. We earn each other's trust, provide constructive feedback and hold ourselves and others accountable for performance development.

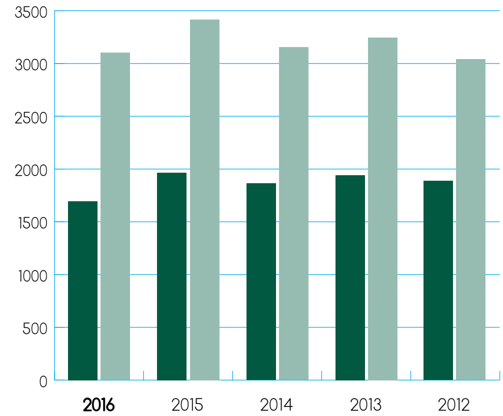
INCLUSIVENESS | *Embracing diversity*

We leverage on our diversity in order to maximise performance by actively supporting transformation initiatives. Because we value innovation, creativity and inclusion, we respect each other's opinions and perspectives, treat people with dignity and respect and build culturally diverse teams.

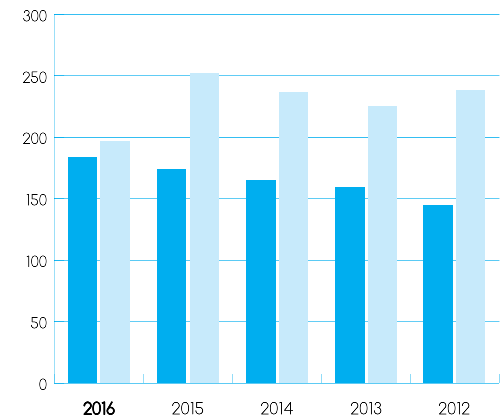
COMMITMENT | *Working collaboratively*

We are committed to the success of the whole and together look for ways to co-operate and support each other even when the immediate benefit is one-way. We value strong networks and working relationships that are underpinned by teamwork, open communication, trust and respect. We invest time and other resources to build and nurture high-performing teams.

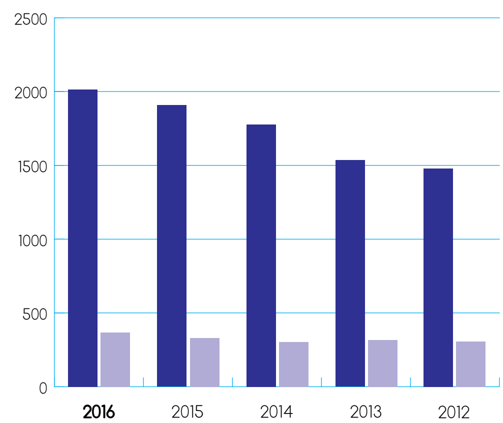
Five Year Review



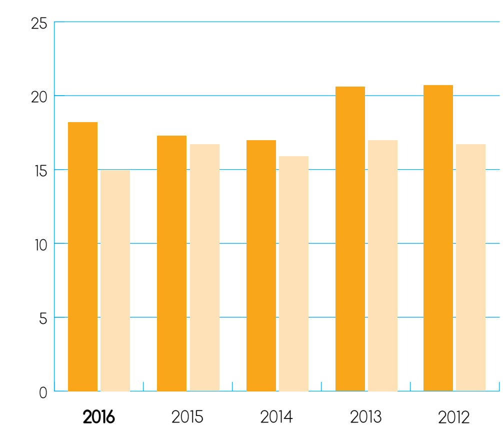
Own estate cane produced Total cane milled



Local sales Export sales



Revenue Operating Profit



Operating margin Return on Net Assets

PRODUCTION & SALES (Tons '000)			2016	2015	2014	2013	2012
Own estate cane produced			**1 694**	1 965	1 863	1 942	1 887
Total cane milled			**3 102**	3 417	3 154	3 246	3 039
Sugar production			**380**	424	393	404	374
Cane sugar ratio			**8.16**	8.06	8.03	8.03	8.13
Sugar sales			**381**	426	402	384	383
Local			**184**	174	165	159	145
Export			**197**	252	237	225	238
Molasses sales			**103**	111	94	97	86
Local			**42**	47	44	45	39
Export			**61**	64	50	52	47
FINANCIAL	Notes		2016	2015	2014	2013	2012
Statement of comprehensive income							
Revenue			**2 015 435**	1 907 169	1 778 172	1 534 573	1 480 091
Operating profit			**366 219**	329 803	303 146	316 189	306 649
Net financing costs			**(221 915)**	(163 900)	(138 812)	(141 683)	(155 491)
Profit before taxation			**144 304**	165 903	164 334	174 506	151 158
Taxation			**(23 785)**	(20 122)	(36 538)	(33 407)	(21 266)
Profit for the year			**120 519**	145 781	127 796	141 099	129 892
Attributable to non-controlling interest			**(6 165)**	(4 472)	(4 061)	(4 277)	(4 544)
Profit attributable to shareholders of Zambia Sugar Plc			**114 354**	141 309	123 735	136 822	125 348
Other comprehensive income			**19 938**	(7 979)	(33 152)	5 022	(1 858)
Total comprehensive income for the year attributable to shareholders of Zambia Sugar Plc			**134 292**	133 330	90 583	141 844	123 490
Reconciliation of headline earnings							
Profit attributable to shareholders of Zambia Sugar Plc			**114 354**	141 309	123 735	136 822	125 348
(Gain)/loss on sale of property, plant and equipment			**-**	-	-	(170)	12
Headline earnings for the year			**114 354**	141 309	123 735	136 652	125 360
Statement of financial position							
Property, plant and equipment			**1 732 341**	1 227 306	1 205 855	1 219 133	1 235 658
Intangible asset			**67 902**	67 902	67 902	67 902	67 902
Cane roots			**230 392**	195 392	197 270	196 552	197 087
Deferred tax asset			**-**	-	-	-	-
Current assets			**1 308 641**	939 318	699 591	660 822	506 141
Net cash and bank balances			**77 694**	77 884	66 352	47 351	208 096
Borrowings			**(1 686 289)**	(1 004 439)	(929 413)	(978 364)	(1 136 603)
Deferred tax liability			**(142 712)**	(120 292)	(106 018)	(76 813)	(47 299)
Current liabilities			**(497 319)**	(382 096)	(272 043)	(230 193)	(202 986)
Net asset value			**1 090 650**	1 000 975	929 496	906 390	827 996
Profitability and asset management							
Operaring margin		%	**18.2**	17.3	17.0	20.6	20.7
Return on net assets	1	%	**15.0**	16.7	15.9	17.0	16.7
Liquidity and borrowings							
Current ratio	2	times	**2.8**	2.6	2.8	3.1	3.5
Interest cover	3	times	**1.7**	2.0	2.2	2.2	2.0
Net debt : equity	4	%	**147**	93	93	103	112
Gearing	5	%	**60**	48	48	51	53
Earnings and dividends per share							
Earnings per share	6	ngwee	**36.12**	44.64	39.09	43.22	39.60
Headline earnings per share	7	ngwee	**36.12**	44.64	39.00	43.17	39.60
Dividend per share	8	ngwee	**-**	23.00	20.00	21.60	19.80
Dividend cover	9	times	**-**	1.9	2.1	2.0	2.0
Dividend paid		K '000	**47 486**	63 314	68 379	65 847	32 923
LuSE statistics							
Ordinary shares in issue		000	**316 571**	316 571	316 571	316 571	316 571
Weighted average number of shares		000	**316 571**	316 571	316 571	316 571	316 571
Net asset value per share	10	K	**3.45**	3.16	2.94	2.86	2.62
Market price per share at year end		K	**4.78**	6.00	6.83	5.20	5.38
Dividend yield at year end	11	%	**-**	3.8	2.9	4.2	3.7
Price : headline earnings ratio	12	%	**13.2**	13.4	17.5	12.0	13.6

Notes to the Five Year Review

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.

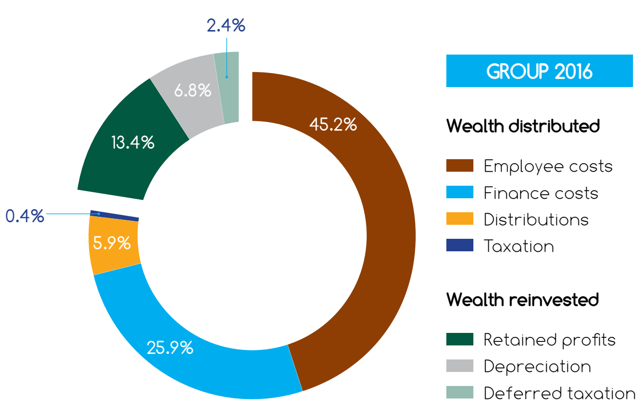
Value Added Statement

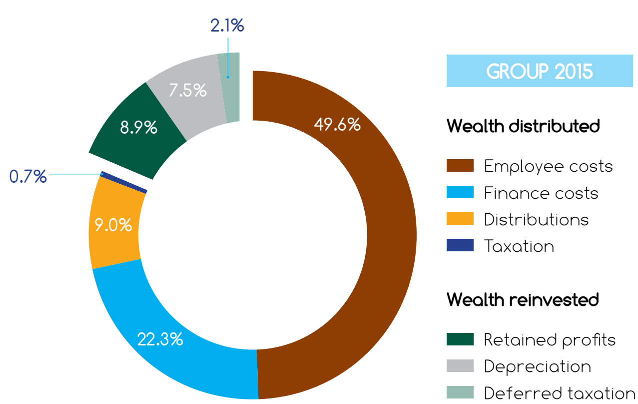
The value added statement reflects the wealth that the Group and the Company has been able to create through its agricultural, manufacturing and selling operations, and its subsequent distribution and reinvestment in the business.

During the period under review, **K856.3 million** (2015: K734.4 million) was created. Of this amount, **K663.9 million** (2015: K599.1 million) was distributed to employees, providers of capital and to government. Of the wealth created, **45%** (2015: 50%) 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	
	2016 K'000	2015 K'000	**2016 K'000**	2015 K'000
Wealth created				
Revenue	**2 015 435**	1 907 169	**2 015 435**	1 907 169
Dividend income	**-**	-	**19 804**	18 076
Paid to growers for cane purchases	**(417 223)**	(377 072)	**(508 302)**	(468 662)
Manufacturing and distribution costs	**(741 873)**	(795 673)	**(713 029)**	(754 627)
	856 339	734 424	**813 908**	701 956
Wealth distributed				
To employees as salaries, wages and other benefits	**387 602**	363 945	**370 878**	347 664
To lenders of capital as interest	**221 915**	163 900	**227 583**	167 930
To shareholders as dividends	**50 781**	66 323	**47 485**	63 314
To government as taxation	**3 580**	4 959	**215**	156
	663 878	599 127	**646 161**	579 064
Wealth reinvested				
Retained profits	**114 354**	65 332	**97 119**	56 545
Depreciation	**57 902**	54 802	**53 956**	51 550
Deferred taxation	**20 205**	15 163	**16 672**	14 797
	856 339	734 424	**813,908**	701 956
Amounts paid to government for taxation excludes the following:				
Employees tax deducted from remuneration	**60 534**	51 364	**59 946**	51 019
Net VAT amount paid to government	**(29 844)**	5 930	**(40 521)**	(4 748)
Customs and excise duties	**11 352**	11 432	**11 352**	11 432
Withholding taxes collected on behalf of government	**32 058**	23 977	**32 058**	23 977
	74 100	92 703	**62 835**	81 680





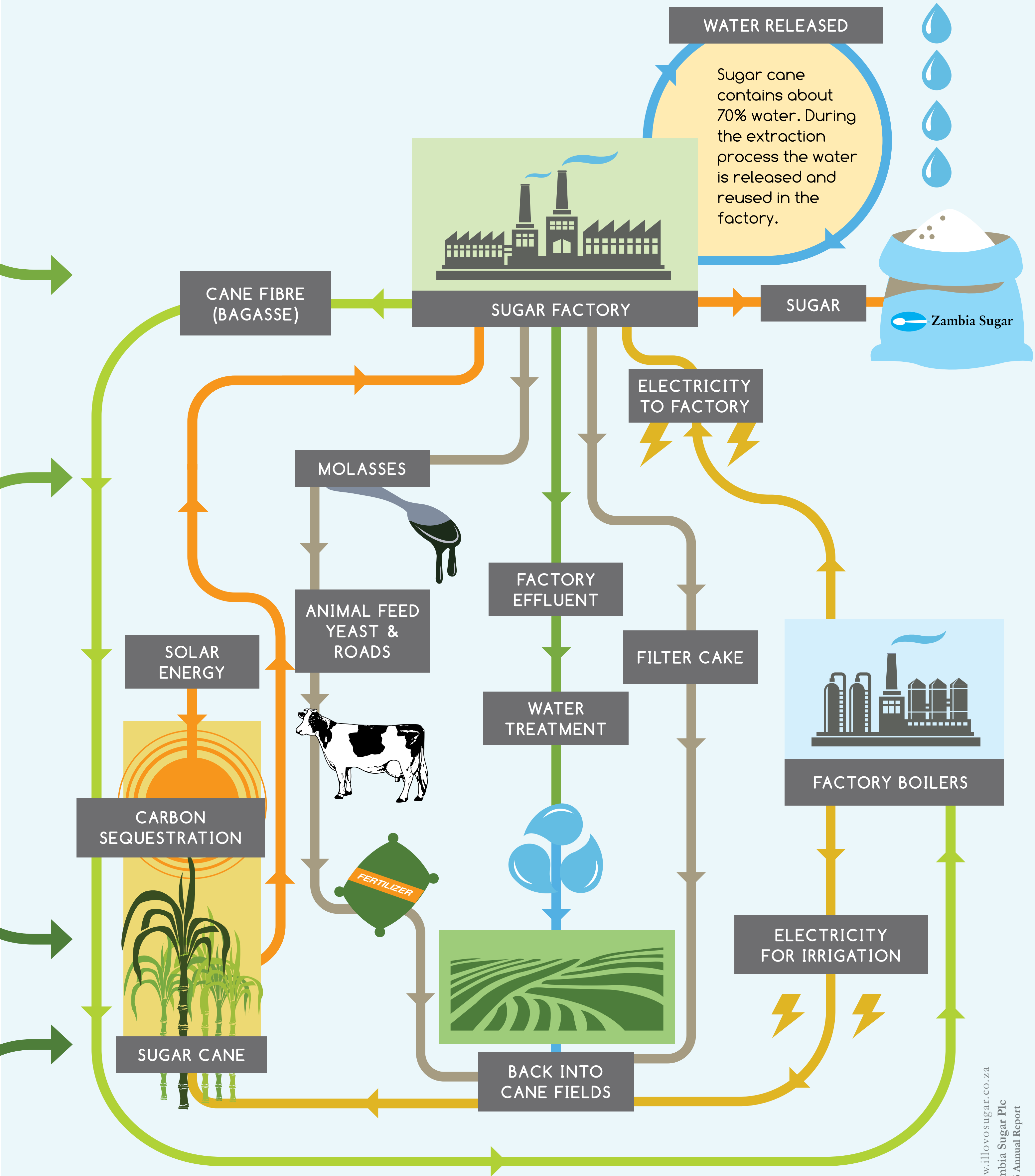
Zambia Sugar Integrated Sugar Cane Processing

Integrated sugar cane processing

1. Zambia Sugar's sugar milling complex maximises the use of all input materials with very few waste products.
2. In normal to good conditions, sugar cane contains between 13% and 15% sucrose, which is used in sugar mills to produce household, brown and refined sugar.
3. Cane fibre or bagasse, the fibrous residue following the sugar extraction process, is used as a bio-renewable fuel source in the factory boilers to produce steam for processing requirements and to generate electricity.
4. Water contained in sugar cane amounts to between 68% and 72% of total content. During the extraction process, this water is released and recycled for use within the factory, reducing reliance on external water resources.
5. Organic and non-organic impurities captured in the form of "filtercake" during the manufacturing process are returned to the cane fields for use as a fertiliser.
6. Molasses is a by-product of the sugar manufacturing process. Zambia Sugar sells molasses to farmers to be used as an animal feed supplement and is used as a key ingredient in the manufacture of yeast. It is also used as a dust suppressant on gravel/dirt roads. Molasses is also a rich source of potassium (K) and can be used as a fertilizer and be applied directly to sugar cane fields.

Sugar cane

1. Sugar cane is a large grass variety which grows well in tropical and sub-tropical climates across the globe, absorbing around 18 tCO_2 per hectare per annum.
2. Harvesting in the southern hemisphere takes place between April and December when the cane is 12 to 24 months old (12 months in Zambia).
3. Once harvested, the cane commences a new growing cycle from its existing roots; this re-growth is called a "ratoon". Replanting takes place only every seven to 10 years, minimising soil disturbance and exposure to wind and water erosion.
4. In regions where irrigated cane yields are significantly high such as in Zambia, water for irrigation is sourced from secure and sustainable water resources such as large rivers, lakes and dams within permitted rights of use.


WATER RELEASED
Sugar cane contains about 70% water. During the extraction process the water is released and reused in the factory.
CANE FIBRE (BAGASSE)
SUGAR FACTORY
SUGAR
Zambia Sugar
ELECTRICITY TO FACTORY
MOLASSES
ANIMAL FEED YEAST & ROADS
FACTORY EFFLUENT
FILTER CAKE
WATER TREATMENT
SOLAR ENERGY
CARBON SEQUESTRATION
FERTILIZER
FACTORY BOILERS
ELECTRICITY FOR IRRIGATION
SUGAR CANE
BACK INTO CANE FIELDS

Zambia Sugar subscribes to the principles of sustainable development as incorporated in the Lusaka Stock Exchange (LuSE) Corporate Governance Code and through its business strategies, aims to ensure sound and sustainable practices are developed and maintained. The Company continues to focus on the care and development of both its employees and the community in which it operates.

The company continues to build on a cane sugar integrated business sustainability model which has at its core a number of key sustainability and operational imperatives to maximise the use of input materials. Making sugar is a technical process that requires significant resources, including labour, land, water, energy and other materials to produce the final product. Although the primary energy source for the company's production process, bagasse, is renewable and delivered to the sugar factory as the fibre in sugar cane, other resources are constrained and require responsible management to ensure their sustainability and ultimately that of the business.

Over and above the usual costs of production which would typically be found in the more developed sugar-producing countries, Zambia Sugar provides various social benefits to its employees. Apart from employment opportunities, the company provides revenue to the local growers who supply sugar cane to the factory, benefiting these growers directly, and indirectly leading to significant multiplier effects within the community. In addition, a substantial element of our inputs in terms of materials and services are procured from within Zambia.

ECONOMIC IMPACT

As a creator of wealth and a major employer, Zambia Sugar plays a significant economic role, contributing towards empowering emerging businesses and supplementing governments' efforts to provide the local community with infrastructure, education and health care. We also create value by transforming raw materials into products for our many customers, and make substantial payments to the value chain of suppliers, contractors, distributors, customers, employees and to government through direct and indirect taxes, as well as to shareholders and other providers of capital. In addition to our support towards smallholder development, Zambia Sugar has a preferential procurement policy aimed at empowering the local entrepreneurs as vehicles for wealth creation. Integration of local entrepreneurs through our enterprise development programmes remain a focus for the company.

The company's value-added statement on page 7 of this report shows the wealth we have been able to create through cane growing, manufacturing, trading and investment and our subsequent distribution and reinvestment in the business. This statement, together with our five-year review of financial performance and statistics on page 5 underscore our major economic position within Zambia.

Preferential procurement

A key component of our strategy is to promote small and medium enterprises within Zambia. To this end we have a preferential procurement policy in place that encourages the participation of the local community in economically beneficial activities and supports the long-term growth and stability of a local supply chain by sourcing materials and services of the correct quality at an acceptable premium, notwithstanding the economic advantages that would otherwise be gained by sourcing bulk supplies and technologies through the Illovo group centralised procurement office in South Africa. The company continued to promote small and medium enterprises within Zambia. A total of K450 million of total goods and services excluding cane supply were procured from within Zambia. Our focus remains on supplier development and the education of the community in respect of Zambia Sugar's procurement processes, and thus ultimately leading to a more sustainable model.

Support to Outgrower Development

We are proud of our efforts to promote smallholder development, which is by far our prime empowerment initiative that supports more than 400 smallholder farmers and some commercial growers who collectively supply 45% of our cane requirements. We have demonstrated sustainability of empowerment through continued support to the growth and success of the outgrower schemes at KASCOL, Magobbo and Manyonyo. In line with our strategic intent of being cognisant of the rural locations of our operations and the impact that it has on job creation and poverty reduction in such areas, one of our pillars for sustainability is embracing sustainability models that help to develop outgrower farmers recognising that the prosperity and sustainability of our business is intertwined with the well-being and advancement of the communities in which the company operates.

Small holder schemes supplied a total of 319 000 tons of cane generating revenue of K95 million. Smallholder schemes contributed 10% of total cane supply.

SOCIAL

In line with the our strategic intent, Zambia Sugar as a long-term investor and a major player in the Mazabuka District, aims to foster inclusive growth and socio-economic development in the area. In this regard, the company has active Corporate Social Investment

One of the local schools supported through the renovation of laboratories.

(CSI) and Corporate Social Responsibility (CSR) strategies that are structured to help address the specific needs of the local communities. Our diverse social investment interventions in our immediate and wider communities are focused on enterprise development, environmental sustainability, education, community development, community health and wellness programme.

The company provides a range of social amenities to the 16 000 people that it accommodates and are resident on the Nakambala Estate and in Mazabuka town. Total spend on these amenities amounted to **K49.2 million** (2015: K42.2 million). A total of K3.1 million was spent on the Nakambala Private School for Zambia Sugar employees' children, while K12.8 million was spent on health and medical services that included wellness activities and medical supplies for the company's hospital and three clinics. Spend on housing and related services was K13.4 million of which K12.1 million was applied on company housing upgrade and maintenance. Other expenditure includes K8.8 million on environmental related services including electrification of townships, sewerage and refuse collection and electricity costs and K11.1 million on road maintenance and water reticulation upgrade for the employee villages on the estate.

Health Care and wellness programmes

The company provides quality medical services to sustain the health of our employees and their immediate families, which services are also accessible to the wider community at a reasonable charge. The company operates a fully-fledged state of the art hospital and four clinics around the Nakambala Estate, while providing support for preparedness for emergency response and/or evacuation through ambulance services.

There is a strong bias on encouraging the wellbeing of our population through an effective wellness programme. Our overall wellness programmes encourage our employees to take interest in their health by participating in medical check-ups for likelihood of health risks such as blood pressure.

The company has robust HIV/AIDS and prevention against malaria programmes. To this effect malaria has been virtually eradicated on the Estate while the HIV/AIDS interventions are paying off with the incidence rates in decline.

Promoting Sustainable Education

In our continued endeavour to promote sustainable education, the company has been supporting primary and secondary schools in Mazabuka by expanding educational infrastructure in order to guarantee sustainability of good quality education. We understand the critical importance of education to national development, but we are aware of the many challenges to attaining quality education especially in a rural setting such as the Mazabuka where Zambia Sugar operates. In this vein, the company has always prioritised education through support to schools. We continued to undertake the following support programmes during the year:

- *School infrastructure support – either through maintenance or construction*
- *Assistance in education equipment such as computers and laboratory equipment*
- *Bursary support to students at the University of Zambia*
- *Sponsorship of an Achievement award at the University of Zambia*
- *Food support in community schools*
- *Provision of accommodation, electricity and water supply to public schools on the estate*

Furthermore, the company fully manages the Nakambala Private School providing quality education to children of our employees. The school has been a top performer and was among the best performing schools in the country at all levels.

Support to sports development

Support to sports development is one of the company's strategies for promotion of good health and recreation under its wellness programmes. At national level, Zambia Sugar contributes towards the development of sport through support to national associations to help run talent identification and development programmes. To this effect, the company sponsors its teams in national leagues of the respective disciplines and more specifically the Nakambala Leopards Football Club playing in the Zambian Premier League is particularly renowned in Mazabuka and the nation at large. A total of K2.9 million was spent on football and other community sporting activities on the Nakambala Estate as well as participation in other competitive sports such as athletics, cycling, boxing and karate.

The company also focused on golf which climaxed with the sponsorship of the Sunshine Tour sanctioned Zambia Sugar Open 2015 with a total spend of K2.3 million.

Provision of Clean Water

Zambia Sugar provides potable water to a population of 16 000 on the estate and further supplies bulk raw water to the Southern Water and Sewerage Company (SWASCO) which in turn supplies clean and treated water to the entire Mazabuka town.

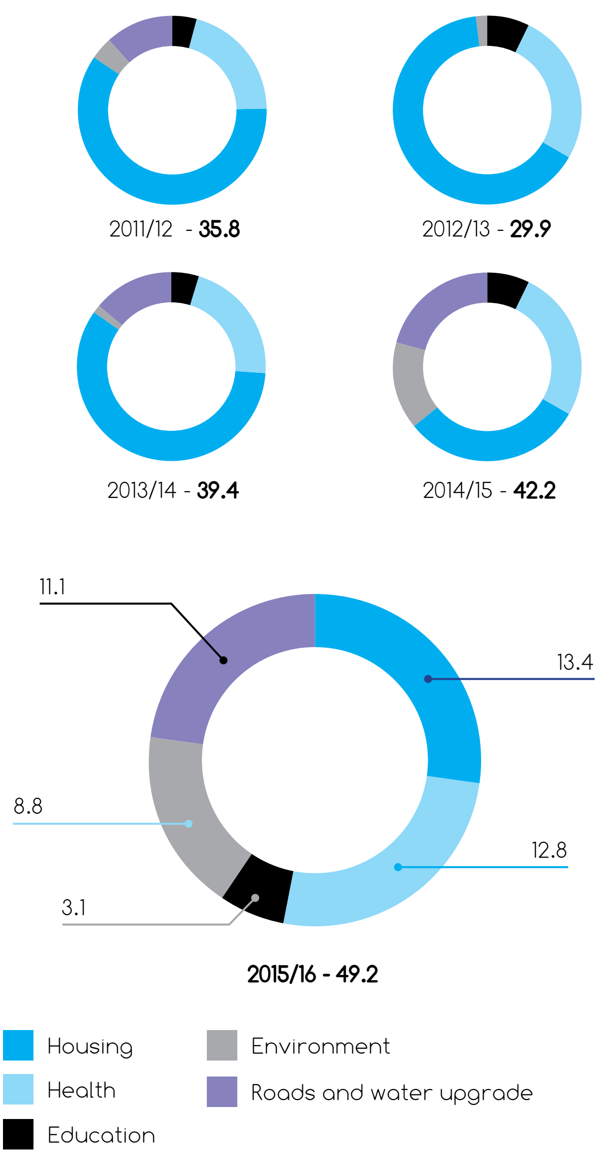
Vitamin A

Another mark of social responsibility of the company is through commitment to fortification with Vitamin A of all sugar sold for direct consumption in Zambia. In this regard, Zambia Sugar therefore plays a valuable role in helping to reduce infant and maternal mortality through Vitamin A deficiency.

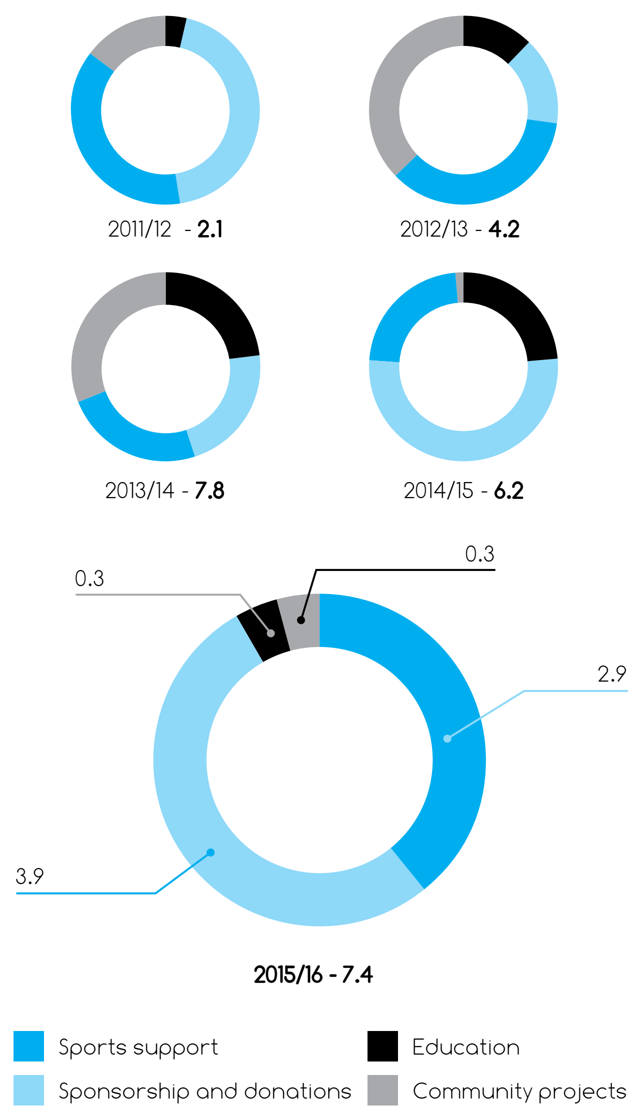
The following table indicates the total social investment spend in 2015/16, as compared with expenses of the preceding four years:

	2011/12	2012/13	2013/14	2014/15	**2015/16**
TOTAL SOCIAL INVESTMENT SPEND	37 922 617	34 135 619	47 195 549	48 410 047	**56 623 228**

EMPLOYEE RELATED SOCIAL INVESTMENT
(K' million)



SOCIAL INVESTMENT IN THE WIDER COMMUNITY
(K' million)



HUMAN CAPITAL

Employee relations

Success in a competitive industry cannot be achieved without a motivated, committed and unified workforce that is focused on achieving common objectives. To this end, we strive to create an environment in which our employees feel valued and support the company's values, strategies and priorities. Communication with our employees is an important criterion towards the building of their understanding of the company. One aspect of this engagement is the presentation of an annual Business Understanding Programme to employees at all levels at Zambia Sugar. One aspect of this engagement is the presentation of an annual Business Understanding Programme to employees at all levels.

Organisational effectiveness and talent management

The staffing of our operation within effective organisational structures with competent personnel, both from an operational and managerial perspective, remains a priority to ensure that our goals and objectives are achieved.

We continue to focus on talent management and manpower succession planning to develop and retain managerial and technical skills, especially within our identified key disciplines and positions. A structured approach to career reviews leads to individual career and performance plans, contributing to both the succession and retention of key personnel.

Remuneration

Zambia Sugar strives to be an employer of choice and to offer competitive remuneration packages. In respect of unionised employees wage levels are determined through negotiations with the labour union under a collective agreement. A performance-related bonus scheme based on production, safety and financial targets is utilised to provide short-term incentives to all employees, permanent and seasonal. In addition to competitive salaries and wages the company offers a number of employment benefits, including accommodation, health care and education.

Development and training

The on-going retention and development of our employees are key strategies for ensuring the sustainability and growth of our business into the future, as well as for attaining our employment equity and localisation targets. Key retention strategies include creating a work environment in which our employees are challenged to exercise their talent to the full, a strong focus on accountability, performance standards, regular performance feedback, shop floor communication, and forums for team problem-solving and continuous improvement. Our long-standing Business Understanding Programme continues to be used as an inclusive culture building tool, and extends to employees at all levels. A wide range of leadership and educational programmes are offered to our employees with the aim of encouraging "lifelong learning" through training and education, providing them with the opportunity to improve their qualifications, learn new skills, upgrade and realign skills with new technologies, and improve overall work effectiveness. In this way, we encourage our people to reach their full potential. The company's talent management programme brings structured formality to this process and ensures we have a talent pipeline to provide the required number and quality of managers and specialists for our operations.

Diversity and equal opportunity

The company actively promotes equal opportunity and fair treatment in employment through the elimination of unfair discrimination. We also encourage inclusiveness with regard to human resource practices irrespective of race, gender, nationality or religious affiliation in an effort to promote diversity in our workforce.

Occupational health and Safety

The company has a robust occupational health programme which focuses on measuring and monitoring the work environment and our workers to control potential occupational health risks in our operations.

Fitness for work

In everything we do, safety is our number one consideration. The pre-engagement medical checks involve some of the most stringent processes to ensure human conditions such as fatigue, mental disorders, and non-communicable diseases such as heart disease, can be detected and monitored.

OUR PEOPLE

The company boasts of employees that take pride in their work and are the cornerstone of the company's success at all levels.

ENVIRONMENT, SAFETY HEALTH AND QUALITY MANAGEMENT

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'.

Commitment to Sound Environmental Management

The company runs an elaborate and sound environmental management programme that mitigates and eliminates the potential negative impact on the environment. To achieve minimal impact on the environment, the company has increased its investment in infrastructure, facilities and human resources to manage potential risks to the environment. These investments continually help to reduce the company's footprint in terms of environmental concerns and risks while expanding our capacity and capability to mitigate environmental degradation. These efforts are integrated in all our operations from cane cultivation to the packaging and transportation and selling of our final products. This is a feat that earned recognition through stern analytical processes of regulatory and independent audits. As such, we won the following environmental awards during the year under review:

- *Overall Contribution to Sound Environmental Management Practices in the Industry – awarded by the Zambia Environmental Management Agency (ZEMA) – JULY 2015.*
- *Business Leader in Corporate Environmental Stewardship – awarded by Zambia Chamber of Commerce and Industry (ZACCI) – NOVEMBER 2015.*
- *Excellence in the Corporate Governance Green Award – awarded by Lusaka Stock Exchange – DECEMBER 2015.*
- *Best Exhibit: Environmental Awareness – Agricultural and Commercial Society of Zambia – JULY 2015.*

A number of programmes were put in place to mitigate any identified Health, Safety, Environment and Social (HSES) risks. Training was undertaken covering risk management, working in confined spaces and visible felt leadership. Safety publications were produced and disseminated weekly in order to raise awareness among employees on various HSES policies and legal requirements and to build a culture where all levels of employees are able to identify, assess and manage hazards in their work places. Audits and inspections were also undertaken to verify compliance to HSES policies and legal requirements and to ensure that the business continues to align with good HSES practices and within and outside areas of work, emergency preparedness and response plans were tested. Additionally, the company embarked on enhancing its management system by setting up an Integrated Management System in accordance with international standards and enhancing the Environmental Management System incorporating the IFC performance standards.

Product Responsibility

Zambia Sugar produces a range of sugar products which are sold into domestic and international markets. With products and services touching people every day in nearly every corner of the world, we have a responsibility to embed sustainability into every aspect of our innovations. We pay careful attention to ingredient responsibility, human health and environmental impact, without compromising performance.

From cane growing to packaging of sugar crystals and storage and distribution, Zambia Sugar leads the industry in developing new, effective solutions that help our customers drive operational efficiency, product quality, safety and compliance while minimizing environmental impact.

The food safety and quality procedures for our products starts with raw materials. The food safety and quality team screens all raw materials for chemicals of concern and each raw material is reviewed for compliance.

Operational aspects

As far as our agricultural operation is concerned, we have adopted farming practices based on established field conservation guidelines, so as to ensure agricultural production on a sustainable basis with minimum impact on the environment. This includes giving careful consideration to land use planning when developing new and re-establishing existing cane fields, optimal placement of field and access roads, the most suitable method of field establishment so as to conserve soil and water, protection of existing environmental features such as wetlands and catchment areas, and the systematic removal of alien vegetation.

In addition, sugar cane, upon harvesting, immediately recommences another growing cycle from its existing roots. This process, called ratooning, recurs until the cane yield of the plant reduces below a predetermined level, whereupon replanting is undertaken. This generally takes place every seven to ten years. The environmental benefit of this ratooning and replanting process is the significant reduction in the frequency of soil disturbance and the exposure to soil erosion. The process used for producing sugar from sugar cane provides a unique sustainable advantage with minimal environmental impact. The fibrous residue remaining after the extraction of sucrose from sugar cane, bagasse, is used as a boiler fuel in our sugar factory, and under normal operating conditions, the factory is self-sufficient in terms of energy requirements. Power is also supplied for cane irrigation, but supplementary electricity supplies are required from ZESCO, particularly during the factory off-crop maintenance period. Fortunately, this period coincides with the rainy season, when there is a limited need for irrigation. The unique process of utilising bagasse as an energy source also results in our operation having no reliance on fossil fuels.

Materials

Input materials used are relevant to the company's sustainability as they impact on our contribution to the conservation of the global resource base, efforts to reduce resource intensity, and management of the operation's overall costs.

Where practical, we use input materials in both cane growing and sugar processing that support the sustainability initiative. A factory by-product in the form of filter cake (a mixture of mud and cane fibre) is applied to the cane fields as a soil amelioration medium, while the use of herbicides, pesticides and fungicides in agriculture and various chemicals in sugar processing is carefully calibrated.

Energy

Energy efficiency has become increasingly important to Zambia Sugar, given the growing demand for and increasing cost of energy, and the corresponding impact on the environment along with the risk of power outages from the national grid. We are focused on reducing the environmental impact of our products, including efforts to drive new levels of energy-efficient performance. We proactively monitor and manage energy consumption, and constantly look for ways to improve the energy efficiency of our production processes, which includes employing better management systems, improving our own staff awareness and investing in new technologies. Sugar cane offers excellent opportunities and competitive advantages for the production of renewable energy sources compared to other agricultural crops. During the year under review a substantial element of the energy consumed within our operation was sourced from renewable resources.

Emissions

Zambia Sugar is committed to transparency concerning Green House Gas (GHG) emissions reduction initiatives at Nakambala and is supportive of global climate change mitigation. Our primary source of energy is from the use of carbon-neutral bagasse which substantially decreases process GHG emissions, in comparison to the use of fossil fuel sources.

Water conservation

Ensuring access to a reliable supply of water is a critical strategic priority for the company to meet both its business needs and those of surrounding communities. We undertake water abstraction operations in compliance with existing water-use licences issued by the relevant authority. The company's greatest water use is for cane irrigation as all our land under cane is irrigated. By comparison, process water requirements at our factory are minimal, and involve recycling water through the factory, following which it is discharged to supplement irrigation water. The quality of discharge water is monitored in terms of oxygen demand, suspended solids, dissolved solids and PH to ensure compliance with the relevant regulations. We continually evaluate and implement new processes to improve efficiencies in an effort to reduce overall water consumption and maximise recycling.

Water conservation, use and availability have all been identified as material issues to the business. Consequently, Zambia Sugar's sustainability policy includes water governance criteria. Two of the key objectives of this policy are to reduce water consumption per unit of production within the operation and to review waste water management so as to identify opportunities for improvement.

Our agricultural operation uses an irrigation scheduling tool to manage the effective use of water. In addition we are currently implementing a water strategy framework so as to minimise the use of water and hence energy per unit of production.

Assessing water-related risks is an important component of the overall risk management strategy for our business. Zambia Sugar recognises that water is a global resource that requires local management. Ultimately, through developing a better understanding of our water-related risks we hope to be able to provide strategic direction to our operation and an elevated understanding of localised water resource risk factors.

Waste

As part of our drive to use resources efficiently, we are currently working towards promoting waste minimisation and reduction at our operation through the reuse of resources where possible, and the recovery of recyclable waste. All waste generated by the company is managed and disposed of according to the applicable regulations so as to ensure this takes place in an environmentally responsible manner. Where possible, we endeavour to reduce, reuse and recycle waste and make use of in-country service providers to remove waste off-site.

RIGHT & BELOW LEFT: Nakambala executive team at the Illovo awards night in Durban, South Africa. Zambia Sugar scooped the Best Factory, Best Marketing and Best Agriculture awards.

ABOVE: Zambia Sugar's corporate social investment strategy is to support communities which are located in and around our operations, in the year under review the company renovated the 10 miles Mazabuka Police Post to upgrade the standards of the facility. TOP: Nakambala Basic School was a beneficiary of support for infrastructure development. LEFT: Illovo Group Financial Director Mr Mohammed Abdool-Samad, signs the US$60million financing agreement for the Product Alignment and Refinery (PAAR) project. Looking on is Mr Saviour Chibiya, MD Barclays Zambia, one of the co-financiers.

ABOVE: Zambia Sugar has a robust wellness programme that supports sustainable sports. The company relay athletics team is a perennial champion of the Inter-Company Relay
FAR LEFT: Zambia Sugar has a sound environmental management programme.
LEFT: The company boasts of a state of the art hospital and four clinics that offer medical services from primary health care to specialised services.

ABOVE: Our comprehensive social investment includes supporting education through infrastructure development. Two schools benefited in the period under review.
LEFT: Zambia Sugar scooped several awards at the annual LuSE awards gala in December 2015, including the Excellence in Corporate Governance Green Award.

Dear Shareholders,

In my last year's statement, I indicated that the operating environment was going to be a challenging one. The year under review was challenging in many ways. We had to contend with a considerable fall in the world sugar price and ever changing national economic fundamentals. Dry climatic conditions in November and December 2014, power interruptions to irrigation and the outbreak of yellow sugarcane aphids resulted in both low sugarcane yields and sucrose content in cane. The start to the 2015 harvesting season was delayed due to unseasonal rainfall experienced in April 2015.

The final outcome of all these factors was that the overall cane supply dropped from 3 417 172 tons in 2014 to 3 101 726 tons in 2015. Consequently, sugar made was reduced by 10% from 424 000 tons achieved in 2015 to 380 400 tons. However the factory's technical performance improved and new milestones were set. Refined sugar production grew by 2.4% to a new record of 44 283 tons.

I am pleased to report that as at 31 March 2016, the Product Alignment and Refinery (PAAR) project at Nakambala, had reached peak activity with all major construction works in advanced stages and preparing for commissioning. The US$ 80 million PAAR project was launched on 18 February 2015 and involves the construction of a modern sugar refinery. This new refinery is expected to more than double refined sugar production capacity to about 100 000 tons per annum. In addition a range of factory improvements have also been undertaken under this project.

Sales in the domestic market were strong and grew by 6%. In order to maximize revenues from reduced production, the sales mix was adjusted by reducing bulk E.U. export sugar. The remaining sugar was sold into regional markets where prices remained under pressure from world market sugar.

Operating profit grew by 11% from K330 million to K366 million. However, headline earnings per share (HEPS) reduced by 19% from 44.6 ngwee to 36.1 ngwee due to increased finance costs. Under the challenging economic enviroment, the company made use of additional short-term funding facilities in order to meet the increase in working capital requirements. Owing to the major capital investment in the new refinery, increased working capital levels, difficult commercial environment, weather related crop decline and the operating profit having a considerable non-cash fair value adjustment, your directors resolved not to declare a dividend this year. This is the first time in over twenty years that the dividend has not been declared.

Sales in the domestic market were strong and grew by 6%. In order to maximize revenues from reduced production, the sales mix was adjusted by reducing bulk E.U. export sugar.

OUR TEAM

Our operations are anchored on our people who during the year numbered just over 6 800. This year's achievements have been through their dedication, unequivocal commitment and hard work. On behalf of the Board I would like to thank all members of our Zambia Sugar teams for their contribution.

During 2015, I was particularly delighted by the appointments of Mr Guy Hugh Williams and Ms Monica Katebe Musonda to the board as directors. They have brought to the team a wealth of knowledge and experience that will benefit the business.

I was also pleased with the appointment of Mr Chembe Kabandama to the position of Marketing Director. Chembe brings to Zambia Sugar expert knowledge and experience in regional and domestic markets.

I am greatly indebted to all members of the Board for their leadership and support provided to both the executive management team, as well as their unwavering commitment to improving shareholder value.

FUTURE PROSPECTS

The refinery expansion project will be commissioned during the 2016/17 financial year. This will improve the quality of products, and place your company in an advantageous position to benefit from premiums on refined sugar. The operating environment will continue to be challenging. Notwithstanding, we remain confident with the continued execution of our strategic priorities that will position us strongly to overcome the challenges. The business leadership team is up to the challenge and will deliver operational performance which will translate into improved future shareholder returns. Your company is inherently resilient and profitable. I therefore look to the future with great confidence as we continue to build on our capabilities.

Fidelis Mukutha Banda
Chairman

TOP: The US$80million modern high-specification refinery under construction at the Nakambala factory. ABOVE: The Yellow Sugarcane Aphid infestation contributed to the lower than expected sugarcane yield experienced in the year under review.

Board of Directors

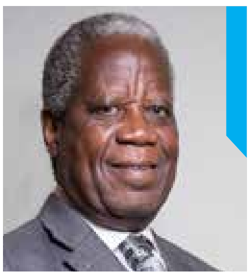
NON-EXECUTIVE, INDEPENDENT CHAIRMAN

Fidelis M. Banda (65)[&], Zambian | ACIS, FCMA, CGMA, FZICA

Chairman of Nomination Committee

Mr Banda is Chairman of the Board as well as Chairman of the Nomination Committee. He is a seasoned accountant and brings over 42 years combined experience as finance director and company secretary to the board. He was appointed to the board in 2001 as a non-executive director. His association with Zambia Sugar started 42 years ago when he was appointed as management trainee and rose through the ranks to become Finance Director/Company Secretary in 1995. He took early retirement in 2002 but was retained on the Board as non-executive director. Mr Banda is also a director of other companies.

NON-EXECUTIVE, INDEPENDENT DIRECTORS

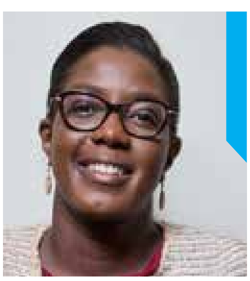


Ami R. Mpungwe (65)[*#^], Tanzanian | BA (Hons)

Mr Mpungwe brings a wealth of experience gained as a non-executive director of two of Illovo's operating subsidiaries; Illovo Sugar (Malawi) Limited which is listed on the Malawi Stock Exchange and Kilombero Sugar Company Limited in Tanzania. He was appointed director of the company in 2006. He is also a director of a number of other companies in Tanzania and has had over 25 years' experience in the Tanzanian Government which included serving as a Deputy High Commissioner accredited to Zambia from 1979 to 1985.

Dipak K. A. Patel (63), Zambian

Mr Patel was appointed to the Board of Zambia Sugar in 2006. A businessman and chairman of various companies, Mr Patel previously served as Member of Parliament for Lusaka Central Constituency for 15 years and also held ministerial positions during this time such as Minister of Trade and Industry. He is an advocate on the need to address Third World poverty through fair trade. In addition, he is a member of the Board of Trustees of the Investment Climate Facility, nominated by the Department for International Development of the United Kingdom.



Monica K. Musonda (42)[^], Zambian | LLB, LLM,

Chairman of Remuneration Committee

Ms Musonda was appointed to the Board in July 2015. She holds a Bachelor of Laws degree from the University of Zambia and an LLM from the University of London. After working for the Attorney General of Zambia, she practiced as a lawyer in London and Johannesburg; she was a senior counsel at the International Finance Corporation in Washington and later held several senior legal positions with the Dangote Group in Nigeria. In 2012 she started her own business, Java Foods, in Zambia. Ms Musonda is a non-executive director on the boards of African Life Assurance (subsidiary of Sanlam), Dangote Industries Zambia Limited and serves on the Microsoft4Afrika Advisory Council. She is the immediate past chairperson of Kwacha Pension Trust Fund and also sat on the board of The Bank of Zambia (2011-2014). She is a 2013 Young Global Leader (World Economic Forum) and Archbishop Desmond Tutu Leadership Fellow. Forbes Magazine and Africa Investor named her as one of the leading Young Power Women in Business in Africa in 2013 and 2014 respectively.

EXECUTIVE DIRECTORS

Rebecca M. L. Katowa (55), Zambian | BA, MBA, DipM, MCIM, FZIM

Mrs. Katowa is the Managing Director of Zambia Sugar. Before that she served the company as Marketing Director, a position she held for 13 years, having joined the company in 1996 as marketing services manager. She was appointed to the board in 2002. She holds a Bachelor of Arts degree with double major in Economics, Geography and Library Science from University of Zambia (UNZA), a post graduate Diploma in Marketing from the Chartered Institute of Marketing (UK) and a Masters in Business Administration (MBA) from the Copperbelt University. She is a professional marketer with a track record of delivering strong business performance and building highly engaged teams. She is a member of the Chartered Institute of Marketing (CIM-UK) and a fellow of the Zambia Institute of Marketing.

Henry K. Mambwe (44), Zambian | BSc, FCCA, FZICA

Mr Mambwe was appointed to the board as Financial Director in March 2013. Mr Mambwe is and highly qualified Accountant with extensive experience in financial reporting. He is a fellow of both the Chartered Association of Certified Accountant (FCCA-UK) and the Zambia Institute of Chartered Accountants (ZICA). Mr Mambwe holds a Bachelor of Science degree in Mathematics obtained from the University of Zambia (UNZA). He worked briefly for Standard Chartered Bank in 1994 before joining Zambia Sugar Plc. in 1995 as management trainee in the Finance department. He rose through the ranks occupying various senior positions in the Finance department before being appointed to his current position.

Marc F. Pousson (50), South African | NHDElecEng, GCC (Elec)

Mr. Pousson was appointed to the board in March 2013 as Operations Director of Zambia Sugar Plc. He has over 20 years of professional experience encompassing all key operational areas, having joined the Illovo Group as a postgraduate student in 1992. Mr Pousson has worked in various roles and capacities and has held a number of technical, operational and management roles at various Illovo Group operations in South Africa.

NON-EXECUTIVE DIRECTORS

Gavin B. Dalgleish (50)&#^, South African | MScChemEng

Mr Dalgleish is the Managing Director of Illovo Sugar Limited (ISL). He was appointed to the Board of Zambia Sugar in 2012. He assumed the position of Operations Director for ISL in 2012, and was appointed Managing Director with effect from 1 September 2013. He holds a master's degree in chemical engineering and first joined Illovo in 1988 as a postgraduate student. He has since held a number of technical, business-development, operational and general management positions in Illovo. Most recently he spent three years leading the Australia-based global technology unit of AB Mauri, a yeast business which is a subsidiary of Illovo's holding company, Associated British Foods plc before returning to Illovo in December 2010.

Mohammed H. Abdool-Samad (45)*#, South African | BCom, CA (SA)
Chairman of Audit Committee

Mr Abdool-Samad is the Chairman of the Audit Committee. He was appointed to the Board in 2011 following his appointment as Financial Director of Illovo Sugar Limited. He holds a BCom degree and qualified as a chartered accountant in 1996. From 1996 to 2000, he held various managerial positions at Deloitte & Touche. In 2001 he joined Anglo American plc, providing risk management and treasury audit services. He was appointed Senior Finance Manager of Anglo Coal South Africa in 2005, Chief Financial Officer in 2006, and after a restructure, Chief Financial Officer of Anglo American Thermal Coal in 2009, responsible for Anglo American's global thermal coal assets.

John P. Hulley (56)#, South African | NatDipMechEng, MDP (General Management)
Chairman of Risk Committee

Mr Hulley is the Chairman of the the Risk Committee. Mr Hulley was appointed to the Board in September 2013 following his appointment as Operations Director of Illovo Sugar Limited. From 1978 until 1993 he has served in various positions and, after rejoining the company in 2000, he held various management positions in the company's South African operations, before being appointed General Manager of the company's Swaziland subsidiary, Ubombo Sugar Limited in 2008, and subsequently its Managing Director. He also held management positions in other companies in the sugar industry, including a leading engineering and project management consulting company providing services to the sugar industry and other heavy engineering industries.

Guy H. Williams (49)*, South African | BCom, CA (SA)

Mr Williams was appointed to the Board in February 2015. After completing his articles with Ernest & Young, Mr Williams joined the Lonrho Sugar group as a Finance Manager in Malawi. Following the acquisition of Lonrho Sugar by Illovo Sugar Limited in 1997, Guy joined the Business Development department and has since held a number of management positions, including General Manager–Finance in Swaziland, General Manager–Operational Finance at Illovo's head office, Group Commercial Manager and Regional Director. He currently holds the position of Group Executive–Trade and Industry Affairs.

* Member of Audit Committee | ^ Remuneration Committee Member | # Risk Management Committee Member | & Nomination Committee Member

Nakambala Executive Team

1. Rebecca M. L. Katowa
Zambian
BA, MBA, DipM, MCIM, FZIM
Managing Director

Responsible to the Zambia Sugar board and shareholders for the delivery of the company's strategic goals and objectives, providing leadership across the business functions.

2. Marc F. Pousson
South African
NHDElecEng, GCC (Elec)
Operations Director

Responsible for operational performance relating to all agricultural and manufacturing operations, risk and safety management, continuous improvement, security and estate services operations.

3 . Henry K. Mambwe
Zambian
BSc, FCCA, FZICA
Finance Director

Responsible for financial, performance analysis (operational and financial), internal and external financial reporting, treasury and corporate finance functions, business development and information technology.

4. Mwansa M. Mutimushi
Zambian
LLB, AHCZ, ASCZ, LLM MedArb
Company Secretary and Legal Counsel

Responsible for all statutory and regulatory company secretarial functions, governance, and overseeing the legal, secretarial, compliance, sustainability and corporate citizenship functions.

5. Beatrice M. Mutambo
Zambian
BBA, MBA
Human Resources Director

Responsible for human resources policies, staffing and talent management, human resource development and training, industrial relations, retirement funding, compensation and benefits, human resource administration and payrolls, employee welfare and medical services.

6. Chembe Kabandama
Zambian
MBA, B.Eng, CIMA
Marketing Director

Responsible for sales and marketing operations in respect of domestic and export markets and new market opportunities.

7. Stuart S. Forbes
South African
BTech Mgt, ABP
Supply Chain Manager

Responsible for procurement, inventory, inbound and outbound logistics and warehousing.

8. Godfrey Mpundu
Zambian
BEng (Chem), ALChemE
Factory Manager

Responsible for manufacturing operations.

9. Anthony H. Domleo
South African
BCom, NDA
Agriculture Manager

Responsible for agricultural operations and smallholder development.

10. Simonda Muyunda
Zambian
Risk and Loss Manager

Responsible for risk and safety management.

Managing Director's Statement

Our vision at Zambia Sugar is to be a "diversified, world class market leading business contributing to the economic growth and prosperity of its shareholders, employees and communities". The vision guides our strategy in crop production, manufacturing, markets, our relationships with you our shareholders, other stakeholders, communities and employees.

All but one of these are within our control. El Nino affected normal weather patterns in southern Africa and Zambia in particular and this adversely impacted crop production in 2015. An extended rainy season led to the delay in starting the sugar production season.

The effects of El Nino extended well into the season and affected cane supply through a number of related and unrelated factors. The southern part of the country experienced dry climatic conditions which in itself deprived our ability to water the crop. As a result of these dry conditions, the Kafue River did not collect enough water resulting in low power generation at the Kafue gorge power station which led to power load shedding measures. These measures coupled with low river levels, restricted our ability to abstract water for irrigation.

Insufficient water on cane generally resulted in a stressed sugarcane crop which then became susceptible to disease. The yellow sugarcane aphids first registered in 2014, became endemic by 2015 as a result of this stressed cane. The harvesting season ended on 24 November 2015 with a final crop harvest of 3 101 726 tons cane, 9% lower than the previous year. Undoubtedly, the ability by the factory to meet the sugar production target was affected. However, the factory achieved a refined sugar production record of 44 283 tons and extraction record of 96.23% among others. The final sugar production reduced from 424 000 tons in 2015 to 380 433 tons in 2016.

The new refinery will reaffirm our position as Africa's single-biggest cane sugar producer and underlines the company's strategy of focusing on growth within its domestic and regional markets and downstream opportunities to diversify our product mix.

OUR MARKETS

The strategic decisions taken at the beginning of the year to enhance our presence in the market are yielding positive results. Market development initiatives have seen Zambia Sugar making inroads in new markets while magnifying our presence in existing markets. I am pleased to report that the Product Alignment and Refinery project that we embarked on at the beginning of 2015 will be commissioned in 2016. The new refinery will reaffirm our position as Africa's single-biggest cane sugar producer and underlines the company's strategy of focusing on growth within its domestic and regional markets and downstream opportunities to diversify our product mix. The project also brings with it a unique opportunity to align Zambia Sugar's manufacturing assets behind a new post-EU export sales mix and higher food safety standards.

OUR PEOPLE

Our people are investors of their own knowledge and skills. The employees at Zambia Sugar embody their collective expertise, creative and problem solving capabilities, entrepreneurial, managerial and leadership skills that drive the business. As a leading employer in the agriculture sector, Zambia Sugar employed a total of 6 800 employees accounting for 1 970 permanent and 4 830 seasonal employees.

Managing Director's Statement *(continued)*

We drive an employee development programme that ensures that managers are constantly learning, changing, innovating and providing the creative thrust that has ensured a long lasting competitive edge. Our continuous improvement programmes not only apply to plant and equipment but allows for employees to perfect their engagement in processes and routines. We are committed to developing local talent and offering lifelong learning. Our spend on training has more than trebled in the last three years from K4.6 million in 2011 to K13.6 million in 2016.

We manage our people through an effective performance management system that rewards exceptional performance. The business has paid out in excess of K388 million in wages and salaries.

WORKING FOR MUTUAL BENEFITS

At Zambia Sugar, we seek to create mutual value by managing our own business risks and interests alongside those of shareholders, other stakeholders and communities. We aim to deliver best possible outcomes for the business, shareholders and other stakeholders by building a long-term and resilient business that fully understands its challenges and those of its stakeholders and exploits opportunities that arise and ensures continuous improvement.

In aligning our sustainability priorities to those of our stakeholders and communities around, we aim to be a significant player in the socio-economic development and empowerment of the communities in which we operate by contributing significantly to the national economy, producing products in a responsible manner; providing meaningful employment by attracting and retaining employees and ensuring good corporate governance.

At community level, we have remained consistent in our interventions on the community in Mazabuka and surrounding areas, delivering a comprehensive social investment programme targeting various critical community needs such as education, health, environmental management and sports development.

Access to water for drinking, sanitation and farming is essential for rural community development. Zambia Sugar supplies potable water to the 2 900 housing units on the sugar estate as well as to several surrounding areas. In addition, the company supplies raw water to the Southern Water and Sewage Company, which supplies Mazabuka District with potable and non-potable water.

Through the cane to crystal journey, Zambia Sugar adds value to the economy of Zambia by creating and sustaining employment opportunities directly and indirectly in the downstream and upstream value chains. We support an estimated 3 390 people through the out-growers programme, and indirect and induced employment opportunities of between 1 881 and 8 087 in the value chain. We estimate to support between 11 285 and 17 491 jobs for every direct employee of Zambia Sugar. Our value chains provide business to cane growers, cane haulers and contractors. Our marketing and sales value chain includes outsourced distributors and agents including wholesalers, retailers, re-packers, and industrial customers throughout the country. Overall our corporate social investment and corporate social responsibility spend was K56 million in the year under review.

Our production approaches focus on minimizing the environmental impacts of our operations in agricultural, factory, packaging, and transportation. We promote good management of our water resources and sustainable land use. Reducing energy use and carbon emissions has been at the centre of our operation. We generate 30% of our energy needs onsite from bagasse. The ability to produce own electricity has minimised the impact of load shedding on our operations.

OUTLOOK

Prospects for the future remain bright with a number of challenges. While external factors such as economic fundamentals continue to be unstable, sustaining the business into the future will require managing those aspects that are within our control. It is anticipated that the El Nino effects will abate and the crop will remain relatively unchanged. We also expect to see the world sugar price begin to recover as the high levels of global sugar stocks recede. Resetting our cost base, growing our markets and meeting customer needs will be our focus. Continuous improvement initiatives have recorded considerable gains both in agriculture and manufacturing. We intend to maximise on these initiatives and obtain maximum value.

The Product Alignment and Refinery project presents an opportunity to amplify our product range and meeting customer needs that we were previously unable to satisfy.

Rebecca M. L. Katowa
Managing Director

Governance Structure

Zambia Sugar Plc. ("the Company") remains committed to achieving the highest standards of corporate governance and corporate citizenship by adhering to the relevant codes of best practise, principles of fairness, accountability, responsibility, transparency and integrity. We strive for continuous improvement, recognising that achievement of a long-term sustainable business is dependent on stable, well-functioning and well-governed environmental, social, economic and governance practices.

The Company believes that a corporate culture of compliance with applicable laws, regulations, internal policies and procedures is a core component of good Corporate Governance. Consequently the Company adheres to the laws applicable to it, including the Company's Act, Employment Act and Factories Act etc. The Company draws guidance from the Lusaka Stock Exchange Governance Code and the UK Combined Code on Corporate Governance and King II and III. The Company continues to enforce and foster the Declaration of Gifts and Ethics policies which are in place.

Zambia Sugar Plc is committed to improving its governance practices to suit the changing needs and reviews the governance practices from time to time.

FRAMEWORK

The Company has established a formal governance framework by way of adopting comprehensive Board Procedures on Corporate Governance. This framework provides detailed guidance for effective governance of the Company which includes formal policies, procedures and relevant management reporting requirements.

Zambia Sugar Plc. is committed to improving its governance practices to suit the changing needs and thus reviews the governance practices from time to time. Our efforts have not gone unnoticed. In the year under review Zambia Sugar Plc. was awarded with the following:

- *Excellence in Corporate Governance Green Award*
- *Best Dividend paying corporation*
- *Runner up in the exceptional adherence to overall LuSE Corporate Governance Code category*

This report therefore aims to provide an overview of the Company's governance practices. It is comprehensive, albeit to avoid duplicity of information the other relevant information will be contained in the other reports and financial statements that form part of the Annual Report for the year.

THE BOARD OF DIRECTORS

The Company has a unitary board of directors, which during the year under review, comprised 11 directors, 8 of whom are non-executive directors. The directors are chosen for their business acumen and skills pertinent to the business.

New appointments to the board are made in accordance with the recommendations of the Nominations committee and, following approval of the board, are subject to confirmation by shareholders at the next annual general meeting.

The Board is accountable to the shareholders and is hence responsible for the management and performance of the Company. The Board also takes the responsibility of laying down the necessary policies and directions in order to ensure strategic guidance and effective monitoring of the Company. Principles of good governance are embedded in the way the Board, its sub-committee and the executive committee operates their business. The Board applies integrity, principles of good governance and accountability throughout its activities and each director brings independence of character and judgment to their role.

Chairman and Managing Director Roles

The roles of the Chairman and Managing Director are separate, with Chairman being responsible for;

- *Providing leadership to the Board in relation to all Board Matters;*
- *Representing the views of the Board to the public;*
- *Acting as a conduit between the Board and being the primary point of contact between the Board and the Managing Director;*
- *Overseeing the Board agenda and conducting all Board meetings;*
- *Overseeing and conducting Annual General Meeting (AGM) and other shareholder meetings and;*
- *Keeping the Board informed of all major project proposals by way of specific reports;*

The Board Composition

Director	Title	Date of Appointment
Fidelis M. Banda	Chairman	17 May, 2001
Rebecca M. L. Katowa	Managing Director	5 April, 2001
Ami R. Mpungwe	Independent Non-Executive Director	27 October, 2006
Dipak K. A. Patel	Independent Non-Executive Director	8 December, 2006
Monica K. Musonda	Independent Non-Executive Director	1 July, 2015
Gavin B. Dalgleish	Non-Executive Director	29 August, 2012
Mohammed H. Abdool-Samad	Non-Executive Director	13 March, 2012
John P. Hulley	Non-Executive Director	1 September, 2013
Guy H. Williams	Non-Executive Director	1 April, 2015
Henry K. Mambwe	Executive Director	1 March, 2013
Marc F. Pousson	Executive Director	20 March, 2013

As at the date of the report, the Board comprised of the Chairman, Managing Director, eight Non-Executive Directors, three of whom are considered by the company to be independent in character and judgement and free from any business or other relations that could materially interfere with the exercise of their judgement. Brief curricula vitae of the directors appear on page 20 of this report.

MEETINGS OF THE BOARD

The board has four regular meetings each year. The company's Articles of Association make provision for decisions to be taken between meetings by way of written resolutions, when required. During the year under review, four meeting were held and attendance was as shown by table below;

BOARD MEETING ATTENDANCE SCHEDULE 2015/16

	238TH BOARD MEETING (6/05/15)	239TH BOARD MEETING (13/08/15)	240TH BOARD MEETING (29/10/15)	241ST BOARD MEETING (03/02/16)	TOTAL MEETINGS ATTENDED	TOTAL MEETINGS HELD
F. M. Banda	√	√	√	√	4	4
G. B. Dalgleish	√	√	√	√	4	4
J. P. Hulley	√	√	√	√	4	4
G. H. Williams	√	√	√	√	4	4
M. H. Abdool-Samad	√	√	√	√	4	4
A. R. Mpungwe	√	√	√	√	4	4
D. K. A. Patel	√	X	√	X	2	4
M. K. Musonda	BA	√	√	√	3	4
R. M. L. Katowa	√	√	√	√	4	4
M. F. Pousson	√	√	√	√	4	4
H. K. Mambwe	√	√	√	√	4	4

Key
√ - Attended X - Absent BA - Before Appointment

BOARD COMMITTEES

Whilst significant matters are dealt with by the Board, the Board Committees have been delegated with the responsibility of assisting the Board carry out its duties and therefore enhance its effectiveness.

The board committees operate under approved mandates and terms of reference, which define their functions and responsibilities. Through the Company's executive committee, management meets weekly and serves to assist the board to co-ordinate, guide and monitor the management and performance of the Company.

Audit Committee

The Audit Committee supports the Board in fulfilling its oversight responsibility with regard to financial reporting, the system of internal controls and the process for monitoring compliance with laws and regulations. It is composed of three members, all of whom are independent of management.

The head of the Internal Audit function reports at the Audit committee meetings and has unrestricted access to the chairperson of the Audit committee. The department has a robust and continuing training program.

As a consequence of the foregoing, the Board has satisfied itself of the effectiveness of the Audit Committees input to the business and therefore deems appropriate the composition of the Audit committee.

AUDIT COMMITTEE ATTENDANCE SCHEDULE

NAME	CATEGORY	MEETING (06/05/15)	MEETING (29/10/15)
M. H. Abdool-Samad	Non-Executive Chairman	√	√
A. R. Mpungwe	Non-Executive Director	√	√
G. B. Dalgleish	Non-Executive Director	√	R
G. H. Williams	Non-Executive Director	BA	√

Key
√ - Attended BA - Before Appointment R - Replaced

Risk Committee

The committee is responsible for reviewing the company's risk philosophy, strategy and policies. It is also responsible for ensuring compliance with such policies; reviewing the adequacy and overall effectiveness of the company's risk management function; ensuring of the implementation of an on-going process of risk identification, mitigation and management; ensuring the establishment of a comprehensive system of controls, pursuing measures for increasing risk awareness, reviewing significant legal matters, reviewing adequacy of insurance coverage and providing reports to the board.

During the year under review, the committee satisfied its responsibilities.

RISK MANAGEMENT COMMITTEE ATTENDANCE SCHEDULE			
NAME	CATEGORY	MEETING (13/08/15)	MEETING (03/02/16)
J. P. Hulley	Non-Executive Chairman	√	√
A. R. Mpungwe	Non-Executive Director	√	√
G. B. Dalgleish	Non-Executive Director	X	√
M. H. Abdool-Samad	Non-Executive Director	√	√

Key

√ - Attended X - Absent

Remuneration Committee

The committee provided oversight over the remuneration and compensation for senior management so as to retain and motivates staff to perform at the level of the quality required. The committee is chaired by an independent non-executive director.

REMUNERATION COMMITTEE ATTENDANCE SCHEDULE		
NAME	CATEGORY	MEETING (06/05/15)
G. B. Dalgleish	Non-Executive Director (Acting Chairman)	√
A. R. Mpungwe	Executive Director	√

Key

√ - Attended X - Absent

Nomination Committee

The committee gives consideration to the composition of the board and board committees and makes appropriate recommendations in this regard to the board.

NOMINATION COMMITTEE ATTENDANCE SCHEDULE		
NAME	CATEGORY	MEETING (JUNE 2015)
F. M. Banda	Non-Executive Independent Chairman (Also Chairman of the Board)	√
G. B. Dalgleish	Non-Executive Director	√

Key

√ - Attended

RETIREMENT AND ELECTION OF DIRECTORS

It is the Board's policy that new Directors are subject to election at the first opportunity following their appointment.

All directors, excluding the Managing Director are subject to retirement and re-election on a rotational basis with one-third of the board being re-elected annually. This is in accordance with Section 214 (3) of the Companies Act.

PERFORMANCE EVALUATION OF THE BOARD

In 2015, the Board approved its board Charter and is in the process of operationalizing it and shall, going forward, conduct formal evaluations of its performance. This will be an annual requirement for the Board. Following the evaluation process, the Board will continue to implement necessary changes to enhance its performance.

BOARD INDUCTION AND DEVELOPMENT

Newly appointed directors are taken through the Company's Articles of Association, the Board Charter, Codes of conduct, policies, listing regulations and applicable acts such as Companies Act and Securities Act. They follow a tailored induction programme facilitated by the Company Secretary which includes a scheduled trip to tour the factory and other head office operations. To this end, during the year under review a board induction workshop was conducted and all directors were encouraged to attend. The directors of the board were taken through an overview of corporate governance, their roles as board members, ethics, risk management, the role of SEC and LuSE, the board charter and other codes.

COMPANY SECRETARY

The Company Secretary is responsible for implementing and sustaining high levels of corporate governance and keeps abreast with legislation, regulations and corporate governance developments which may impact on the business. All Directors have direct access to the Company Secretary.

STAFF DEVELOPMENT, TRAINING AND INFORMATION TECHNOLOGY

Zambia Sugar plc is committed to staff development and training as this is a key ingredient to continued and improved operations.

The Company places emphasis on information technology as key in its strategy of delivering quality products which are the first choice of our customers and consumers. To this end, the Company has over the last two years, invested in the automation of all key processes from raw and packaging material receipts to manufacturing, sales & distribution and finally payment system for our goods and services. All the outlining Depots, in the country, are connected via satellite.

STAKEHOLDER RELATIONS

Zambia Sugar plc places considerable importance in maintaining active investor relations through open, fair and transparent communications. The Company ensures timely dissemination of information to its investors and other stakeholders through various media. A dedicated shareholders unit through the Transfer Secretaries is responsible for active interaction with the shareholders. The Company goes beyond the unit and organises a shareholders day every year to augment and harness the relationship with the shareholders.

The Board considers the AGM key in providing shareholders with the opportunity to ask the Board and chairperson of the Audit committee questions concerning the affairs of the Company. Accordingly, all legal and regulatory notices and information of such AGM are released well in advance to shareholders, regulators and the Stock Exchange. The Company ensures copies of the Annual Report and Accounts are made available well before the AGM as this ensures the shareholders have insight of the business performance and engage meaningfully at meetings.

Internally the Board and Management consider effective communication as being critical to the success of the business. To this effect, the Corporate Affairs department produces a quarterly magazine which is circulated to all employees. The magazine highlights key issues affecting the business be it financial performance, corporate governance, risk management, human resource, production, sales and distribution

CORPORATE RESPONSIBILIY

The Company is committed to a Sustainable Development agenda. The following are its key focus areas:

- UN Global Compact principlas
- Code of conduct and Business Ethic
- Land and land rights
- Forced and child labour
- Environment
- Ethics
- Labour
- Health and Safety
- Sustainability.

INTERNAL CONTROL

The internal controls and related 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. These internal controls are based on established Illovo group policies and procedures and are implemented by trained personnel, with an appropriate segregation of duties.

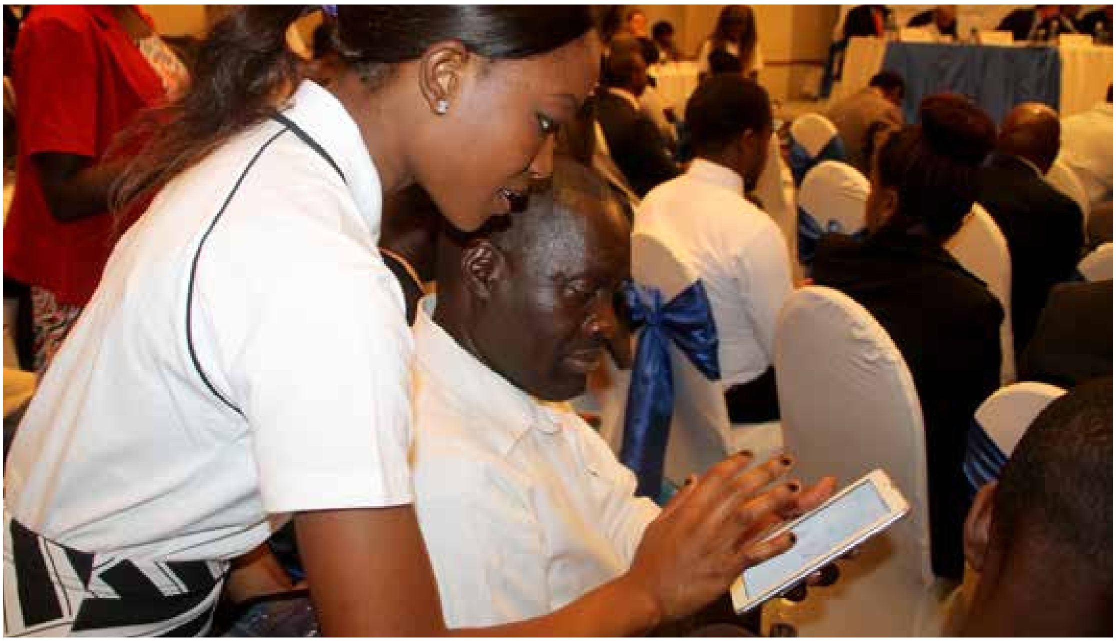
The effectiveness of these internal controls and systems is monitored by the internal audit department, with the aid of self-assessment audit checklists. The independent external auditors, through the audit work they perform, confirm that the abovementioned monitoring procedures are being effectively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

INTERNAL AUDITORS

Zambia Sugar has an internal audit function designed

LEFT: Finance Director Mr Henry Mambwe receiving a certificate for attending a Corporate Governance Board Induction Workshop from Mr Patrick Chisanga, workshop facilitator. BELOW: A shareholder being shown how to use the electronic voting tablet at the 2015 AGM.



to add value to the Company and improve operations. The internal audit function provides an independent assurance service to the board, the audit committee and management. The internal audit function is formally defined and seeks to accomplish its objectives of the governance, risk management and control processes that management has put into place. The head of the internal audit function attends the audit committee meetings and has unrestricted access to the chairperson of the audit committee.

EXTERNAL AUDITORS

External Auditors are appointed by the shareholders and are subject to reappointment at the AGM. The current external auditors of the Company are Deloitte and Touche. As a reassurance, the auditors confirm in a formal report to the Audit committee that processes to ensure compliance with policies are in place and that these processes are monitored regularly.

The Company together with External Auditors ensures that quality and independent audits are undertaken through regular and systematic Audit Planning and also rotation of client staff engaged on the audits.

ORGANISATIONAL INTEGRITY

In its continued efforts to foster integrity within the organisation, the Company continues to enforce the Ethics policy and encourages all employees to make a declaration of their assets and/or business involvements' every year.

Employees are also encouraged to declare all the gifts received, in the course of employment through the use of a gifts register.

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

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

ANTI BRIBERY AND CORRUPTION

The Company has rolled out an Anti-Bribery and Corruption (ABC) Policy. 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 on-going 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 recognises the national Anti-Corruption Commission (ACC) and liaises with the 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.

SHARE DEALING

In terms of the Company's Code of Conduct for Dealing in Securities, the directors and Company Secretary are required to obtain clearance from either the Chairman or Managing Director before dealing in the securities of the company. Additionally the Company has a formal Share Dealing policy approved by the board and implemented by the secretary.

MARKET DISCLOSURE

The Company prepares interim and final results as required by Lusaka Stock Exchange and SEC rules and also prepares a detailed narrative statement to accompany the results. Our results are disseminated widely through the LuSE, newswires and our own distribution lists.

CONTROLLING SHAREHOLDER

The Company's controlling shareholder has continued to reduce its holding in Zambia Sugar Plc towards the LuSE required level of 75% or 25% free float. At the date of the report the company has met its compliance with only 1.4% of the shares to be disposed of but in the Central Securities Depository.

Facatory Manager Godfrey Mpundu explains the operations of the packing station to some board directors while on a tour of the Nakambala Sugar factory.

COMPLIANCE STATUS OF LuSE CORPORATE GOVERNANCE RULES

ZAMBIA SUGAR COMPLIANCE SCHEDULE

Category	Total Rules	Applicable to Zambia Sugar	Non Applicable to Zambia Sugar	Full Compliance	Partial Compliance	Non Compliance	%N/A	%FC	%PC	%NC
General matters	15	15	-	15	-	-	-	100	-	-
Chairman and CEO	5	4	1	4	-	-	20	80	-	-
Executive and NEDs	4	4	-	4	-	-	-	100	-	-
Directors' compensation	9	9	-	9	-	-	-	100	-	-
Share & Share dealings	4	4	-	4	-	-	-	100	-	-
Board meetings	4	4	-	4	-	-	-	100	-	-
Board evaluations	1	1	-	-	-	1	-	-	-	100
Company Secretary	4	4	-	4	-	-	-	100	-	-
Board committees	10	10	-	9	-	1	-	90	-	10
Legal and compliance	2	2	-	2	-	-	-	100	-	-
External audit	7	7	-	7	-	-	-	100	-	-
Internal audit	12	12	-	12	-	-	-	100	-	-
Risk	7	7	-	7	-	-	-	100	-	-
Intergrated sustainability reporting	7	7	-	7	-	-	-	100	-	-
Disclosure and Stakeholder reporting	4	4	-	4	-	-	-	100	-	-
Organisation integrity	6	6	-	6	-	-	-	100	-	-
	101	100	1	97	-	2	1	97	-	2

SUMMARY OF AREAS THAT ARE NOT FULLY COMPLIANT OR INAPPLICABLE

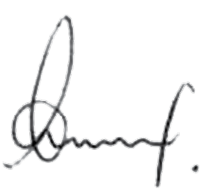
Areas of Non-Compliance

i. No annual evaluation by the Board
ii. No annual review of terms of reference for board committees

Areas not applicable

i. If the role of the chairperson and chief executive are performed by the same person;

a. The board must have an independent director as deputy chairperson
b. There must be a complement of independent directors sufficiently involved in the annual evaluation of the chairperson's performance



Mwansa M. Mutimushi
Company Secretary
4 May 2016

The directors have pleasure in presenting their report which forms part of the annual financial statements of the Zambia Sugar Plc for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the growing of sugar cane and the production of sugar and other speciality products for sale into domestic and export markets.

REVIEW OF OPERATIONS

Agriculture

Total sugar cane production for the year amounted to 3 101 726 tons, a reduction by 9% from the record crop achieved in the 2014/15 season. Outgrowers supplied a total of 1 407 499 tons. Of this smallholder schemes contributed 318 658 tons of cane representing 10% of the total cane supply. The Manyonyo outgrowers scheme completed the planting of 210 ha during the year yielding positive results.

The drop in cane yields and sucrose in cane across the entire cane growing area was due to power interruptions, which affected irrigation, and pest and disease brought about by the prevailing dry conditions experienced across the country.

Production

The factory continued to perform well achieving a number of daily, weekly and seasonal records which included record sugarcane throughput per hour and refined sugar production. These records were achieved through continuous improvement initiatives supported through teamwork, focused improvement, effective communications and visual management practices. The reduction in sugar cane delivered to the Nakambala mill resulted in a lower sugar production of 380 433 tons representing a 10% decline compared to the previous year.

Continuous Improvement

Reasonably strong growth is expected in local market. However, margins in the regional export markets are expected to remain under pressure from surplus sugar stocks on the world market.

Embedding the continuous improvement best practices in various sections at Zambia sugar has laid a solid foundation for improved production performance, innovation and cost reduction initiatives. People engagement and leadership visibility on the shop floor were some of the success factors that contributed to the improved performance of the organisation. Maturity target scores for two critical foundations, namely Leading and Managing Change (LMC) and Asset Care were achieved during the year. The company also introduced the Sales and Operations Planning (S+OP) best practice to align the value chain to maximise profit and deliver a quality product and services to the customer. There were a number of profit improvement projects recorded during the year across the entire business in line with the Cost Reduction and Revenue enhancement focus. New maturity targets have been set for the 2016/17 year to grow the practice maturity in a sustainable manner.

Marketing

Positive growth was achieved in the domestic market, increasing by 6% to 183 700 tons and representing 47% of total sales for the year. Direct consumption increased by 7% and industrial consumption grew by 4%. The export sales mix was adjusted by reducing bulk EU exports by 45%. The remaining sugar was sold into regional markets where prices remained under pressure from world market sugar. Molasses sales were favourably impacted by strong demand in both the domestic and regional markets.

Human Resources

The group continued to be a significant provider of employment, with an average workforce of 5 500 during the year, including 1 970 permanent employees with seasonal workforce peaking at 4 800. In terms of wealth creation the group injected in excess of **K855 million** (2015: K730 million) into the local economy through payments to amongst others, employees, cane growers and government in the form of direct taxation.

Prospects

Sugar cane yields and sucrose in cane are expected to remain relatively unchanged in the 2016/17 production season. The crop has been negatively affected by drought conditions, power shortages, the low water levels in the Kafue River and pest infestations due to drought stressed cane. Sugar production is therefore expected to match the previous season. Reasonably strong growth is expected in local market. However, margins in the regional export markets are expected to remain under pressure from surplus sugar stocks on the world market. Realisations in these export markets will continue to be influenced by exchange rate movements. The new expanded sugar refinery will help the company take advantage of the growth in the local and regional industrial sugar markets.

FINANCIAL RESULTS

The Group's results are as follows:

Group	Notes	2016 K' million	2015 K' million
Revenue	5	**2 015**	1 907
Operating profit	6	**366**	330
Net financing costs	7	**(222)**	(164)
Profit before taxation		**144**	166
Taxation	8	**(23)**	(20)
Profit for the year		**121**	146
Profit attributable to:			
Non-controlling interest		**6**	5
Shareholders of Zambia Sugar Plc		**115**	141
Earnings per share (ngwee per share)	9	**36.1**	44.6

DIVIDENDS

Due to the major capital investment in the new refinery, increased working capital levels, difficult commercial environment, weather-related crop decline and the operating profit having a considerable non-cash element, a second interim and final dividend have not been declared (2015: 13.0 ngwee per share – second interim and 2.0 ngwee per share - final).

DIRECTORATE AND SECRETARY

The names of the Directors and the Company Secretary in office at the date of this report are:

Fidelis M. Banda	Independent Chairman
Ami R. Mpungwe	Non-Executive Independent Director
Dipak K. A. Patel	Non-Executive Independent Director
Monica K. Musonda	Non-Executive Independent Director (Appointed 13 August 2015)
Gavin B. Dalgleish	Non-Executive Director
Mohammed H. Abdool-Samad	Non-Executive Director
John P. Hulley	Non-Executive Director
Guy H. Williams	Non-Executive Director (Appointed 13 August 2015)
Rebecca M. L. Katowa	Managing Director
Henry K. Mambwe	Finance Director
Marc F. Pousson	Operations Director
Mwansa M. Mutimushi	Company Secretary

Appointments

During the year under review the following appointments were made:

Mr Guy Hugh Williams was elected as a non-executive director of the board at the Annual General Meeting held on 13 August 2015.

Ms Monica Katebe Musonda, who was elected as an independent non-executive director at the Annual General Meeting held on 13 August 2015.

Directors' Interests

None of the directors had any interest in any contract with the group during the year under review.

The Directors that held beneficial interests in the issued ordinary share capital of the company as at 31 March 2016 were as follows:

	2016 No of shares	2015 No of shares
Fidelis M. Banda	**7 176**	7 176
Henry K. Mambwe	**2 500**	2 500

PROPERTY, PLANT AND EQUIPMENT

The significant additions to property, plant and equipment during the period under review related to the following additions:

	2016	2015
	K'000	K'000
Capital work in progress	**529 381**	35 645
Leasehold land, plant & machinery, vehicles and furniture and fittings	**34 441**	41 491
	563 822	77 136

During the year, assets valued at K564 million were added to property, plant and equipment as capital work in progress. Of this, K34 million was completed and transferred to the relevant category of assets. The balance of the asset additions amounting to K529 million mainly related to the Product Alignment and Refinery capital project. This project involves the construction of a modern, high specification sugar refinery, conditioning silo and a range of smaller factory improvements. This project is expected to be fully completed and commissioned before the end of June 2016.

SHARE CAPITAL

A detailed analysis of the shareholding is shown below:

Range	Number of Holders	Number of shares	%
1 - 1 000	2 501	876 052	0.3%
1001 - 5 000	605	1 325 703	0.4%
5 001 - 10 000	132	945 287	0.3%
10 001 - 100 000	110	3 498 353	1.1%
100 001 - 1 000 000	28	11 760 173	3.7%
> 1 000 001	11	298 165 817	94.2%
Totals	3 387	316 571 385	100.0%

Classification	Number of Holders	Number of shares	%
Illovo Sugar Group Holdings Ltd	1	241 886 977	76.4%
Pension Funds	60	58 004 518	18.3%
Local Companies	80	12 035 340	3.8%
Local Individuals	2 877	3 792 941	1.2%
Foreign Individuals	341	691 430	0.2%
Foreign Companies	28	160 179	0.1%
Totals	3 387	316 571 385	100.0%

Significant Shareholdings

As at 31 March 2016, the Company has been advised of the following notable interests in its ordinary share capital:

	Number of Shares	%
Illovo Group Holdings Limited	241 886 977	76.4%
National Pension Scheme Authority	30 788 021	9.7%

Other than the shareholdings listed above, the directors are not aware of any individual shareholding that exceeds 5% of the issued share capital.

The Lusaka Stock Exchange (LuSE) regulations require that all listed companies must have a minimum of 25% of its shares held by public investors in terms of a free-float. As a result Illovo Group Holdings Limited (IGHL) reduced its shareholding in Zambia Sugar Plc from 81.55% to 76.40% in September 2014. The shares were offered and sold to local Zambian institutional investors. As agreed with the LuSE, the remaining 1.4% is being held in a separate account in the LuSE Central Securities Depository and IGHL has waived its voting rights on these shares.

EMPLOYEES

The average number of employees employed in each month of the year under review was as follows:

Year	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
2016	**3 861**	**5 488**	**5 876**	**5 933**	**6 049**	**6 774**	**6 831**	**6 792**	**5 407**	**4 955**	**4 214**	**3 897**
2015	4 827	5 660	5 699	5 750	6 229	6 405	6 481	6 637	6 629	5 016	4 518	3 432

The total remuneration paid in respect of the above employees was **K388 million** (2015: K364 million).

EXPORTS

The value of products exported by the group during the year was **K754 million** (2015: K895 million).

DONATIONS

The group made donations to the value of **K219 000** (2015: K72 000) in respect of various charitable activities. No donation was of a political nature.

HEALTH AND SAFETY

The Group has a formal health and safety policy approved by the board and is designed to provide a safe working environment. The policy has a strong focus on a safety culture, supported by training and development programs. Strong performance was recorded in safety in 2015, with a key measure, the Lost Time Injury Frequency (days free) Rate (LTIFR), recorded at 0.06.

The Group provides education and healthcare services to its employees.

ENVIRONMENT

The group has a formal environmental policy, approved by the board, which prescribes the procedures and practices to be followed to achieve minimum environmental impact. The regulated environmental aspects associated with the group's operations, vis-à-vis air emissions, hazardous and non-hazardous waste management and ozone depleting substances were monitored to achieve compliance with Zambia Environmental Management Agency (ZEMA) licence conditions and international best practices.

TECHNOLOGY, RESEARCH AND DEVELOPMENT

In order to optimise the return from existing installed capacity, the group continues to benefit from well-established resources from within the Illovo group, 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 Illovo group.

AUDITORS

Messrs Deloitte and Touche will retire as auditors of the group at the forthcoming Annual General Meeting. Having expressed their willingness to continue as the group's auditors, a resolution proposing their re-appointment and authorising the directors to determine their terms and remuneration will be proposed at the Annual General Meeting.

By order of the board

Mwansa M. Mutimushi
Company Secretary

Statement of Directors' Responsibilities

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 in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1994 (as amended). In addition, the Directors are responsible for preparing the directors' report. The independent external auditors, Messrs Deloitte & Touche, have audited the annual financial statements and their report is set out on page 40.

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.

These consolidated and separate financial statements are prepared on the going concern basis. Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern in the foreseeable future.

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 2016;*
- *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 2016;*
- *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 Group accounts are drawn up so as to give a true and fair view of:*

  (i) the profit of the Company and its subsidiary for the financial year.
  (ii) the state of affairs of the Company and its subsidiary as at the end of the financial year; and
- *the financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1994 (as amended).*

The financial statements of the Group and the Company which were prepared on the going concern basis were approved by the board of Directors on 4 May 2016 and are signed on its behalf by:

Fidelis M. Banda
Chairman

Rebecca M. L. Katowa
Managing Director

Annual Financial Statements

For the year ended 31 March 2016

Financial Contents

Independent Auditor's Report

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated and separate financial statements of Zambia Sugar Plc, set out on pages 41 to75, which comprise the statements of financial position as at 31 March 2016, the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and presentation of these financial statements that give a true and fair view 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 the consolidated and separate 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 consolidated and separate 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 about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and separate 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 consolidated and separate 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 management, as well as evaluating the overall presentation of the consolidated and separate 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 consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Zambia Sugar Plc as at 31 March 2016, and its consolidated and separate financial performance and consolidated and separate 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 AND REGULATORY 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 have been properly kept in accordance with the Act.

Deloitte & Touche

Deloitte & Touche

F. M. Nchimunya (M/PC 0000181)
Partner
Date: 30 June 2016

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 March 2016

	Notes	GROUP		COMPANY	
		2016 K'000	2015 K'000	2016 K'000	2015 K'000
Revenue	5	2 015 435	1 907 169	2 015 435	1 907 169
Cost of sales		(990 365)	(986 954)	(1 039 541)	(1 024 576)
Gross profit		1 025 070	920 215	975 894	882 593
Other gains/(losses)		606	(547)	606	(547)
Distribution expenses		(353 886)	(319 866)	(353 886)	(319 866)
Administration expenses		(305 571)	(269 999)	(300 829)	(264 851)
Operating profit	6	366 219	329 803	321 785	297 329
Dividend income		-	-	19 804	18 076
Net finance costs	7	(221 915)	(163 900)	(227 583)	(167 930)
Profit before taxation		144 304	165 903	114 006	147 475
Taxation	8	(23 785)	(20 122)	(16 887)	(14 953)
Profit for the year		120 519	145 781	97 119	132 522
Other comprehensive income/(loss)					
Items that may be reclassified to profit or loss in subsequent years:					
Adjustments in respect of cash flow hedges		22 153	(8 868)	22 153	(8 868)
Taxation effect of cash flow hedges		(2 215)	889	(2 215)	889
Other comprehensive income/(loss) for the year, net of income tax		19 938	(7 979)	19 938	(7 979)
Total comprehensive income for the year		140 457	137 802	117 057	124 543
Profit for the year attributable to:					
Shareholders of Zambia Sugar Plc		114 354	141 309	97 119	132 522
Non-controlling interest		6 165	4 472	-	-
		120 519	145 781	97 119	132 522
Total comprehensive income for the year attributable to:					
Shareholders of Zambia Sugar Plc		134 292	133 330	117 057	124 543
Non-controlling interest		6 165	4 472	-	-
		140 457	137 802	117 057	124 543
Earnings per share (ngwee per share)	9	36.1	44.6	30.7	41.9

Consolidated and Separate Statements of Financial Position

as at 31 March 2016

	Notes	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000
ASSETS					
Non-current assets		**2 030 635**	1 490 600	**1 992 269**	1 460 734
Property, plant and equipment	12	**1 732 341**	1 227 306	**1 639 430**	1 136 231
Intangible asset	13	**67 902**	67 902	**-**	-
Investment in subsidiary	14	**-**	-	**155 624**	155 624
Cane roots	15	**230 392**	195 392	**197 215**	168 879
Current assets		**1 386 335**	1 017 202	**1 290 425**	947 979
Inventories	16	**164 330**	134 814	**155 794**	127 028
Growing cane	17	**496 728**	315 737	**412 258**	260 396
Factory overhaul costs	18	**58 940**	48 232	**58 940**	48 232
Trade and other receivables	19	**574 689**	382 434	**572 114**	379 668
Derivative financial instruments	25	**3 201**	936	**3 201**	936
Current tax asset	8	**6 394**	-	**6 317**	695
Amounts due by related parties	24	**4 359**	57 165	**4 359**	57 165
Cash and bank balances		**77 694**	77 884	**77 442**	73 859
Total assets		**3 416 970**	2 507 802	**3 282 694**	2 408 713
EQUITY AND LIABILITIES					
Equity attributable to shareholders of Zambia Sugar Plc		**1 051 421**	964 615	**971 378**	901 807
Share capital and premium	20	**247 338**	247 338	**247 338**	247 338
Capital redemption reserve		**40**	40	**40**	40
Hedging reserve		**(17 117)**	(37 055)	**(17 117)**	(37 055)
Dividend reserve		**-**	47 486	**-**	47 486
Retained earnings		**821 160**	706 806	**741 117**	643 998
Non-controlling interest		**39 229**	36 360	**-**	-
Total equity		**1 090 650**	1 000 975	**971 378**	901 807
Non-current liabilities		**969 888**	1 038 292	**942 474**	1 014 411
Long-term borrowings	21	**827 176**	918 000	**827 176**	918 000
Deferred tax liability	22	**142 712**	120 292	**115 298**	96 411
Current liabilities		**1 356 432**	468 535	**1 368 842**	492 495
Trade and other payables	23	**317 157**	168 834	**307 959**	167 349
Current portion of long-term borrowings	21	**681 000**	80 816	**681 000**	80 816
Amounts due to related parties	24	**146 715**	161 478	**168 323**	187 193
Derivative financial instruments	25	**22 221**	42 109	**22 221**	42 109
Current tax liability	8	**-**	270	**-**	-
Bank overdraft	28.1	**178 113**	5 623	**178 113**	5 623
Provisions	26	**11 226**	9 405	**11 226**	9 405
Total liabilities		**2 326 320**	1 506 827	**2 311 316**	1 506 906
Total equity and liabilities		**3 416 970**	2 507 802	**3 282 694**	2 408 713

The responsibilities of the company's directors with regard to the preparation of the financial statements are set out on page 38.
The financial statements on pages 41 to 75 were approved and authorised for issue by the board of directors on 4 May 2016 and were signed on its behalf by:

Fidelis M. Banda
Chairman

Rebecca L. Katowa
Managing Director

Consolidated and Separate Statements of Changes in Equity

for the year ended 31 March 2016

	Share capital and premium	Capital redemption reserve	Hedging reserve	Dividend reserve	Retained earnings	Attributable to shareholders of Zambia Sugar Plc	Non-controlling interest	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
GROUP								
Balance at 31 March 2014	247 338	40	(29 076)	34 823	641 474	894 599	34 897	929 496
Total comprehensive income for the year	-	-	(7 979)	-	141 309	133 330	4 472	137 802
Profit for the year	-	-	-	-	141 309	141 309	4 472	145 781
Cash flow hedges	-	-	(7 979)	-	-	(7 979)	-	(7 979)
Transfer to dividend reserve	-	-	-	75 977	(75 977)	-	-	-
Dividends paid	-	-	-	(63 314)	-	(63 314)	(3 009)	(66 323)
Balance at 31 March 2015	**247 338**	**40**	**(37 055)**	**47 486**	**706 806**	**964 615**	**36 360**	**1 000 975**
Total comprehensive income for the year	-	-	19 938	-	114 354	134 292	6 165	140 457
Profit for the year	-	-	-	-	114 354	114 354	6 165	120 519
Cash flow hedges	-	-	19 938	-	-	19 938	-	19 938
Dividends paid	-	-	-	(47 486)	-	(47 486)	(3 296)	(50 782)
Balance at 31 March 2016	**247 338**	**40**	**(17 117)**	**-**	**821 160**	**1 051 421**	**39 229**	**1 090 650**
COMPANY								
Balance at 31 March 2014	247 338	40	(29 076)	34 823	587 453	840 578	-	840 578
Total comprehensive income for the year	-	-	(7 979)	-	132 522	124 543	-	124 543
Profit for the year	-	-	-	-	132 522	132 522	-	132 522
Cash flow hedges	-	-	(7 979)	-	-	(7 979)	-	(7 979)
Transfer to dividend reserve	-	-	-	75 977	(75 977)	-	-	-
Dividends paid	-	-	-	(63 314)	-	(63 314)	-	(63 314)
Balance at 31 March 2015	**247 338**	**40**	**(37 055)**	**47 486**	**643 998**	**901 807**	**-**	**901 807**
Total comprehensive income for the year	-	-	19 938	-	97 119	117 057	-	117 057
Profit for the year	-	-	-	-	97 119	97 119	-	97 119
Cash flow hedges	-	-	19 938	-	-	19 938	-	19 938
Dividends paid	-	-	-	(47 486)	-	(47 486)	-	(47 486)
Balance at 31 March 2016	**247 338**	**40**	**(17 117)**	**-**	**741 117**	**971 378**	**-**	**971 378**

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 share, calculated on a cash basis, amounts to 15.0 ngwee (2015: 20.0 ngwee). The calculation is based on the dividends paid in the year of K47.5 million (2015: K63.3 million) divided by the weighted average number of ordinary shares in issue of 316 571 385 (2015: 316 571 385).

Consolidated and Separate Statements of Cash Flows

for the year ended 31 March 2016

	Notes	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000
Cash flows from operating activities					
Operating profit		366 219	329 803	321 785	297 329
Adjustments for:					
Depreciation	12	57 902	54 802	53 956	51 550
Change in fair value of cane roots	15	(35 000)	1 878	(28 336)	2 318
Change in fair value of growing cane	17	(180 991)	(36 607)	(151 862)	(31 980)
Provisions raised during the year	26	11 226	9 405	11 226	9 405
Provisions utilised during the year	26	(9 405)	(7 774)	(9 405)	(7 774)
Factory overhaul costs expensed	18	55 619	50 013	55 619	50 013
(Profit)/loss on disposal of property, plant and equipment		(606)	547	(606)	547
Cash operating profit		264 964	402 067	252 377	371 408
Working capital movements		(78 698)	(73 562)	(89 959)	(67 401)
(Increase)/decrease in inventories		(29 516)	6 175	(28 766)	3 932
Factory overhaul costs incurred	18	(66 327)	(52 966)	(66 327)	(52 966)
Increase in net amounts due to related parties		61 077	119 996	56 970	125 909
Increase in trade and other receivables		(192 255)	(183 684)	(192 446)	(182 709)
Increase in trade and other payables		148 323	36 917	140 610	38 433
Cash generated from operations		186 266	328 505	162 418	304 007
Net financing costs	7	(221 915)	(163 900)	(227 583)	(167 930)
Income tax paid	8	(10 244)	(4 160)	(5 837)	(213)
Dividends paid to shareholders of Zambia Sugar Plc	10	(47 485)	(63 314)	(47 485)	(63 314)
Dividends paid to non-controlling shareholders		(3 296)	(3 009)	-	-
Net cash (outflows)/inflows from operating activities		(96 674)	94 122	(118 487)	72 550
Cash flows from investing activities					
Payments for property, plant and equipment	12	(563 822)	(77 136)	(558 040)	(73 908)
Dividends received		-	-	19 804	18 076
Proceeds from disposal of property, plant and equipment		1 490	336	1 490	336
Net cash outflows from investing activities		(562 332)	(76 800)	(536 746)	(55 496)
Net cash (outflows)/inflows before financing activities		(659 006)	17 322	(655 233)	17 054
Cashflows from financing activities					
Borrowings raised	21	486 326	-	486 326	-
Net cash inflows from financing activities		486 326	-	486 326	-
Net (decrease)/increase in cash and cash equivalents		(172 680)	17 322	(168 907)	17 054
Net cash and cash equivalents at beginning of year		72 261	54 939	68 236	51 182
Net cash and cash equivalents at end of year		(100 419)	72 261	(100 671)	68 236
Comprising of:					
Cash and bank balances		77 694	77 884	77 442	73 859
Bank overdraft		(178 113)	(5 623)	(178 113)	(5 623)

Notes To The Annual Financial Statements

for the year ended 31 March 2016

1. GENERAL INFORMATION

Zambia Sugar Plc is a public limited company incorporated in Zambia. Its parent company is Illovo Sugar Limited and its ultimate holding company is Associated British Foods Plc. The addresses of its registered office and principal place of the business are disclosed under corporate information on page 78 of this annual report. The principal activities of the Company and its subsidiaries (the Group) are described in the Directors' report.

2. SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 1994 (as amended), using the historical cost convention except for certain financial instruments and biological assets that are stated at fair value. All principal accounting policies have been applied on a basis consistent with those of the previous year, except for the application of the revised standards which have been described in note 3. The application of these standards has had no material impact on the financial statements.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

These financial statements are presented in Zambian Kwacha ("K") in units of Thousands.

The principal accounting policies are set out below:

2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and Nanga Farms Plc (its subsidiary). Control is achieved where the company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests.

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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.

2.2 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that: deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively; liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and 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 are measured in accordance with that Standard.

2.3 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 from sale of goods is recognised when goods are delivered and title has passed, at which time all the following conditions are satisfied: the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Group and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. 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 shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

2.4 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 (see note 2.6 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.5 Foreign currencies

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 ('K'), 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 Company and its subsidiary's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at 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 on monetary items are recognised in profit or loss in the period in which they arise except for: exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings and exchange differences on transactions entered into in order to hedge certain foreign currency risks (see 2.18 below for hedging accounting policies).

2.6 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 or loss in the period in which they are incurred.

2.7 Retirement benefits

The group's employees are members of a separately administered defined contribution pension scheme. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The group also contributes to the National Pension Scheme 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.

2.8 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 before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated 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. 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. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 liabilities and assets 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 end of the reporting period.

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 end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.9 Property, plant and equipment

Assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such assets are initially shown as capital work in progress and are later classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and assets under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The group's depreciation rates are as follows:	
Leasehold buildings	2 - 60 years
Furniture, fittings and equipment	5 - 12 years
Plant and machinery	15 - 50 years
Vehicles	5 - 15 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any 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 or 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.

2.10 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.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.11 Cane roots and growing cane

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

- **Cane roots** - the escalated average cost, using appropriate inflation related indices, of each year of planting adjusted for the remaining expected life.
- **Growing cane** - the estimated sucrose content in cane at 31 March valued at the estimated sucrose price for the following season, less estimated costs of harvesting and transport.

2.12 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.

2.13 Intangible assets

Intangible assets acquired in a business combination

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 assessed as having an indefinite useful life are not amortised but tested for impairment annually and impaired, if necessary. Intangible assets assessed as having a finite useful life are amortised over their useful lives using a straight-line basis and are tested for impairment if there is an indication that it may be impaired.

Derecognition of intangible assets

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 or loss when the asset is derecognised.

2.14 Inventories

Inventories are stated 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. Costs of inventory are determined using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Redundant and slow moving inventories are identified and written down to their net realisable value and obsolete inventories are written off.

2.15 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 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

A contingent liability is disclosed when the Group has a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or a present obligation that arises from past events but is not recognised because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (ii) the amount of the obligation cannot be measured with sufficient reliability.

2.16 Financial instruments

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

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

Financial assets

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

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

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

Trade and other receivables are classified as "loans and receivables" and are measured at amortised cost, using the effective interest rate method, less any impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are classified as "loans and receivables" and measured at amortised cost.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of 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 asset, the estimated future cash flows of the investment have been impacted.

For all financial assets other than available-for-sale equity instruments, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation, or
- The disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period , as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When a financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities

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

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

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

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

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

Equity

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

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

2.17 Derivative financial instruments

The group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks and this includes foreign exchange forward contracts.

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 recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. 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 they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

2.18 Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as 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 change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

2.19 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.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segmental capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one year.

The group is comprised of the following business segments:

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

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 International Financial Reporting Standards affecting amounts reported and/or disclosed in the financial statements

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:

Annual Improvements to IFRSs 2010 -2012 Cycle

IFRS 2 Share-based Payment

The amendments change the definition of 'vesting condition' and 'market condition' and add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting conditions'. The application of this standard has no material impact on the financial statements.

IFRS 3 Business Combinations

The amendment clarifies that any contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date. The application of this standard has no material impact on the financial statements.

IFRS 8 Operating segments

The amendment requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly. The application of this standard has no material impact on the financial statements.

IFRS 13 Fair Value Measurement

The amendment clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis. The application of this standard has no material impact on the financial statements.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment clarifies that the gross amount of property, plant and equipment and intangible assets are adjusted in a manner consistent with a revaluation of the carrying amount. The application of this standard has no material impact on the financial statements.

IAS 24 Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The application of this standard has no material impact on the financial statements.

Annual Improvements to IFRSs 2011 -2013 Cycle

IFRS 3 Business Combinations

The amendment clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The application of this standard has no material impact on the financial statements.

IFRS 13 Fair Value Measurement

The amendment clarifies that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with IAS 39 or IFRS 9, even if those contracts do not meet the definition of financial assets of financial liabilities within IAS 32. The application of this standard has no material impact on the financial statements.

The adoption of these new and revised Standards did not have a significant impact on the financial statements of the Group and the Company.

3.2 International Financial Reporting Standards in issue, but not yet effective

At the date of approval of these financial statements, the following relevant standards applicable to the Group and Company were in issue, but not yet effective:

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 amendment will be effective for the year ending 31 March 2019.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations. This standard will be effective for the year ending 31 March 2019.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard will be effective for the year ending 31 March 2020.

IAS 1 Disclosure Initiative

The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice as the wording of some of the requirements in IAS 1 had in some cases been read to prevent the use of judgement. The amendment will be effective for the year ending 31 March 2017.

IAS 16 Property, Plant and Equipment & IAS 38 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. The amendment will be effective for the year ending 31 March 2017.

IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer plants

The amendments define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16. The amendment will be effective for the year ending 31 March 2017.

IAS 27 Separate Financial Statements

The amendments permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. The amendment will be effective for the year ending 31 March 2017.

Annual Improvements to IFRSs 2012 -2014 Cycle (all amendments will be effective for the year ending 31 March 2017)

IFRS 5 Non-current assets held for sale

The amendments add specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

IFRS 7 Financial Instruments

The amendments provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

IAS 19 Employee Benefits

The amendments clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

IAS 34 Interim Financial Reporting

The amendments clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets, liabilities and contingent 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.

4.1 Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see note 4.2 below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4.1.1 Impairment of assets

In making its judgment, 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.

4.1.2 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 judgments 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 portfolio 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.

4.2 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. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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 12 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 carrying value of cane roots is disclosed in note 15 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 carrying value of growing cane is disclosed in note 17 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	
	2016 K'000	2015 K'000	2016 K'000	2015 K'000

5. REVENUE

Revenue represents proceeds receivable from the following primary business segments:

Sugar production	1 517 363	1 399 350	1 608 442	1 490 940
Cane growing	498 072	507 819	406 993	416 229
	2 015 435	1 907 169	2 015 435	1 907 169
From secondary business segments as follows:				
Local market	1 261 077	1 012 665	1 261 077	1 012 665
Export market	754 358	894 504	754 358	894 504
	2 015 435	1 907 169	2 015 435	1 907 169

6. OPERATING PROFIT

Operating profit has been determined after charging/(crediting) the following:

Employees remuneration expenses	357 735	337 706	341 726	322 329
Exchange loss (trading balances)	72 337	24 143	66 494	24 143
Depreciation expense (see note 12)	57 902	54 802	53 956	51 550
Factory overhaul costs expensed (see note 18)	55 619	50 013	55 619	50 013
Employer contributions to pension funds (see note 29)	29 867	26 055	29 152	25 335
Operational support fees (see note 24.1 & 24.2)	29 798	30 482	29 798	30 482
Operating lease charges	11 002	7 521	11 002	7 521
- Property	7 087	4 613	7 087	4 613
- Plant and equipment	3 915	2 908	3 915	2 908
Directors' emoluments for services as directors	1 271	1 196	1 254	1 180
Auditors' remuneration	1 238	1 362	1 014	1 103
- Audit fees	1 048	1 016	848	792
- Fees for other services	168	341	144	306
- Other expenses	22	5	22	5
Profit/(loss) on disposal of property, plant and equipment	606	(547)	606	(547)
Charitable donations	219	72	82	28
Fair value adjustments				
- cane roots (see note 15)	(35 000)	1 878	(28 336)	2 318
- growing cane (see note 17)	(180 991)	(36 607)	(151 862)	(31 980)

	GROUP		COMPANY	
	2016 K'000	2015 K'000	2016 K'000	2015 K'000

7. NET FINANCING COSTS

	2016 K'000	2015 K'000	2016 K'000	2015 K'000
Interest charged on:				
Long-term borrowings	56 795	-	56 795	-
Related party borrowings	196 526	151 623	196 526	151 623
Bank short-term facilities	24 516	11 805	24 516	11 802
Other	1 071	858	6 711	4 852
Less: interest capitalised	(56 795)	-	(56 795)	-
Total interest charged	222 113	164 286	227 753	168 277
Interest received on loans and deposits	(198)	(386)	(170)	(347)
	221 915	163 900	227 583	167 930

8. TAXATION

	2016 K'000	2015 K'000	2016 K'000	2015 K'000
Current tax				
- current year charge	3 580	4 590	215	204
- under/(over) provision in prior year	-	369		(48)
Deferred taxation (see note 22)				
- current year charge	20 205	14 520	16 672	14 154
- under provision in prior year	-	643	-	643
Total taxation charge	23 785	20 122	16 887	14 953
Included under current assets/(liabilities):				
(Payable) Receivable/(payable)in respect of the previous year	(270)	529	695	638
Current tax charge	(3 580)	(4 590)	(215)	(204)
(Under)/over provision in prior year	-	(369)	-	48
	(3 850)	(4 430)	480	482
Paid during the year	10 244	4 160	5 837	213
Taxation receivable/(payable)	6 394	(270)	6 317	695
Asset	6 394	-	6 317	695
Liability	-	(270)	-	-
Reconciliation of taxation rate:	%	%	%	%
Company taxation rate applicable to agricultural entities	10.0	10.0	10.0	10.0
Increase/(decrease) in charge due to:				
- Under provision in prior years	-	0.6	-	0.3
- Expenses disallowed for tax purposes	2.8	2.1	3.3	2.2
- Tax rate differential on non-farming income	1.2	0.6	0.1	0.1
- Other - Blended rate adjustment on expansion assets	2.5	-	3.1	-
- Derecognised accumulated tax losses [1]	-	(1.2)	-	(1.3)
- Dividends received	-	-	(1.7)	(1.2)
Effective rate of taxation	16.5	12.1	14.8	10.1

1 The partial derecognition of accumulated tax losses in 2014 followed a reassessment of the extent to which it was probable that future taxable profits would be available against which these losses could be utilised, within the prescribed period of five years. In the 2015 financial year, tax losses derecognised in prior years were partially utilised against taxable profits. Any brought forward unutilised tax losses expired on 31 March 2015.

	GROUP		COMPANY	
	2016	2015	**2016**	2015
9. EARNINGS PER SHARE				
Earnings per share (ngwee per share)	**36.1**	44.6	**30.7**	41.9
Headline earnings per share (ngwee per share)	**36.1**	44.6	**30.7**	41.9
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	**316 517**	316 571	**316 517**	316 571
Earnings	**K'000**	K'000	**K'000**	K'000
Earnings for the purposes of earnings per share (Profit attributable to shareholders of Zambia Sugar Plc)	**114 354**	141 309	**97 119**	132 522
Reconciliation of headline earnings				
Profit attributable to shareholders of Zambia Sugar Plc	**114 354**	141 309	**97 119**	132 522
Headline earnings for the year	**114 354**	141 309	**97 119**	132 522

10. DIVIDENDS PAID				
10.0 ngwee per share (second interim 2014) - paid 27 June 2014		31 657		31 657
2.0 ngwee per share (final 2014) - paid 09 September 2014		6 331		6 331
8.0 ngwee per share (first interim 2015) - paid 24 November 2014		25 326		25 326
13.0 ngwee per share (second interim 2015) - paid 29 June 2015	**41 155**		**41 155**	
2 ngwee per share (final 2015) - paid 08 September 2015	**6 331**		**6 331**	
Nil ngwee per share (first interim 2016)	**-**		**-**	
	47 486	63 314	**47 486**	63 314
Dividends declared per share - second interim 2015 declared on 06 May 2015 (ngwee)		13.0		13.0
Dividends declared per share - final 2015 declared on 13 August 2015 (ngwee)		2.0		2.0
Dividends declared per share - second interim 2016 declared on 04 May 2016 (ngwee)	**-**		**-**	
Dividends proposed per share - final 2016 to be proposed at AGM (ngwee)	**-**		**-**	
Number of ordinary shares in issue ('000)	**316 571**	316 571	**316 571**	316 571

11. SEGMENTAL ANALYSIS

Year to 31 March 2016	GROUP Sugar production K'000	GROUP Cane growing K'000	GROUP TOTAL K'000	COMPANY Sugar production K'000	COMPANY Cane growing K'000	COMPANY TOTAL K'000
Revenue	1 517 363	498 072	2 015 435	1 608 442	406 993	2 015 435
Operating profit	226 565	139 654	366 219	226 564	95 221	321 785
Property, plant and equipment	1 371 347	360 994	1 732 341	1 371 347	268 083	1 639 430
Balance at beginning of year	870 188	357 118	1 227 306	870 188	266 043	1 136 231
Additions at cost	541 992	21 830	563 822	541 992	16 048	558 040
Depreciation charge for the year	(40 466)	(17 436)	(57 902)	(40 466)	(13 490)	(53 956)
Net book value of disposals	(367)	(518)	(885)	(367)	(518)	(885)
Intangible assets	-	67 902	67 902	-	-	-
Investment in subsidiary	-	-	-	-	155 624	155 624
Cane roots	-	230 392	230 392	-	197 215	197 215
Current assets	848 895	537 440	1 386 335	848 818	441 607	1 290 425
Inventories	142 779	21 551	164 330	142 779	13 015	155 794
Growing cane	-	496 728	496 728	-	412 258	412 258
Factory overhaul costs	58 940	-	58 940	58 940	-	58 940
Trade and other receivables	555 781	18 908	574 689	555 781	16 333	572 114
Derivative financial instruments	3 201	-	3 201	3 201	-	3 201
Current tax asset	6 394	-	6 394	6 317	-	6 317
Amounts due by related parties	4 359	-	4 359	4 359	-	4 359
Cash and cash equivalents	77 442	252	77 694	77 442	-	77 442
Current liabilities	1 044 485	311 947	1 356 432	1 066 093	302 749	1 368 842
Trade and other payables	246 367	70 790	317 157	246 367	61 592	307 959
Current portion of long-term borrowings	442 650	238 350	681 000	442 650	238 350	681 000
Amounts due to related parties	146 715	-	146 715	168 323	-	168 323
Derivative financial instruments	22 221	-	22 221	22 221	-	22 221
Bank overdrafts	178 113	-	178 113	178 113	-	178 113
Provisions	8 419	2 807	11 226	8 419	2 807	11 226
Non-current liabilities	652 962	316 926	969 888	652 962	289 512	942 474
Long-term borrowings	537 664	289 512	827 176	537 664	289 512	827 176
Deferred tax liability	115 298	27 414	142 712	115 298	-	115 298
Net asset value	**522 795**	**567 855**	**1 090 650**	**501 110**	**470 268**	**971 378**

11. SEGMENTAL ANALYSIS *(CONTINUED)*

Year to 31 March 2015	GROUP Sugar production K'000	GROUP Cane growing K'000	GROUP TOTAL K'000	COMPANY Sugar production K'000	COMPANY Cane growing K'000	COMPANY TOTAL K'000
Revenue	1 399 350	507 819	1 907 169	1 490 940	416 229	1 907 169
Profit from operations	255 309	74 494	329 803	255 309	42 020	297 329
Property, plant and equipment	870 188	357 118	1 227 306	870 188	266 043	1 136 231
Balance at beginning of year	853 618	352 237	1 205 855	853 618	261 138	1 114 756
Additions at cost	56 439	20 697	77 136	56 439	17 469	73 908
Depreciation charge for the year	(39 210)	(15 592)	(54 802)	(39 210)	(12 340)	(51 550)
Net book value of disposals	(659)	(224)	(883)	(659)	(224)	(883)
Intangible assets	-	67 902	67 902	-	-	-
Investment in subsidiary				-	155 624	155 624
Cane roots	-	195 392	195 392	-	168 879	168 879
Current assets	665 437	351 765	1 017 202	666 132	281 847	947 979
Inventories	116 416	18 398	134 814	116 416	10 612	127 028
Growing cane	-	315 737	315 737	-	260 396	260 396
Factory overhaul costs	48 232	-	48 232	48 232	-	48 232
Trade and other receivables	368 829	13 605	382 434	368 829	10 839	379 668
Derivative financial instruments	936	-	936	936	-	936
Current tax asset	-	-	-	695	-	695
Amounts due by related parties	57 165	-	57 165	57 165	-	57 165
Cash and cash equivalents	73 859	4 025	77 884	73 859	-	73 859
Current liabilities	402 673	65 862	468 535	428 388	64 107	492 495
Trade and other payables	133 879	34 955	168 834	133 879	33 470	167 349
Current portion of long-term borrowings	52 530	28 286	80 816	52 530	28 286	80 816
Amounts due to related parties	161 478	-	161 478	187 193	-	187 193
Derivative financial instruments	42 109	-	42 109	42 109	-	42 109
Current tax liability	-	270	270	-	-	-
Bank overdrafts	5 623	-	5 623	5 623	-	5 623
Provisions	7 053	2 352	9 405	7 053	2 352	9 405
Non-current liabilities	693 111	345 181	1 038 292	693 111	321 300	1 014 411
Long-term borrowings	596 700	321 300	918 000	596 700	321 300	918 000
Deferred tax liabilities	96 411	23 881	120 292	96 411	-	96 411
Net asset value	**439 841**	**561 134**	**1 000 975**	**414 821**	**486 986**	**901 807**

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings K'000	Plant and machinery K'000	Motor vehicles K'000	Furniture and fittings K'000	Capital work in progress K'000	Total K'000
GROUP						
Cost						
Balance at 1 April 2014	551 468	889 632	84 216	14 425	24 570	1 564 311
Additions	-	-	-	-	77 136	77 136
Transfers	6 305	19 276	15 519	391	(41 491)	-
Disposals	-	-	(3 402)	-	-	(3 402)
Reclassification	-	5	(4)	(1)	-	-
Balance at 31 March 2015	**557 773**	**908 913**	**96 329**	**14 815**	**60 215**	**1 638 045**
Additions	-	-	-	-	563 822	563 822
Transfers	1 841	18 083	13 714	803	(34 441)	-
Disposals	-	(466)	(9 404)	-	-	(9 870)
Balance at 31 March 2016	**559 614**	**926 530**	**100 639**	**15 618**	**589 596**	**2 191 997**
Depreciation						
Balance at 1 April 2014	69 312	231 168	45 952	12 024	-	358 456
Charge for year	9 641	36 150	7 978	1 033	-	54 802
Disposals	-	-	(2 519)	-	-	(2 519)
Reclassification	-	(153)	(48)	201	-	-
Balance at 31 March 2015	**78 953**	**267 165**	**51 363**	**13 258**	**-**	**410 739**
Charge for year	9 657	38 099	9 689	457	-	57 902
Disposals	-	(466)	(8 519)	-	-	(8 985)
Balance at 31 March 2016	**88 610**	**304 798**	**52 533**	**13 715**	**-**	**459 656**
Net carrying amount						
Balance at 31 March 2016	**471 004**	**621 732**	**48 106**	**1 903**	**589 596**	**1 732 341**
Balance at 31 March 2015	478 820	641 748	44 966	1 557	60 215	1 227 306

12. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

	Leasehold land and buildings	Plant and machinery	Motor vehicles	Furniture and fittings	Capital work in progress	Total
	K'000	K'000	K'000	K'000	K'000	K'000
COMPANY						
Cost						
Balance at 1 April 2014	467 624	868 516	83 116	13 677	24 570	1 457 503
Additions	-	-	-	-	73 908	73 908
Transfers	6 305	16 641	14 945	372	(38 263)	-
Disposals	-	-	(3 402)	-	-	(3 402)
Balance at 31 March 2015	**473 929**	**885 157**	**94 659**	**14 049**	**60 215**	**1 528 009**
Additions	-	-	-	-	558 040	558 040
Transfers	1 841	12 550	13 465	803	(28 659)	-
Disposals	-	(466)	(9 404)	-	-	(9 870)
Balance at 31 March 2016	**475 770**	**897 241**	**98 720**	**14 852**	**589 596**	**2 076 179**
Depreciation						
Balance at 1 April 2014	68 805	216 778	45 425	11 739	-	342 747
Charge for year	9 380	33 417	7 935	818	-	51 550
Disposals	-	-	(2 519)	-	-	(2 519)
Balance at 31 March 2015	**78 185**	**250 195**	**50 841**	**12 557**		**391 778**
Charge for year	9 439	34 673	9 396	448	-	53 956
Disposals	-	(466)	(8 519)	-	-	(8 985)
Balance at 31 March 2016	87 624	284 402	51 718	13 005	-	436 749
Net carrying amount						
Balance at 31 March 2016	**388 146**	**612 839**	**47 002**	**1 847**	**589 596**	**1 639 430**
Balance at 31 March 2015	395 744	634 962	43 818	1 492	60 215	1 136 231

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 (as amended) the Register of Land and Buildings is available for inspection by members and their duly authorised agents at the registered office of the company.

The company has pledged by way of a first legal mortgage over all fixed property to which the company holds title and first fixed charge over all property, plant and machinery as security for the long-term borrowings referred to in note 21 .

Leasehold Land

On 1 April 2007, the Company entered into land leasehold agreements with six local farmers for the purposes of growing sugar cane. The agreements are for a period of 17 years and the total leasehold land area is 2 055 ha. The leases are treated as operating leases and will be charged to profit or loss over the lease period as follows:

Within one year	**7 211**	4 669	**7 211**	4 669
More than one year but less than five years	**18 737**	12 594	**18 737**	12 594
More than five years	**34 350**	22 325	**34 350**	22 325
	60 298	39 588	**60 298**	39 588

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 K'000	Effective percentage holding %	Shares at cost K'000	Amounts due by subsidiary K'000	Amounts due to subsidiary K'000
2016					
Direct Investment					
Tukunka Agriculture Ltd	**10 000**	**100**	**-**	**-**	**-**
Indirect Investment					
Nanga Farms Plc	**487**	**85.7**	**155 624**	**-**	**22 569**
2015					
Direct Investment					
Tukunka Agriculture Ltd	**10 000**	**100**	**-**	**-**	**-**
Indirect Investment					
Nanga Farms Plc	**487**	**85.7**	**155 624**	**-**	**26 539**

15. CANE ROOTS

	GROUP		COMPANY	
	2016 K'000	2015 K'000	**2016 K'000**	2015 K'000
The fair value of cane roots is reconciled as follows:				
Carrying value at beginning of year	**195 392**	197 270	**168 879**	171 197
Change in fair value	**35 000**	(1 878)	**28 336**	(2 318)
Carrying value at end of year	**230 392**	195 392	**197 215**	168 879
Area under cane at 31 March (hectares)	**17 288**	16 986	**14 433**	14 199
Average expected life of cane roots at 31 March (years)	**7**	7	**7**	7

The fair values of cane roots are determined based on inputs that are unobservable, using the best information available in the circumstances and therefore fall into the level 3 fair value category (see note 2):

The inflation rates used in the valuation of the cane roots are as follows:	**22%**	8%	**22%**	8%

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

	GROUP		COMPANY	
	2016 K'000	2015 K'000	**2016 K'000**	2015 K'000
Fair value of cane roots	**1 324**	1 375	**1 134**	1 204

A first agricultural and floating charge over agriculture assets, crops and stocks has been pledged as security for the long-term borrowings and is referred to in note 21.

16. INVENTORIES

Maintenance stores	**95 359**	78 090	**90 732**	74 281
Provision for obsolescence	**(4 451)**	(3 860)	**(4 090)**	(3 535)
	90 908	74 230	**86 641**	70 746
Livestock	**4 269**	4 302	**-**	-
Finished goods - sugar	**69 153**	56 282	**69 153**	56 282
	164 330	134 814	**155 794**	127 028

A first agricultural and floating charge over agriculture assets, crops and stocks has been pledged as security for the long-term borrowings and is referred to in note 21.

	GROUP		COMPANY	
	2016	2015	2016	2015
	K'000	K'000	K'000	K'000

17. GROWING CANE

The fair value of growing cane is reconciled as follows:				
Carrying value at beginning of year	**315 737**	279 130	**260 396**	228 416
Change in fair value	**180 991**	36 607	**151 862**	31 980
Carrying value at end of year	**496 728**	315 737	**412 258**	260 396

The fair value of the growing cane is determined using inputs that are unobservable, using the best information available in the circumstances for using the growing cane and therefore fall into the level 3 fair value category (see note 2).

The following assumptions have been used in the determination of the estimated sucrose tonnage at 31 March:

	2017	2016	2017	2016
Expected area to harvest (hectares)	**17 039**	16 256	**14 251**	14 125
Estimated yield (tons cane per hectare)	**103.1**	120.2	**102.0**	111.2
Sucrose content in cane (%)	**14.58**	14.58	**14.58**	14.58
Average maturity of cane at 31 March (%)	**65.7**	66.7	**65.7**	66.7

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

	GROUP		COMPANY	
	2016	2015	2016	2015
	K'000	K'000	K'000	K'000
Estimated sucrose content	**5 129**	3 294	**4 123**	2 604
Estimated sucrose price	**5 819**	3 830	**4 812**	3 140

A first agricultural and floating charge over agriculture assets, crops and stocks has been pledged as security for the long-term borrowings and is referred to in note 21.

18. FACTORY OVERHAUL COSTS

Balance at beginning of year	**48 232**	45 279	**48 232**	45 279
Capitalised during the year	**66 327**	52 966	**66 327**	52 966
	114 559	98 245	**114 559**	98 245
Amortised during the year	**(55 619)**	(50 013)	**(55 619)**	(50 013)
Balance at end of year	**58 940**	48 232	**58 940**	48 232

19. TRADE AND OTHER RECEIVABLES

Trade receivables comprise amounts receivable in respect of the sale of sugar and molasses:

Gross trade receivables	**438 694**	305 536	**438 694**	305 536
Allowance for doubtful debts	**(250)**	(622)	**(250)**	(622)
	438 444	304 914	**438 444**	304 914
Other receivables	**136 245**	77 520	**133 670**	74 754
Balance at end of year	**574 689**	382 434	**572 114**	379 668

Movement in the allowance for doubtful debts

Balance at beginning of year	**622**	879	**622**	879
Amounts written off during the year	**(176)**	(322)	**(176)**	(322)
Amounts (reduced)/raised during the year	**(196)**	65	**(196)**	65
Balance at end of year	**250**	622	**250**	622

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

An assignment of all present and future rights and claims to material contracts, insurances and all other receivables has been pledged as security for the long-term borrowings and is referred to in note 21.

				GROUP		COMPANY	
				2016 K'000	2015 K'000	2016 K'000	2015 K'000

20. SHARE CAPITAL AND PREMIUM

	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000
Authorised:				
350 000 000 (2015: 350 000 000) ordinary shares of K0.01 each (2015: K0.01 each)	**3 500**	3 500	**3 500**	3 500
Issued and fully paid:				
316 571 385 (2015: 316 571 385) ordinary shares of K0.01 each (2015: K0.01 each)	**3 166**	3 166	**3 166**	3 166
Share premium	**244 172**	244 172	**244 172**	244 172
	247 338	247 338	**247 338**	247 338

21. LONG-TERM BORROWINGS - SECURED

	Note	Years of repayment	Effective Interest rate (%)	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000
Syndicated Zambian Kwacha bank loan	a	**2017 - 2021**	**25.67**	**486 326**	-	**486 326**	-
- Related parties loans	b			**1 021 850**	998 816	**1 021 850**	998 816
Total borrowings				**1 508 176**	998 816	**1 508 176**	998 816
Less:							
Current portion - Syndicated Zambian Kwacha bank loan	a			**(62 150)**	-	**(62 150)**	-
Current portion - related parties	b			**618 850**	(80 816)	**618 850**	(80 816)
Short-term portion				**681 000**	(80 816)	**681 000**	(80 816)
Long-term portion				**827 176**	918 000	**827 176**	918 000
The amounts are due for repayment in the following years ending 31 March:							
2016				**-**	80 816	**-**	80 816
2017				**681 000**	515 000	**681 000**	515 000
2018				**124 300**	-	**124 300**	-
2019				**527 300**	403 000	**527 300**	403 000
2020 and beyond				**175 576**	-	**175 576**	-
				1 508 176	998 816	**1 508 176**	998 816

Summary of borrowing arrangements

a The syndicated Zambian Kwacha denominated loan from four bank institutions was first drawn down in July 2015 in order to finance the Product Alignment and Refinery (PAAR) project. The four participating banks are Barclays Bank, Stanbic Bank, Citibank and ZANACO. The loan is repayable in eight equal instalments commencing in January 2017 and attracts interest at the ruling 182 day Treasury Bill interest rate at the beginning of each interest period plus a 2.5% margin. The weighted average effective interest rate on the loan is 25.67% per annum. The loan is secured by way of a first legal mortgage over all fixed property to which the company holds title, a first fixed charge over all property, plant and machinery, a first agricultural and floating charge over agriculture assets, crops and stocks and assignment of all present and future rights and claims to material contracts, insurances and all other receivables. The final draw down is expected to be made in May 2016.

b Loans from related parties are disclosed in Note 24.2.

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	K'000	K'000	**K'000**	K'000

22. DEFERRED TAX LIABILITY

	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000
Balance at beginning of year	**120 292**	106 018	**96 411**	82 503
Charged to profit or loss:				
- Current year charge	**20 205**	14 520	**16 672**	14 154
- Prior year income statement charge	**-**	643	**-**	643
- Other comprehensive income/(relief)	**2 215**	(889)	**2 215**	(889)
Balance at end of year	**142 712**	120 292	**115 298**	96 411
Analysis of liability:				
Property, plant and equipment	**72 027**	63 920	**63 370**	54 664
Intangible asset	**6 790**	6 790	**-**	-
Factory overhaul costs	**5 894**	4 821	**5 894**	4 821
Growing cane and cane roots	**72 841**	50 965	**60 947**	42 780
Tax losses	**(10 017)**	-	**(10 017)**	-
Other	**(4 823)**	(6 204)	**(4 896)**	(5 854)
Balance at end of year	**142 712**	120 292	**115 298**	96 411

23. TRADE AND OTHER PAYABLES

Trade payables comprise amounts outstanding for trade purchases and ongoing costs.

	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000
Trade payables	**82 223**	159 514	**75 335**	158 184
Other payables	**234 934**	9 320	**232 624**	9 165
Balance at end of year	**317 157**	168 834	**307 959**	167 349

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 suppliers are paid within the pre-agreed credit terms.

24. AMOUNTS DUE TO/(BY) RELATED PARTIES

24.1 HOLDING COMPANIES

The company is controlled by the following entities:

Names	**Type**	Ownership Interest in Zambia Sugar Plc **2016**	Ownership Interest in Zambia Sugar Plc 2015
Illovo Group Holdings Limited, incorporated in Mauritius	Immediate holding company	**76.4%**	76.4%
Illovo Sugar Limited, incorporated in South Africa	Illovo holding company	**76.4%**	76.4%
Associated British Foods plc, incorporated in United Kingdom	Ultimate holding company	**39.2%**	39.2%

24.1.1 ULTIMATE HOLDING COMPANY

Associated British Foods plc holds 51.35% of the issued share capital of Illovo Sugar Limited and therefore has an effective ownership interest of 39.23% in the company.

There were no transactions between the company and Associated British Foods plc in either the current year or the previous year.

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	K'000	K'000	**K'000**	K'000

24.1.2 ILLOVO HOLDING COMPANY

Illovo Sugar Limited (ISL) holds 100% of the issued share capital of Illovo Group Holdings Limited and therefore has an effective ownership interest of 76.4% in the company.

	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000
Transactions and balances with Illovo Sugar Limited related to procurement services:				
Trading balances owing by the company	**63 762**	49 474	**62 801**	48 671
Cost of goods and services procured	**131 309**	89 077	**124 481**	84 842
Interest paid: procurement	**2 363**	523	**2 314**	512

The company utilises the centralised procurement office to share in the benefit of the bulk purchasing power that arises from ISL combining the procurement requirements of six operations to negotiate preferential supply arrangements. On receipt of an order from the company, the centralised procurement office sources and purchases the required goods and services from third party suppliers. The cost of the goods and services procured, together with any transport costs, is recovered from the company. No mark-up is charged on the recovery of the procurement expenditure and any pricing benefit negotiated with the third party supplier by the centralised procurement office is passed on to the company. The increase in the value of goods and services procured through the centralised procurement office during the current year is as a result of the Product Alignment and Refinery project.

The trading balance owing in respect of procurement expenditure is unsecured, is repayable within 30 days from statement date and only bears interest if the repayment terms have been exceeded, after which a market-related interest is charged.

	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000
Other transactions and balances with Illovo Sugar Limited:				
Trading balances owing by the company	**24 264**	4 289	**24 264**	4 289
Operational support fees	**29 798**	-	**29 798**	-
Cost reimbursement (general)	**10 690**	7 063	**10 690**	7 063
Directors fees	**644**	600	**644**	600

Operational support fees are charged to the company in order to recover the costs of providing technical support, management support and operating a centralised procurement office. Technical support includes services rendered to monitor and improve agricultural and manufacturing performance as well as technical engineering services. Management support covers the provision of a range of business services including legal, taxation, treasury, governance, human resources and information technology. The services provided by the centralised procurement office are detailed above. Operational support fees are charged on a cost-plus basis, allowing a margin of 8% with the exception of procurement services component for which the margin is 15%. In the prior year, operational support fees were paid to Illovo Sugar Ireland, an entity whose operations have been discontinued.

Various third party costs incurred by the company are paid for by ISL and for which ISL is reimbursed with no mark-up charged. ISL is also compensated for the services rendered by G.B. Dalgleish, J.P. Hulley, M.H. Abdool-Samad and G.H. Williams as directors of the company.

The trading balance owing by the company represents amounts outstanding for transactions detailed above. The trading balance is unsecured, has no fixed repayment terms and does not bear interest.

24.1.3 IMMEDIATE HOLDING COMPANY

	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000
Transactions and balances with Illovo Group Holdings Limited ("IGHL"):				
Funding balances owing by the company	**-**	-	**-**	-
Trading balances owing to the company	**-**	184	**-**	184
Interest paid on funding balances	**-**	47 010	**-**	47 010
Dividends paid	**36 282**	50 330	**36 282**	50330

The company had two long-term Zambian Kwacha loans from Illovo Group Holdings Limited which bore interest at variable, market-related rates. On 1 August 2015, the two loans from IGHL were novated to Illovo Group Financing Services ("IGFS"). Therefore all rights and obligations of the loans were transferred to IGFS.

The trading balance owing to the company by IGHL represents share transfer costs paid for by the company on behalf of IGHL and for which the company was reimbursed. The trading balance is unsecured, has no fixed repayment terms and does not bear interest. No expense has been recognised in the current or prior year in respect of a bad or doubtful debt and no allowance for doubtful debts has been recognised.

			GROUP		COMPANY	
			2016	2015	**2016**	2015
			K'000	K'000	**K'000**	K'000

24.2 FELLOW SUBSIDIARIES OF THE COMPANY

24.2.1 ILLOVO GROUP FINANCING SERVICES ("IGFS")

Funding balances owing by the company:

	Years of repayment	Effective Interest rate (%)	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000
Loan 1 - Zambian Kwacha	**2017**	18.63	**569 464**	555 232	**569 464**	555 232
Loan 2 - Zambian Kwacha	**2018**	21.51	**452 386**	443 584	**452 386**	443 584
Total related party borrowings			**1 021 850**	998 816	**1 021 850**	998 816
Current portion - Interest outstanding			**103 850**	80 816	**103 850**	80 816
Current portion - Loan 1			**515 000**	-	**515 000**	-
Short-term portion			**618 850**	80 816	**618 850**	80 816
Long-term portion						
			403 000	918 000	**403 000**	918 000

Interest expense on funding balances:

	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000
Loan 1 - Zambian Kwacha	**102 800**	52,243	**102 800**	52 243
Loan 2 - Zambian Kwacha	**91 293**	52,370	**91 293**	52 370
	194 093	104 613	**194 093**	104 613

The company has two long-term Zambian Kwacha loans from IGFS. The loans were novated by IGHL to IGFS on 1 August 2015. No further borrowings were advanced in the current year. The increase in the loan balance relates to unpaid accrued interest as at 31 March 2016.

The balance owing on Loan 1 comprises K515.0 million capital and K54.5 million accrued interest. The loan is denominated in Zambian Kwacha, 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 interest rate is reset at the prevailing 91 day T-Bill rate on or before 30 June, 30 September, 31 December and 31 March. While the loan is due to be fully repaid by 31 March 2017 after the conclusion of the five-year loan term, initial negotiations with IGFS to refinance the loan indicate that the repayment term may be extended.

The balance owing on Loan 2 comprises K403.0 million capital and K49.4 million accrued interest. The loan is denominated in Zambian Kwacha, is unsecured and attracts interest at the ruling 182 day T-Bill rate plus a 2.25% margin. The interest rate is reset bi-annually at the prevailing 182 day T-Bill rate on or before 30 September and 31 March. The loan is to be fully repaid by 25 October 2018 or such other date as the parties may agree in writing.

24.2.2 ILLOVO GROUP MARKETING SERVICES LIMITED ("IGMS")

	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000
Trading balances owing by the company	**57 303**	99 504	**57 303**	99 504
Trading balances owing to the company	**2 118**	-	**2 118**	-
Export agency commission	**23 637**	19 910	**23 637**	19 910
Logistics cost reimbursement	**26 311**	22 336	**26 311**	22 336

Illovo Group Marketing Services Limited ("IGMS") is the company's appointed agent to coordinate and manage the marketing, sale and distribution of all the company's export sugar for which it received a 2% commission. In foreign currency terms the commission expense declined year-on-year in line with lower export sales volumes, however, due to the weaker currency the commission expense increased in Zambian Kwacha terms.

Third party export logistics costs incurred by the company are paid for on its behalf by IGMS and for which IGMS is reimbursed with no mark-up charged.

Trading balance owing to the company by IGMS represents proceeds received from export customers over the year-end cut-off which, as a result, were not able to be remitted to the company. Trading balance owing by the company to IGMS represent amounts outstanding for commissions and logistic costs yet to be reimbursed. All trading balances with IGMS are unsecured, have no fixed repayment terms and do not bear interest. No expense has been recognised in the current or prior year in respect of a bad or doubtful debt and no allowance for doubtful debts has been recognised. The balances will be settled by cash payments.

	GROUP		COMPANY	
	2016 K'000	2015 K'000	2016 K'000	2015 K'000
24.2.3 MITRA SUGAR LIMITED ("MITRA")				
Trading balances owing to the company	753	-	753	-
Sales transactions to third parties through Mitra supply contracts	180 309	270 771	180 309	270 771

Mitra has long-term supply contracts with third parties in preferential European markets. The company accesses these contracts through its agent, IGMS. Mitra charges IGMS a handling fee per ton of sugar exported and no margin is retained by Mitra on these sales. IGMS absorbs the handling fee as part of its commission and does not charge this to the company.

Trading balance owing to the company by Mitra represents proceeds received from export customers over the year-end cut-off which, as a result, were not able to be remitted to the company. The trading balance is unsecured, has no fixed repayment terms and does not bear interest. No expense has been recognised in the current or prior year in respect of a bad or doubtful debt and no allowance for doubtful debts has been recognised. The balance will be settled by cash payments.

24.2.4 EAST AFRICAN SUPPLY (PTY) LIMITED ("EAS")

Trading balances owing by the company	97	38	97	38
Air services	1 463	519	1 463	519

EAS recovers the cost of air services provided to the company necessary to facilitate the provision of operational support and director services by Illovo Sugar Limited.

The trading balance owing by the company to EAS in respect of air services is unsecured, has no fixed repayment terms and does not bear interest. The balance will be settled by cash payments.

24.2.5 ILLOVO SUGAR IRELAND ("ISI")

Trading balances owing by the company	-	6 742	-	6 742
Operational support fees	-	22 378	-	22 378
Interest paid on overdue balances	119	335	119	335

ISI previously held a contract with the company for the provision of operational support services such as technical support, management support and operating a centralised procurement office. ISI operations have since been discontinued. This service is now being provided by ISL as disclosed above.

The trading balance owing by the company to ISI in respect of operational support services was unsecured, was repayable within 21 days from statement date and only incurred interest if the repayment terms had been exceeded, after which a market-related interest was charged.

24.2.6 ILLOVO SUGAR (SOUTH AFRICA) LIMITED ("ISSA")

Trading balances owing to the company	1 403	56 324	1 403	56 324
Trading balances owing by the company	1 289	1 400	1 289	1 400
Export sugar sales	66 613	53 151	66 613	53 151
Distribution cost reimbursement	10 692	1 400	10 692	1 400

During the current and prior year, a limited amount of sugar was sold to ISSA on either the same commercial terms and conditions that would be available to third party customers or on more favourable commercial terms to the company (e.g. pre-export financing).

Certain distribution costs incurred by the company are paid for on its behalf by ISSA and for which ISSA is reimbursed with no mark-up charged.

The trading balance owing to the company by ISSA represents proceeds outstanding for the sale of sugar. The trading balance owing by the company to ISSA represents distribution costs yet to be reimbursed. The trading balances are unsecured, but have repayment terms in line with those applicable to third party customers (i.e. interest is payable on overdue accounts). No expense has been recognised in the current or prior year in respect of a bad or doubtful debt and no allowance for doubtful debts has been recognised. The balances will be settled by cash payments.

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	K'000	K'000	**K'000**	K'000

24.2.7 KILOMBERO SUGAR COMPANY LIMITED ("KSC")

Trading balances owing to the company	**-**	284	**-**	284
Export sugar sales	**12 114**	-	**12 114**	-
Cost recoveries (general)	**557**	256	**557**	256

During the current year, a limited amount of sugar was sold to KSC on the same commercial terms and conditions that would be available to third party customers.

Certain costs (e.g. internal audit costs) are paid for by the company on behalf of KSC and are recovered by the company with no mark-up.

The trading balance owing to the company by KSC represents costs that are yet to be reimbursed. The trading balance is unsecured, has no fixed repayment terms and does not bear interest. No expense has been recognised in the current or prior year in respect of a bad or doubtful debt and no allowance for doubtful debts has been recognised. The balance will be settled by cash payments.

24.2.8 OTHER FELLOW SUBSIDIARIES

Trading balances owing by the company				
- Ubombo Sugar Limited	**-**	31	**-**	10
Trading balances owing to the company				
- Illovo Sugar (Malawi) Limited	**85**	357	**85**	357
- Maragra Acucar SA	**-**	16	**-**	16
Cost reimbursement (general)				
- Ubombo Sugar Limited	**-**	31	**-**	**10**
Cost recoveries (general)				
- Illovo Sugar (Malawi) Limited	**854**	410	**854**	410
- Maragra Acucar SA	**-**	16	**-**	16

Various costs are paid for by the company on behalf of other fellow subsidiaries. Similarly, various costs are paid for by other fellow subsidiaries on behalf of the company. All such costs are recovered and/or reimbursed with no mark-up charged.

All trading balances related to cost recoveries and/or reimbursements are unsecured, have no fixed repayment terms and do not bear interest. No expense has been recognised in the current or prior year in respect of a bad or doubtful debt and no allowance for doubtful debts has been recognised. The balances will be settled by cash payments.

24.3 SUBSIDIARY OF ZAMBIA SUGAR PLC.

The company holds 100% of the ordinary share capital for Tukunka Agricultural Ltd. Tukunka Agricultural Ltd owns 85.73% of the ordinary share capital for Nanga Farms Plc. The company, therefore has an effective ownership interest of 85.73% in Nanga Farms Plc. The company has entered into a long term agreement with Nanga Farms for the supply of sugar cane.

Nanga Farms Plc				
Trading balances owing by the company	**-**	-	**22 569**	26 539
Operational support fees received	**1 549**	1 586	**1 549**	1 586
Cane purchases	**-**	-	**91 079**	91 590
Dividend income	**-**	-	**19 804**	18 076
Interest paid on overdue balances			**6 152**	4 005

Operational support income is received by the company from Nanga Farms Plc for costs recovered in providing technical support and management support. Technical support includes services rendered to monitor and improve agricultural performance. Management support covers the provision of a range of business services including legal, taxation, treasury, governance, human resources and information technology.

The trading balance owing by the company represents amounts outstanding for the supply of sugarcane. The trading balance is unsecured, has no fixed repayment terms and bears interest at variable market-related rates.

	Note	Nature of transaction	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000

24.4 RELATED PARTY BALANCES - SUMMARY

	Note	Nature of transaction	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000
Long-term borrowings						
Illovo Group Financing Services	24.2.1		**403 000**	918 000	**403 000**	918 000
Current portion of long-term borrowings						
Illovo Group Financing Services	24.2.1		**618 850**	80 816	**618 850**	(80 816)
Amounts due by related parties						
Illovo Group Holdings Limited	24.1.3		**-**	184	**-**	184
Illovo Group Marketing Services Limited	24.2.2		**2 118**	-	**2 118**	-
Illovo Sugar (South Africa) Limited	24.2.6		**1 403**	56 324	**1 403**	56 324
Mitra Sugar Limited	24.2.3		**753**	-	**753**	-
Illovo Sugar (Malawi) Limited	24.2.8		**85**	357	**85**	357
Kilombero Sugar Company Limited	24.2.7		**-**	284	**-**	284
Maragra Açúcar SA	24.2.8		**-**	16	**-**	16
			4 359	57 165	**4 359**	57 165
Amounts due to related parties						
Illovo Sugar Limited - Procurement Division	24.1.2		**63 762**	49 474	**62 801**	48 671
Illovo Sugar Limited - Corporate Division	24.1.2		**24 264**	4 289	**24 264**	4 289
Illovo Group Marketing Services Limited	24.2.2		**57 303**	99 504	**57 303**	99 504
Illovo Sugar (South Africa) Limited	24.2.6		**1 289**	1 400	**1 289**	1 400
East African Supply (Pty) Limited	24.2.4		**97**	38	**97**	38
Illovo Sugar Ireland	24.2.5		**-**	6 742	**-**	6 742
Ubombo Sugar Limited	24.2.8		**-**	31	**-**	10
Nanga Farms Plc	24.3		**-**	-	**22 569**	26 539
			146 715	161 478	**168 323**	187 193

24.5 RELATED PARTY TRANSACTIONS - SUMMARY

	Note	Nature of transaction	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000
Income						
Illovo Sugar (South Africa) Limited	24.2.6	Export revenue	**66 613**	53 151	**66 613**	53 151
Kilombero Sugar Company Limited	24.2.7	Export revenue	**12 114**	-	**12 114**	-
Kilombero Sugar Company Limited	24.2.7	Cost recoveries	**557**	256	**557**	256
Illovo Sugar (Malawi) Limited	24.2.8	Cost recoveries	**854**	410	**854**	410
Maragra Acucar SA	24.2.8	Cost recoveries	**-**	16	**-**	16
			80 138	53 833	**80 138**	53 833

Notes To The Annual Financial Statements *(continued)*

24.5 RELATED PARTY TRANSACTIONS - SUMMARY *(CONTINUED)*

	Note	Nature of transaction	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000
Expenditure						
Illovo Sugar Limited - Procurement Division	24.1.2	Goods & services procured	**131 309**	89 077	**124 481**	84 842
Illovo Sugar Limited - Corporate Division	24.1.2	Operational support	**29 798**	-	**29 798**	-
Illovo Sugar Limited - Corporate Division	24.1.2	Cost reimbursement	**10 690**	7 063	**10 690**	7 063
Illovo Sugar Limited - Corporate Division	24.1.2	Directors fees	**644**	600	**644**	600
Illovo Group Marketing Services Limited	24.2.2	Export agency commission	**23 637**	19 910	**23 637**	19 910
Illovo Group Marketing Services Limited	24.2.2	Cost reimbursement	**26 311**	22 336	**26 311**	22 336
East African Supply (Pty) Limited	24.2.4	Air services	**1 463**	519	**1 463**	519
Illovo Sugar Ireland	24.2.5	Operational support	**-**	22 378	**-**	22 378
Illovo Sugar (South Africa) Limited	24.2.6	Cost reimbursement	**10 692**	1 400	**10 692**	1 400
Ubombo Sugar Limited	24.2.8	Cost reimbursement	**-**	31	**-**	10
			234 544	163 314	**227 716**	159 058
Financing costs						
Illovo Sugar Limited - Procurement Division	24.1.2	Overdue trading balances	**2 363**	523	**2 314**	512
Illovo Group Holdings Limited	24.1.3	Funding balances	**-**	47 010	**-**	47 010
Illovo Sugar Financing Services	24.2.1	Funding balances	**194 093**	104 613	**194 093**	104 613
Illovo Sugar Financing Services	24.2.5	Overdue trading balances	**119**	335	**119**	335
			196 575	152 481	**196 526**	152 470
Other						
Illovo Group Holdings Limited	24.1.3	Dividends	**36 282**	50 330	**36 282**	50 330
Mitra Sugar Limited	24.2.3	Sales to third parties through supply contracts	**180 309**	270 771	**180 309**	270 771

24.6 COMPENSATION OF KEY MANAGEMENT

	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000
Independent Directors				
Directors fees	**621**	580	**621**	580
Executive Directors				
Salary	**3 122**	2 821	**3 122**	2 821
Housing allowance	**352**	263	**352**	263
Retirement and medical	**451**	362	**451**	362
Bonus	**1 184**	239	**1 184**	239
Expat allowance	**753**	704	**753**	704
	5 862	4 389	**5 862**	4 389

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	K'000	K'000	**K'000**	K'000

25. DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000
Forward exchange contracts - designated as cash flow hedges	**(19 020)**	(41 173)	**(19 020)**	(41 173)
Comprising:				
Assets	**3 201**	936	**3 201**	936
Liabilities	**(22 221)**	(42 109)	**(22 221)**	(42 109)
	(19 020)	(41 173)	**(19 020)**	(41 173)

The fair values of derivative instruments are determined using inputs that are observable, either directly (i.e.. as prices), or indirectly (i.e.. derived from prices), other than quoted prices in an active market and therefore fall into the level 2 fair value category. Additional disclosures concerning the derivative financial instruments used to manage currency risk have been provided in Note 28.3.

26. PROVISIONS

	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000
At beginning of year	**9 405**	7 774	**9 405**	7 774
Provisions made during the year	**11 226**	9 405	**11 226**	9 405
Utilised during the year	**(9 405)**	(7 774)	**(9 405)**	(7 774)
At end of year	**11 226**	9 405	**11 226**	9 405
Analysed as follows:				
Provision for leave pay	**11 226**	9 405	**11 226**	9 405

The provision represents annual leave accrued. The provision for annual leave is calculated at current salary and wage rates multiplied by the number of available leave days. There are no uncertainties envisaged that may affect the above provision.

27. CAPITAL COMMITMENTS

	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000
Approved but not contracted	**120 249**	505 302	**120 249**	500 546
Contracted	**54 768**	9 818	**42 626**	9 742
	175 017	515 120	**162 875**	510 288

Capital expenditure will be financed from cash resources, short term borrowings and external debt financing.

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

	Fair value hierarchy	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000
Financial assets					
Loans and receivables	Level 3	**656 742**	517 483	**653 915**	510 692
Derivative financial instruments designated as cash flow hedges	Level 2	**3 201**	936	**3 201**	936
Financial liabilities					
Derivative financial instruments designated as cash flow hedges	Level 2	**(22 221)**	(42 109)	**(22 221)**	(42 109)
Financial liabilities measured at amortised cost	Level 3	**2 150 161**	1 334 751	**2 162 57**	1 358 981

28. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

Reconciliation to the statement of financial position

	Fair value hierarchy	GROUP 2016 K'000	GROUP 2015 K'000	COMPANY 2016 K'000	COMPANY 2015 K'000
Trade and other receivables	Level 3	574 689	382 434	572 114	379 668
Amounts due by related parties	Level 3	4 359	57 165	4 359	57 165
Cash and bank balances	Level 3	77 694	77 884	77 442	73 859
Loans and receivables		**656 742**	517 483	**653 915**	510 692
Long-term borrowings	Level 3	827 176	918 000	827 176	918 000
Current portion of long-term borrowings	Level 3	681 000	80 816	681 000	80 816
Trade and other payables	Level 3	317 157	168 834	307 959	167 349
Amounts due to related parties	Level 3	146 715	161 478	168 323	187 193
Bank overdraft	Level 3	178 113	5 623	178 113	5 623
Financial liabilities measured at amortised cost		**2 150 161**	1 334 751	**2 162 571**	1 358 981

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 unsecured local banking facilities at 31 March:

	GROUP 2016 K'000	GROUP 2015 K'000
Unsecured bank overdraft facility, reviewed annually and payable at call:		
Amount utilised	178 113	5 623
Amount unutilised	20 387	142 877
Total local bank overdraft facilities	**198 500**	148 500

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 2016 is as follows:

	Floating rate		Total borrowings
	Less than one year	Greater than one year	
Borrowings (K'million)	0	1 686	1 686
% total borrowings	0%	100%	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	
	2016	2015	2016	2015
	K'000	K'000	K'000	K'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:	(5 093)	5 106	(5 093)	5 111

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 uncovered foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	ASSETS		LIABILITIES	
	2016	2015	2016	2015
	K'000	K'000	K'000	K'000
Group				
US Dollars	83 066	106 385	52 278	102 667
SA Rands	32 401	55 203	90 152	56 713
Euros	10 584	1 513	14 949	7 252
Company				
US Dollars	83 066	106 385	48 597	102 667
SA Rands	32 401	55 203	89 191	55 889
Euros	10 584	1 513	14 949	7 252

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 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 K'000

	US DOLLAR		SA RAND		EURO	
	2016	2015	2016	2015	2016	2015
Group						
Monetary assets	(8 307)	(10 639)	(3 240)	(5 530)	(845)	(151)
Monetary liabilities	4 857	10 267	9 015	5 671	1 495	725
	(3 450)	(372)	5 775	141	650	574
Company						
Monetary assets	(8 307)	(10 639)	(3 240)	(5 530)	(1 058)	(151)
Monetary liabilities	4 857	10 267	8 919	5 589	1 495	725
	(3 450)	(372)	5 679	59	437	574

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

	RATES AT 31 MARCH		AVERAGE FOR YEAR	
	2016	2015	2016	2015
Kwacha/Rand	0.75	0.62	0.70	0.58
Kwacha/US dollar	11.15	7.59	9.72	6.44
Kwacha/Euro	12.62	8.18	10.73	8.16

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 2017 financial year.

	GROUP 2016			GROUP 2015		
	Foreign currency million	**Average rate**	**Amount in K'million**	Foreign currency million	Average rate	Amount in K'million
Foreign currency sold						
US Dollar	**7.5**	**12.84**	**96.3**	68.7	7.79	535.3
Euro	**-**	**-**	**-**	17.9	8.71	155.9

These forward exchange contracts have resulted in the group's derivative financial instruments, the fair value of which are determined using inputs that are observable, either directly (i.e. as prices), or indirectly (i.e. derived from prices), other than quoted prices in an active market, and therefore fall into the level 2 fair value category.

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 2016, 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	
	2016	2015	**2016**	2015
	K'000	K'000	**K'000**	K'000
Not past due	**257 708**	242 271	**257 708**	242 271
Past due by 30 days	**116 067**	46 655	**116 067**	46 655
Past due by 60 days	**52 104**	13 670	**52 104**	13 670
Past due by 90 days	**7 621**	2 940	**7 621**	2 940
Past due over 120 days	**5 194**	-	**5 194**	-
	438 694	305 536	**438 694**	305 536
less : allowance for doubtful debts	**(250)**	(622)	**(250)**	(622)
Total trade receivables	**438 444**	304 914	**438 444**	304 914

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.

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:				
Debt (see note i)	**1 508 176**	998 816	**1 508 176**	998 816
Overdraft	**178 113**	5 623	**178 113**	5 623
Cash and bank balances	**(77 694)**	(77 884)	**(77 442)**	(73 859)
Net Debt	**1 608 595**	926 555	**1 608 847**	930 580
Equity (see note ii)	**1 090 650**	1 000 975	**971 378**	901 807
Net debt to equity ratio	**147.5%**	92.6%	**165.6%**	103.2%

(i) Debt is defined as long and short term borrowings as described in note 21)

(ii) Equity includes all capital and reserves of the Group that are managed as capital.

29. RETIREMENT BENEFITS

Defined contribution pension scheme

Zambia Sugar Plc 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 K15.8 million (2015: K13.3 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 K14.1 million (2015: K12.8 million) during the year in respect of this scheme.

30. CONTINGENT LIABILITIES

There is a contingent liability estimated at K 1.362 million in respect of local industrial relations actions currently before the courts.

31. 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 54th annual general meeting of the members of the company will be held at the Taj Pamodzi Hotel, Lusaka, Zambia on Thursday 18 August 2016 at 14h00 to transact the following business:

1. MINUTES OF THE PREVIOUS MEETING

To receive and note the minutes of the 53rd Annual General Meeting held on 13th August 2015 duly approved by the Chairman in accordance with Section 160 (2) of the Companies Act.

2. FINANCIAL STATEMENTS

To receive and consider the annual financial statements for the year ended 31 March 2016.

3. ELECTION OF DIRECTORS

i. To confirm the re-election of Mr FM Banda who retires by rotation, in terms of the Companies Act, and who, being eligible, offers himself for re-election;

Curriculum Vitae for Mr F. M. Banda

Mr Banda is Chairman of the Board as well as Chairman of the Nomination Committee. He is a seasoned accountant and brings over 42 years combined experience as finance director and company secretary to the board. He was appointed to the board in 2001 as a nonexecutive director. His association with Zambia Sugar started 42 years ago when he was appointed as management trainee and rose through the ranks to become Finance Director/Company Secretary in 1995. He took early retirement in 2002 but was retained on the Board as a nonexecutive director. Mr Banda is also a director of other companies.

ii. To confirm the re-election of Mr GB Dalgleish who retires by rotation, in terms of the Companies Act, and who, being eligible, offers himself for re-election;

Curriculum Vitae for Mr G. B. Dalgleish

Mr Dalgleish is the Managing Director of Illovo Sugar Limited. He was appointed to the Board of Zambia Sugar in 2012, assumed the position of operations director in 2012, and was appointed managing director with effect from 1 September 2013. He holds a master's degree in chemical engineering and first joined Illovo in 1988 as a postgraduate student. He has since held a number of technical, business-development, operational and general management positions in Illovo. Most recently he spent three years leading the Australia-based global technology unit of AB Mauri, a yeast business which is a subsidiary of Illovo's holding company, Associated British Foods Plc. before returning to Illovo in December 2010.

iii. To confirm the re-election of Mr D Patel who retires by rotation, in terms of the Companies Act, and who, being eligible, offers himself for re-election;

Curriculum Vitae for Mr D. K. A. Patel

Mr Patel was appointed to the Board of Zambia Sugar in 2006. A businessman and chairman of various companies, Mr Patel previously served as Member of Parliament for Lusaka Central Constituency for 15 years and also held ministerial positions during this time such as Minister of Trade and Industry. He is an advocate on the need to address Third World poverty through fair trade. In addition, he is a member of the Board of Trustees of the Investment Climate Facility, nominated by the Department for International Development of the United Kingdom.

iv. To confirm the re-election of Mr JP Hulley who retires by rotation, in terms of the Companies Act, and who, being eligible, offers himself for re-election;

Curriculum Vitae for Mr J. P. Hulley

Mr Hulley is the chairman of the risk committee. Mr Hulley was appointed to the Board in September 2013 following his appointment as Operations Director of Illovo Sugar Limited. From 1978 until 1993 he has served in various positions and, after rejoining the company in 2000, he held various management positions in the company's South African operations, before being appointed General Manager of the company's Swaziland subsidiary, Ubombo Sugar Limited in 2008, and subsequently its Managing Director. He also held management positions in other companies in the sugar industry, including a leading engineering and project management consulting company providing services to the sugar industry and other heavy engineering industries.

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 2017 be revised to ZMW 177 000 (2015: ZMW 155 000), ZMW 184 000 (2015: ZMW 161 000) for committee members and ZMW 210 000 (2015: ZMW184 000) for the board chairman and be approved with effect from 1 April 2016.

5. APPOINTMENT OF AUDITORS

To confirm the reappointment of the auditors, Deloitte & Touche, for the year ending 31 March 2017 and to authorise the directors to determine the auditors terms and remuneration.

6. DECLARATION OF DIVIDEND

To approve the recommendation of the Board of Directors regarding dividend declaration for the year ended 31 March 2016.

7. OTHER BUSINESS

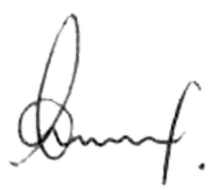
To transact such other business as may be transacted at an annual general meeting of members.

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 Wednesday 10 August 2016.

Queries pertaining to shareholder relations such as change of address or bank details are to be channeled through the Transfer Secretaries, whose contact address is:

Corpserve Transfer Agents Limited
2760, Lubu Road, Long Acres, Lusaka, Zambia
Telephone: +260 (211) 256969/70
Facsimile: +260 (211) 256975
Email: corpservezambia@corpserve.com.zm

By order of the Board



Mwansa M. Mutimushi
Company Secretary
6 May 2015

Corporate Information

Secretary	:	Mwansa M Mutimushi
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	:	mmutimushi@zamsugar.zm
Website address	:	www.illovosugar.co.za
Transfer secretaries	:	Corpserve Transfer Agents Ltd 2760, Lubu Road, Long Acres, Lusaka, Zambia
Postal address	:	P O Box 37522, Lusaka, Zambia
Telephone	:	+260 21 1 256969, 256970
Fax	:	+260 21 1 256975
E-mail address	:	corpservezambia@corpservezambia.com.zm
Auditors	:	Deloitte & Touche
Bankers	:	Barclays Bank of Zambia, Citibank Zambia, FNB Zambia, Stanbic Bank Zambia, Standard Chartered Bank Zambia, Zambia National Commercial Bank, Finance Bank.

Glossary of Terms

In this circular and its annexures, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings assigned to them in the second column and words in the singular shall include the plural and vice versa, words importing natural persons shall include corporations and associations of persons and expressions denoting any gender shall include the other genders.

Definition/Abbreviation	Description
"the company" or "Zambia Sugar"	Zambia Sugar Plc, a public company incorporated in the Republic of Zambia and listed on the LuSE;
"board"	Zambia Sugar's board of directors;
"CI"	Continuous Improvement;
"Companies Act"	the Companies Act, 2000 (as amended);
"DIFR"	disabling injury frequency rate;
"directors"	the directors of Zambia Sugar;
"EU"	European Union;
"FSSC"	Food Safety System Certification;
"GHG emissions"	greenhouse gas emissions;
"group" or "Zambia Sugar group"	Zambia Sugar and its subsidiaries;
"IAS"	International Accounting Standards;
"IFRS"	International Financial Reporting Standards;
"LuSE"	Lusaka Stock Exchange Limited;
"King III"	the King Code of Corporate Governance Principles for South Africa, 2009, read with the King Report on Governance for South Africa 2009;
"NGO"	non-government organisation;
"NOSA"	National Occupational Safety Association;
"ordinary shares"	the ordinary shares in the share capital of Zambia Sugar;
"pH"	a measure of acidity/alkalinity;
"tCO2"	tons carbon dioxide;
"TIFR"	total injury frequency rate;
"transfer secretaries"	Corpserve Transfer Agents Ltd, a private company incorporated in the Republic of Zambia;
<	less than;
>	more than.

Notes

Zambia Sugar Plc | Form of Proxy

For the 54th Annual General Meeting

I/We ____

(Name/s in block letters)

of ____(address)

being the shareholder/member of the above named Company and entitled to

do hereby appoint

Number of votes

(1 share = 1 vote)

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 Thursday 18 August 2016 at 14:00hrs and at any adjournment thereof as follows:

		Mark with 'X' where applicable		
Resolution No.	**Agenda Item**	**For**	**Against**	**Abstain**
1.	To receive and note the minutes of the previous meeting			
2.	To receive and consider the audited 2016 annual financial statements			
3.	Re-election of directors			
3.1	FM Banda			
3.2	GB Dalgleish			
3.3	DKA Patel			
3.4	JP Hulley			
4.	Approval of directors' fees			
5.	Re-appointment of Deloitte & Touche as auditors			
6.	Declaration of dividend			

Signed at ____________________________ on this ________ day of ______________________ 2016

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 10:00hrs on Friday 12, August 2016.
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.

Notes

Notes

Energy for life...

It's Zambia's Sugar!

WHITESPOON
ENERGY FOR LIFE!

Zambia Sugar Plc
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P.O. Box 670240, Mazabuka, Zambia
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Off Great North Road
Tel: +260 21 3 230 666/231 111/230 144
Fax: +260 21 3 230 1116
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