

Notes to the Financial Statements (continued)

17. Financial instruments (continued)

Terms and repayment schedule

Group	Carrying currency	Nominal interest rate	Year of maturity
Unsecured bank loan	Lilangeni	Prime less 1,75%	30 September 2012
Unsecured bank loan	Lilangeni	Prime less 1,48%	1 July 2011
Unsecured bank loan	Euro	3%	1 December 2009
Unsecured bank loan	Euro	3%	1 November 2009
Unsecured bank facility	Lilangeni	Negotiated rates	31 March 2009
Unsecured bank facility	Lilangeni	Negotiated rates	31 March 2009

Total interest-bearing liabilities

The bank loans are secured by a negative pledge over inventory and trade receivables with a carrying value of E525 365 182 (2007 : E386 149 194)

Terms and repayment schedule

Association

Unsecured bank loan	Lilangeni	Prime less 1,75%	30 September 2012
Unsecured bank facility	Lilangeni	Negotiated rates	31 March 2009
Unsecured bank facility	Lilangeni	Negotiated rates	31 March 2009

Total interest-bearing liabilities

The bank loans are secured by a negative pledge over inventory and trade receivables with a carrying value of E525 365 182 (2007 : E386 149 194)

	2008		2007	
	Face value E	Carrying amount E	Face value E	Carrying amount E
	47 000 000	44 024 041	-	-
	59 000 000	41 300 000	59 000 000	53 100 000
	17 328 217	4 243 459	17 328 217	6 395 971
	18 543 461	5 724 090	18 543 461	8 631 540
	602 139 743	602 139 743	444 579 843	444 579 843
	61 833 022	61 833 022	51 151 010	51 151 010
	805 844 443	759 264 355	590 602 531	563 858 364
	30 000 000	27 576 377	-	-
	600 805 308	600 805 308	444 579 843	444 579 843
	61 833 022	61 833 022	51 151 010	51 151 010
	692 638 330	690 241 707	495 730 853	495 730 853

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

17. Financial instruments (continued)

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		Association	
	2008 E	2007 E	2008 E	2007 E
Carrying amount				
Held-to-maturity investments	-	4 129 654	-	-
Loans and receivables	-	-	108 228 376	100 267 521
Cash and cash equivalents	165 053 860	129 723 670	164 902 511	129 723 670
Unsecured loans receivables	1 014 331	1 278 717	1 014 331	1 278 717
Other forward exchange contracts	35 146 040	4 624 454	35 146 040	4 624 454
	201 214 231	139 756 495	309 291 258	235 894 362

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

Southern African Customs Union ("SACU")	76 488 790	63 500 437	76 488 790	63 500 437
International	84 132 230	21 861 813	84 132 230	21 861 813
Regional countries	4 905 964	10 017 934	4 905 964	10 017 934
	165 526 984	95 380 184	165 526 984	95 380 184

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

117. Financial instruments (continued)

	Group and Association	
	2008	2007
	E	E

Trade receivable

The ageing of trade receivables at the reporting date was:

	Gross carrying amount	
Current	152 966 840	83 525 569
0 – 30 days	10 581 026	7 749 741
31 – 120 days (past due)	575 157	887 041
More than one year (past due)	1 403 961	3 217 833
Total	165 526 984	95 380 184

Impairment loss

31 – 120 days (past due)	87 060	-
More than one year (past due)	1 403 961	1 491 021
Total	1 491 021	1 491 021

An impairment loss of E1 491 021 (2007: E1 491 021) in respect of trade receivables and no impairment loss was recognised during the year.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Balance at 1 April	1 491 021	1 491 021
Impairment loss recognised	548 833	-
Impairment loss reversed	(548 833)	-
Balance at 31 March	1 491 021	1 491 021

Based on past experience, the Group believes that no impairment allowance is necessary in respect of trade receivables other than those specifically identified. The allowance includes amounts that have been handed over to our attorneys for collection.

Notes to the Financial Statements (continued)

17. Financial instruments (continued)

Group - 2008*Liquidity risk*

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount E	Contractual cash flows E
Non-derivative financial liabilities		
Unsecured bank loans	95 291 590	122 156 357
Unsecured bank facility	602 139 743	657 688 261
Trade and other payables	209 858 567	209 858 567
Bank overdraft	1 334 435	1 421 229
Derivative financial liabilities		
<i>Forward exchange contracts used for hedging</i>		
Inflow	(355 056 418)	(355 056 418)
	553 567 917	636 067 996

Group - 2007*Liquidity risk*

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

Non-derivative financial liabilities		
Unsecured bank loans	68 127 511	71 684 910
Unsecured bank facility	444 579 843	509 043 920
Trade and other payables	149 522 745	149 522 745
Bank overdraft	540 415	618 775
Derivative financial liabilities		
<i>Forward exchange contracts used for hedging</i>		
Inflow	(357 997 972)	(357 972 972)
	304 772 542	372 897 378

6 months or less E	6 – 12 months E	1 – 2 years E	2 – 5 years E
14 004 839	24 157 429	28 009 678	55 984 411
365 723 750	291 964 511	-	-
148 025 454	61 833 022	-	-
1 421 229	-	-	-
(29 455 876)	(332 283 488)	-	-
499 719 396	45 671 474	28 009 678	55 984 411

12 003 937	16 181 727	12 428 356	31 070 890
-	509 043 920	-	-
98 371 735	51 151 010	-	-
618 775	-	-	-
(357 972 972)	-	-	-
(246 978 525)	576 376 657	12 428 356	31 070 890

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

117. Financial instruments (continued)

Association - 2008

Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount E	Contractual cash flows E	Less than one year E	More than 2 years E
Non-derivative financial liabilities				
Unsecured bank loans	27 567 377	36 789 066	8 175 348	28 613 718
Unsecured bank facility	600 805 308	657 688 261	657 688 261	-
Trade and other payables	208 987 994	209 066 263	209 066 263	-
Derivative financial liabilities				
<i>Forward exchange contracts used for hedging</i>				
Inflow	(355 056 418)	(355 056 418)	(355 056 418)	-
	482 302 261	548 487 172	519 873 454	28 613 718

The financial liabilities above do not exceed periods of more than five years.

Association - 2007

Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount E	Contractual cash flows E	6 months or less E	6 – 12 months E
Non-derivative financial liabilities				
Unsecured bank facility	444 579 843	509 043 920	-	509 043 920
Trade and other payables	148 733 339	148 733 339	97 582 329	51 151 010
Derivative financial liabilities				
<i>Forward exchange contracts used for hedging</i>				
Inflow	(357 972 972)	(357 972 972)	(357 972 972)	-
	235 340 210	299 804 287	(260 390 643)	560 194 930

The financial liabilities above do not exceed periods of more than one year.

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

17. Financial instruments (continued)

Cash flow hedges

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur.

	Carrying amount E	Contractual cash flows E	6 months or less E	6-12 months E
Group and Association - 2008				
<i>Forward exchange contracts:</i>				
Assets	355 056 418	355 056 418	28 927 281	326 129 137
	<u>355 056 418</u>	<u>355 056 418</u>	<u>28 927 281</u>	<u>326 129 137</u>
Group and Association- 2007				
<i>Forward exchange contracts:</i>				
Assets	357 972 972	357 972 972	357 972 972	-
	<u>357 972 972</u>	<u>357 972 972</u>	<u>357 972 972</u>	<u>-</u>

Notes to the Financial Statements (continued)

17. Financial instruments (continued)

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	2008 Euro	Group and Association 2007 USD	GBP
Trade receivables	6 689 578	1 695 699	-
Unsecured bank loans	783 600	-	-
Trade payables	-	105 317	-
Gross balance sheet exposure	7 473 178	1 801 016	-
Estimated forecast sales (2008/09)	84 212 164	47 505 000	364 980
Estimated forecast purchases (2008/09)	(11 171 993)	(1 604 571)	(66 590)
Gross exposure	73 040 171	45 900 429	298 390
Forward exchange contracts (2008/09)	36 130 442	14 033 729	-
Net exposure	36 909 729	31 866 700	298 390

Group and Association

Euro	USD	GBP
2 314 788	-	-
1 566 900	-	-
-	436 476	-
3 881 688	436 476	-
65 809 779	51 508 000	436 300
(5 453 778)	(1 899 484)	(44 160)
60 356 001	49 608 516	392 140
24 378 578	17 270 587	-
35 977 423	32 337 929	392 140

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

17. Financial instruments (continued)

The following significant exchange rates applied during the year:

	Group and Association 2008		Group and Association 2007	
	Average rates achieved		Closing rates	
Euro	9,84	8,37	12,72	9,59
USD	7,31	6,64	8,06	7,19
GBP	14,41	14,01	16,02	14,11

Sensitivity analysis

A 10 percent strengthening of the Lilangeni against the Euro, USD and GBP at 31 March would have increased (decreased) export proceeds by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008 and 2007.

Group and Association	2008	2007
	Export proceeds E	Export proceeds E
USD, GBP and EURO	<u>(122 328 432)</u>	<u>(92 561 538)</u>

A 10 percent weakening of the Lilangeni against the Euro, USD and GBP at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

17. Financial instruments (continued)

Interest rate risk

Profile

At the reporting date the interest rate profile of the Groups interest-bearing financial instruments was:

	Group		Association	
	2008	2007	2008	2007
	E	E	E	E
<i>Fixed rate instruments</i>				
Financial assets	-	4 129 654	108 228 376	100 267 521
Financial liabilities	(9 967 549)	(15 027 511)	-	-
	(9 967 549)	(10 897 857)	108 228 376	100 267 521
<i>Variable rate instruments</i>				
Financial liabilities	(731 514 707)	(548 830 853)	(690 214 707)	(495 730 853)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) the amount available for distribution by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008 and 2007.

	100 bp increase E	100 bp decrease E	100 bp increase E	100 bp decrease E
<i>31 March 2008</i>				
Variable rate instruments	7 315 147	(7 315 147)	6 902 147	(6 902 147)
Cash flow sensitivity (net)	7 315 147	(7 315 147)	6 902 147	(6 902 147)
<i>31 March 2007</i>				
Variable rate instruments	5 488 309	(5 488 309)	4 957 309	(4 957 309)
Cash flow sensitivity (net)	5 488 309	(5 488 309)	4 957 309	(4 957 309)

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

17. Financial instruments (continued)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	Carrying amount E	Group		Carrying amount E	Fair value E
		2008	2007		
Cash and cash equivalents	165 053 860	165 053 860	72 289 229	72 289 229	
<i>Forward exchange contracts used for hedging:</i>					
Assets	35 146 040	35 146 040	4 624 454	4 624 454	
Unsecured bank loans	(78 843 926)	(78 843 926)	(68 127 511)	(68 127 511)	
Unsecured bank facilities	(61 833 022)	(61 833 022)	(51 151 010)	(51 151 010)	
Trade and other payables	(209 858 667)	(209 858 667)	(149 522 745)	(149 522 745)	
Bank overdraft	(602 139 743)	(602 139 743)	(445 120 258)	(445 120 258)	
	(752 475 458)	(752 475 458)	(637 007 841)	(637 007 841)	

Fair values

Fair values versus carrying amounts

The fair values of financial assets and financial liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	Carrying amount E	Association		Carrying amount E	Fair value E
		2008	2007		
Held-to-maturity investments	-	-	4 129 654	4 129 654	
Loans and receivables	108 228 376	108 228 376	100 267 521	100 267 521	
Trade and other receivables	173 751 808	173 751 808	93 771 928	93 771 928	
Cash and cash equivalents	165 053 860	165 053 860	72 289 229	72 289 229	
<i>Forward exchange contracts used for hedging:</i>					
Assets	35 146 040	35 146 040	4 624 454	4 624 454	
Unsecured bank loans	(78 843 926)	(78 843 926)	(68 127 511)	(68 127 511)	
Unsecured bank facilities	(61 833 022)	(61 833 022)	(51 151 010)	(51 151 010)	
Trade and other payables	(148 025 545)	(148 025 545)	(98 371 735)	(98 371 735)	
Bank overdraft	(602 139 743)	(602 139 743)	(445 120 258)	(445 120 258)	
	(408 662 152)	(408 662 152)	(387 687 728)	(387 687 728)	

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

17. Financial instruments (continued)

Basis for determining fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments reflected in the table above.

Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available.

Non-derivative financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and other receivables and payables

For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. The fair value of trade and other receivables and payables, with a remaining life of more than a year, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

18. Related parties

Related parties comprise subsidiary companies, a joint venture, the millers and the growers. The main related party transactions relate to sugar and molasses purchases and sales, property leases, provision of technical and related services and related party loans. All related party transactions and interest arising in respect of related party loans were concluded on a market related and arm's length basis.

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

18. Related parties (c ontinued)

18.1 Amounts due by related parties

	Group		Association	
	2008 E	2007 E	2008 E	2007 E
Loans receivable	1 014 330	1 278 717	1 014 330	1 278 717
Accounts receivable - millers	4 636 969	34 732 036	4 636 969	34 732 036
Loans to subsidiaries	-	-	108 228 376	100 267 421
	5 651 299	36 010 753	113 879 675	136 278 174

18.2 Amounts due to related parties

Milling creditors (refer to note 12)	162 518 395	105 427 171	162 518 395	105 426 771
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18.3 Related party transactions

Conditioning fee paid	-	-	31 246 158	27 861 158
Interest on loan to subsidiaries	-	-	15 943 068	12 464 420
Sugar purchases	1 873 559 595	1 589 920 393	1 873 559 595	1 589 920 313
Molasses purchases	41 209 124	37 766 391	41 209 124	37 766 391

19. Cash flow hedge reserve

Balance at the beginning of the year	4 624 454	728 374	4 624 454	728 374
Foreign exchange gain realised during the year	(4 624 454)	(728 374)	(4 624 454)	(728 374)
Gain on forward Priced sugar sales contracts	11 787 358	-	11 787 358	-
Loss on forward exchange contract during the year	(46 933 398)	(4 624 454)	(46 933 398)	(4 624 454)
Balance at the end of the year	(35 146 040)	(4 624 454)	(35 146 040)	(4 624 454)

The cash flow hedge is in respect of forward exchange contracts that have been taken out by the Group for future export proceeds.

	Group		Association	
	2008 E	2007 E	2008 E	2007 E
20. Capital commitments				
Approved but not yet contracted for	2 412 356	3 200 000	2 412 356	-
Approved and contracted for	4 488 850	15 514 356	4 488 850	2 484 549
	6 901 206	18 714 356	6 901 206	2 484 549

The proposed capital expenditure will be incurred in the new financial year and will be financed by external borrowings.

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

	2008 E	Group 2007 E
21. Equity accounted joint venture		
Non current assets	64 455 509	60 576 215
Current assets	24 552 416	17 036 608
Total assets	89 007 925	77 612 823
Non current liabilities	67 097 674	70 502 857
Current liabilities	21 910 251	7 109 966
Total liabilities	89 007 925	77 612 823
Revenue	29 565 949	27 320 521
Expenses	33 350 898	29 754 651
Loss for the year	(3 784 949)	(2 434 130)
Amortisation of shareholder funding	(3 784 949)	(2 434 130)
Share of loss recognised in the statement	-	-
Ownership	25%	25%

The Group has not recognised losses relating to the joint venture since the Group has no obligation in respect of these losses. The financial year end for the joint venture is 31 December. The transactions between 31 December and 31 March are considered not material.

22. Contingent liabilities

On 31 March 2008, the Group had claims against it amounting to ENil (2007 : E2 633 405). No provision was recorded as the probability of outflow of economic resources relating to the action was assessed as being remote.

23. Events after the balance sheet date

There were no events which have occurred between the accounting date and the date of this report which have a material impact on the financial statements.

Ten Year Crop Results 1998 - 2008

YEAR	1998	1999	2000
Area Under Cultivation (Hectares)	42 585	44 046	45 437
Area Harvested (Hectares)	40 474	42 606	43 547
Increase/Decrease in Area Harvested	1 980	2 132	941
Cane Production (Tons)	3 887 010	4 322 618	4 441 907
Cane Yield (Tons/Area Harvested)	96,04	101,46	102
Sucrose Content (% Cane))	13,88	14,05	13,59
Sugar Recovered (% Cane)	12,21	12,36	11,88
Sugar Yield from Cane (Tons cane/tons sugar)	8,19	8,09	8,42
Sugar Yield from Area (Tons/Area Harvested)	11,73	12,54	12,12
Sucrose Production (Tons)	539 545	607 475	603 450
Sugar Production (Tons tel quel)	474 578	534 183	527 583

2001	2002	2003	2004	2005	2006	2007
46 516	48 307	49 932	50 932	52 196	52 233	52 255
43 855	45 126	48 061	49 727	50 610	50 400	50 245
308	1 271	2 935	1 666	883	(210)	(155)
4 178 867	4 608 933	5 046 252	4 883 961	5 164 748	4 930 938	5 075 693
95,29	102,13	105	98,22	102,5	97,84	101,02
13,7	14,46	14,25	14,05	14,44	14,43	14,28
11,98	12,65	12,45	12,24	12,64	12,64	12,44
8,35	7,91	8,03	8,17	7,91	7,91	8,04
11,42	12,92	13,07	12,02	12,9	12,37	12,56
572 635	666 385	719 203	686 425	745 984	711 504	724 716
500 670	583 014	628 191	597 563	652 735	623 357	631 236

