

The background of the cover is a vibrant green sugarcane field under a clear blue sky. In the foreground, a large metal conveyor belt structure is visible, with a large pile of white sugar crystals at the bottom. In the distance, a sugar mill facility with several buildings and chimneys is visible, partially obscured by the conveyor belt structure. The overall scene is bright and sunny, suggesting a clear day.

ANNUAL REPORT 2011

Scope of report

This report covers the Illovo group's financial and non-financial performance for the year ended 31 March 2011. It incorporates the ongoing business activities of the cane, sugar and downstream operations of its subsidiaries located across six African countries: Malawi, Zambia, South Africa, Tanzania, Swaziland and Mozambique.






Information describing Illovo's agricultural, manufacturing and marketing activities has been provided on the basis of promoting understanding of the group's primary processes among its key stakeholders: shareholders; investors and investment analysts; employees; trade unions; regulators including the JSE Limited; customers, raw material suppliers, most notably providers of sugar cane; other suppliers and service providers; governments; and communities and civic society.

In compiling the report, Illovo has considered –

- both the Companies Act, 1973, as amended, and the Companies Act, 2008, as amended;
- the Listings Requirements of the JSE Limited;
- the King Report on Governance for South Africa 2009 and, in particular, the principles contained in the King Code of Governance for South Africa 2009; and
- in respect of the annual financial statements, International Financial Reporting Standards.



Contents

	<ul style="list-style-type: none"> Scope of report inside front cover Group profile 2 Vision 2 Forward-looking statement 2 Group features 3 Group key production and market statistics 4 Group key performance indicators 5 Group structure 6 Group locations 7 Strategic Intent 8 Goals and objectives 8 Group strategy 9 Strategic and operational accountability 10 Directorate 12 Executive Committee 14 	BUSINESS OVERVIEW
	<ul style="list-style-type: none"> Chairman's Statement 16 A tribute to Robbie Williams 21 Managing Director's Review 22 Financial Director's Review 26 Operational Reviews 32 Market Review 46 World of Sugar 48 	COMMENTARIES
	<ul style="list-style-type: none"> Corporate Governance 56 Remuneration Report 64 Risk Management Report 68 Stakeholder Engagement 69 Economic Impact 70 Value Added Statement 70 Five Year Review 71 Social Impact 76 Environmental Impact 84 	SUSTAINABILITY
	<ul style="list-style-type: none"> Annual financial statements 90 Independent Auditors' Report 92 	FINANCIAL STATEMENTS
	<ul style="list-style-type: none"> Analysis of shareholders 145 Shareholders' diary 146 Notice of annual general meeting 147 Form of proxy 151 Corporate information inside back cover 	SHAREHOLDER INFORMATION

Group profile

Illovo is a leading sugar producer and a significant manufacturer of downstream products. The group is Africa's biggest sugar producer and has extensive agricultural and manufacturing operations in six African countries. The group produces raw and refined sugar for local, regional, European Union (EU), United States of America (USA) and world markets from sugar cane supplied by its own agricultural operations and independent outgrowers who supply cane to Illovo's factories. High-value products manufactured downstream of the sugar production process are sold internationally into niche markets. Installed electricity generating capacity, fuelled by renewable resources, provides around 89% of the group's energy requirements. Illovo is listed on the JSE Limited and is a subsidiary of Associated British Foods plc which holds 51% of the issued share capital.

Vision

The vision of the group is to be a world-class, low-cost and highly efficient organisation, operating on the African continent, adding value to its core products of fibre, sugar and molasses. We seek to enhance shareholder wealth and optimise growth, achieving a sustainable, balanced and integrated economic, social and environmental performance, whilst taking cognisance of the interests of our stakeholders.

Forward-looking statement

The base business of Illovo is well positioned for the future. Recent cane and factory expansions have increased the group's sugar production capacity with potential projects currently being evaluated to further increase output over the medium-term. The commissioning of the Ubombo factory expansion and co-generation project in Swaziland in April of this year was an important milestone for the group. In addition to the economic and production benefits of the project itself, significantly it provides Illovo with its own fully-integrated model for cane sugar development in Africa which, involving the ability to generate and export surplus power to national grids on a commercial basis, can be applied in other existing or new countries of operation. Illovo's planned greenfield project in Mali, to produce 200 000 tons of sugar and supply surplus electricity into the national grid, will take this integrated model one step further with the annual production of around 15 000 kilolitres of ethanol to be used for fuel blending requirements in that country.

The African continent has a deficit sugar market and Illovo's increasing sugar availability provides excellent opportunities to satisfy this strong demand in the countries of operation where it has proven marketing and distribution expertise, and in the surrounding regions where the group has become the supplier of choice. These opportunities are further augmented by access to the USA on preferential terms and increasing access to the EU on a duty-free/quota-free basis. The downstream business, comprising furfural and its derivatives, together with ethanol, remains a solid contributor to operating profit with considerable opportunities to penetrate significant new markets. The registration in the USA last year of MultiGuard Protect is the first of its kind in that country, allowing the use of furfural as a nematicide on golf courses and turf farms and thereby significant access for the group into this potentially lucrative market.

Illovo has made good progress in identifying key sustainability indicators across governance, economic, environmental and social parameters in a comprehensive sustainability study undertaken by independent consultants which will be completed later in the current year, and will be used for reporting purposes contained in the company's 2012 annual report. It is anticipated that this study will enhance Illovo's focus on continuous improvement, providing key data for the formulation of new strategies to support the group's long-term sustainability.

OUR HISTORY

1891 Reynolds Brothers Limited is listed as a public company and Charles George Smith appointed as its agent in Durban;

1893 CG Smith, entrepreneur and sugar agent, becomes a shareholder in Reynolds Brothers;

1904 CG Smith and associates buy the Umzimkulu mill and estates;

Group features

RECORD CANE PRODUCTION	6.3 million tons	↑	3%
SUGAR PRODUCTION	1.6 million tons	↓	3%
FURFURAL PRODUCTION	15 900 tons	↓	15%
RECORD ETHANOL PRODUCTION	55 500 kilolitres	↑	6%
INTERNAL ELECTRICITY CO-GENERATION	provides 89% of total group energy requirements from bio-renewable resources		
DOMESTIC SUGAR MARKET SALES	1.051 million tons	↑	2%
REVENUE	R8 107.9 million	↓	4%
OPERATING PROFIT	R1 029.3 million	↓	31%
HEADLINE EARNINGS	112.2 cents per share	↓	35%
TOTAL DIVIDEND	56.0 cents per share	↓	35%
CASH GENERATION	R1 279.2 million	↑	3%

1915 Reynolds Brothers opens the Sezela mill; and The Natal Cane By-Products Limited (now Illovo Merebank) is listed as a public company;

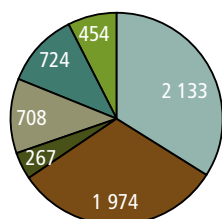
1952 Reynolds Brothers moves the Esperanza mill to Pongola;

1975 The sugar-related assets of CG Smith & Company, together with the Gledhow Sugar Company, are amalgamated with Reynolds Brothers into a single new entity under the name of CG Smith Sugar Limited;

Group key production and market statistics

for the year ended 31 March 2011

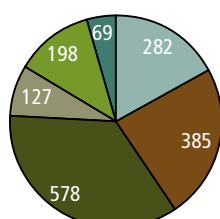
CANE PRODUCTION (tons '000)



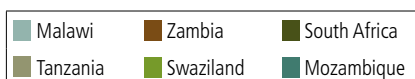
Total 6 260 tons



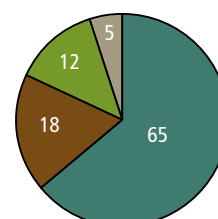
SUGAR PRODUCTION (tons '000)



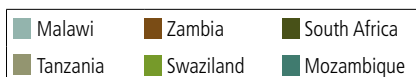
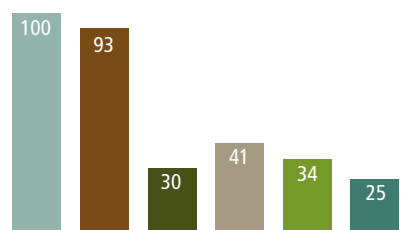
Total 1 639 tons



GROUP SUGAR MARKETS (%)



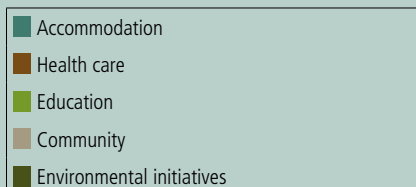
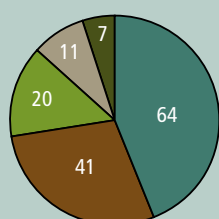
SHARE OF INDUSTRY SUGAR PRODUCTION (%)



DOWNSTREAM PRODUCTION (SOUTH AFRICA ONLY)

Furfural	tons	15 900
Furfuryl alcohol	tons	9 000
Diacetyl	kilograms	115 000
Lactulose	tons	7 300
Ethanol	kilolitres	55 500
Syrup	tons	5 200
Agriguard	kilolitres	450

GROUP SOCIAL INVESTMENT SPEND (Rm)



COMMUNITY COMPACT

- Illovo operates in predominantly rural environments with limited infrastructure and significant development needs. Being welcomed in the locations in which it operates requires extending the group's support for its own employees beyond normal boundaries and into nearby communities. In addition to providing accommodation, health care, educational assistance and basic services to employees, the group also provides medical care to communities where no other facilities exist, assists in education delivery, provides municipal and civic services and access to water and sanitation, and participates in community outreach programmes;
- Considerable training and other support is provided to local indigenous growers in order to promote sustainable agriculture and economic development activities;
- Total cane supplies from these growers, including community-based co-operative schemes, amounts to 2 million tons annually, generating revenue of approximately R618 million in these communities;
- Particular attention is given to preferential procurement to promote enterprise development of small and medium-sized businesses. These entities supply goods and services to the group, to other cane growers and neighbouring communities. In the verification of Illovo's broad-based black economic empowerment (B-BBEE) credentials in South Africa for 2009/10, the element of "Enterprise Development" obtained a 100% score.

OUR HISTORY continued

1977 CG Smith Sugar acquires the Illovo and Noodsberg sugar mills and estates from Tate & Lyle;

1991 The company celebrates its Centenary year;

1992 CG Smith Sugar is listed on the Johannesburg Stock Exchange, and the company acquires the Umfolozi sugar mill;

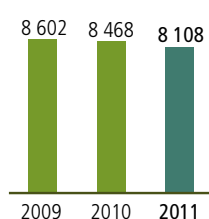
Group key performance indicators

for the year ended 31 March 2011

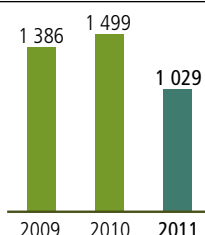
FINANCIAL

- Increased domestic and preferential market sugar sales
- Strong international demand for downstream products at improved prices
- Increasing rand strength against major currencies depresses export earnings and conversion of foreign subsidiaries' profits
- Reduction in net financing costs – 2011: R95.5 million (2010: R139.0 million)
- Strong cash operating profit remains a key financial strength
- Dividend policy of two-times covered maintained in tough trading conditions – 2011: 56.0 cents per share (2010: 86.0 cents per share)

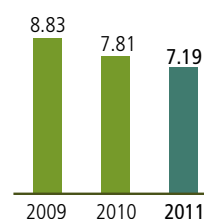
REVENUE (Rm)



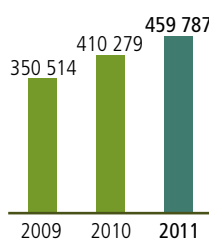
OPERATING PROFIT (Rm)



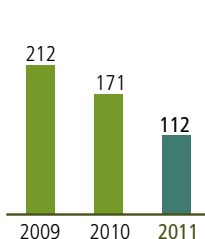
AVERAGE EXCHANGE RATE (R/\$1.00)



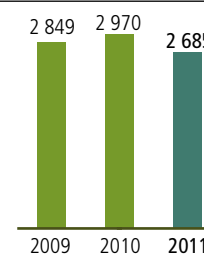
WEIGHTED AVERAGE SHARES IN ISSUE ('000)



HEADLINE EARNINGS (cents per share)



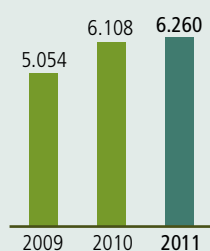
YEAR-END MARKET PRICE (cents per share)



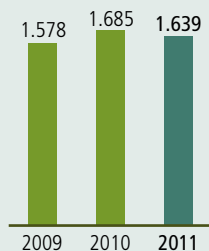
NON-FINANCIAL

- Record group cane production of 6.3 million tons against a background of severe drought in South Africa and abnormally wet conditions in other geographies
- Reduced total sugar production of 1.639 million tons (2010: 1.685 million tons) impacted primarily by decreased cane supplies from drought-affected independent growers in South Africa
- Record levels of cane and sugar production in post-expansion Zambia
- R1.2 billion Ubombo factory expansion and co-generation project successfully commissioned in April 2011
- Factory expansion at Maragra completed to increase annual sugar production capacity to 150 000 tons whilst Illovo's shareholding in the company increases from 74% to 90%
- Broad-based black economic empowerment (B-BBEE) rating (South Africa) – Level 5 Contributor
- Fourth consecutive year of inclusion in the JSE's Socially Responsible Investment (SRI) Index
- Positive reduction in 12-month rolling Disabling Injury Frequency Rate – 0.44 as at March 2011

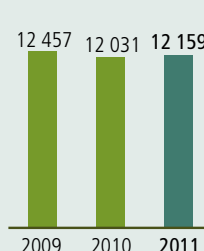
CANE PRODUCTION (million tons)



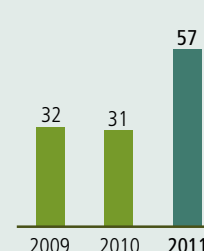
SUGAR PRODUCTION (million tons)



TOTAL NUMBER OF PERMANENT EMPLOYEES



TRAINING AND EMPLOYEE DEVELOPMENT SPEND (Rm)





Group structure

**ASSOCIATED
BRITISH
FOODS plc**
51.5%

AB Sugar, previously named the British Sugar Group, as a division of Associated British Foods plc (ABF), represents ABF in respect of all its sugar interests, including Illovo.



	<p>MALAWI ILLOVO SUGAR</p> <p>76%</p>
	<p>ZAMBIA ZAMBIA SUGAR</p> <p>82%</p>
	<p>SOUTH AFRICA ILLOVO SUGAR SA</p> <p>100%</p>
	<p>TANZANIA KILOMBERO SUGAR</p> <p>55%</p>
	<p>SWAZILAND UBOMBO SUGAR</p> <p>60%</p>
	<p>MOZAMBIQUE MARAGRA AÇÚCAR</p> <p>90%</p>

OUR HISTORY continued

1994 The company name is changed to Illovo Sugar Limited to identify with the Illovo brand of sugars and syrups;

1995 As a purely South African sugar company with five agricultural estates and seven factories, Illovo cultivates around one million tons of sugar cane and produces an equal amount of sugar. Turnover amounts to R1.6 billion and the share price trades at R6.70 (year-end);

Group locations

Cane supply regions and manufacturing plants



	CANE GROWING			MANUFACTURING					
	Irrigated	Rainfed/ coastal	Rainfed/ inland	Sugar manufacturing	Sugar refining	Speciality sugar/ syrup	Down- stream production	Internal electricity generation	Electricity exports
South Africa									
Noodsberg			●	●	●			●	
Eston			●	●		●		●	
Sezela		●		●			●	●	
Umzimkulu		●		●		●		●	
Merebank							●		
Glendale							●		
Gledhow*		●		●	●			●	
Malawi									
Nchalo	●			●	●	●		●	
Dwangwa	●			●	●			●	
Zambia									
Nakambala	●			●	●	●		●	
Swaziland									
Ubombo	●			●	●			●	●
Tanzania									
Kilombero	●			●				●	
Mozambique									
Maragra	●			●				●	

* Managed operation

1996 Illovo acquires an interest in Maragra Açúcar SA;

1997 Illovo acquires Lonrho Sugar Corporation Limited, with sugar assets in Malawi, Swaziland, Mauritius and South Africa;

1998 Illovo acquires a 55% stake in Kilombero Sugar Company in Tanzania;

1999 The company acquires Monitor Sugar Company in the United States;

Strategic Intent

TO:
<ul style="list-style-type: none"> • be the leading sugar and downstream products operation in Africa, an increasing global player and a world-class organisation.
<ul style="list-style-type: none"> • be the lowest-cost producer in every country in which it operates and among the lowest-cost producers in the world.
<ul style="list-style-type: none"> • optimise the return on every stick of cane by adding value to its core commodity products – fibre, sugar and molasses. It will focus on its core business and develop material niche operations which add value.
<ul style="list-style-type: none"> • be the market leader, meeting and proactively anticipating customer needs.
<ul style="list-style-type: none"> • increase profits in real terms on a sustainable basis and maximise the return on capital employed through cost leadership, the use of innovative technology and the participation of all of its employees.
<ul style="list-style-type: none"> • be a moral performance focused organisation that people are proud to work for, where they are challenged to 'go the extra mile', feel they can make a difference and know that good performance is recognised.
<ul style="list-style-type: none"> • be welcomed in the communities in which it operates because of what it does, how well it does it and be accepted as a progressive company by all communities; aligning strategies to meet changing circumstances in the various countries in which the group operates.
<ul style="list-style-type: none"> • be cognisant of the rural locations of the group's operations and the impact that it has on job creation and poverty alleviation in such areas.

Goals and objectives

PRIMARY OBJECTIVE
<ul style="list-style-type: none"> • To enhance the wealth of shareholders by optimising the long-term returns and growth of the business. • To be a world-class organisation and amongst the most efficient and lowest-cost producers in the world. • To achieve a sustainable, balanced and integrated economic, social and environmental performance. • To provide all employees with a working environment that is safe and without risk to their health.
GROWTH
<ul style="list-style-type: none"> • To expand the group's sugar and cane production. • To consolidate and improve the profitability of downstream products and further develop new applications where appropriate. • To maximise usage of bagasse and biomass to generate electricity for own operations and to supply power into national grids. • To seek new opportunities for sugar and downstream products nationally and internationally.
PROFITABILITY
<ul style="list-style-type: none"> • To achieve a competitive rate of return on shareholders' funds and increase profits on an ongoing basis in real terms. • To maintain a dividend cover of at least two-times.
ASSET MANAGEMENT
<ul style="list-style-type: none"> • To manage investments in fixed assets and working capital so as to achieve the most efficient usage of funds employed, with the objective of not exceeding gearing of 40% over the long term and achieving an interest cover of not less than five times.
PRODUCT DEVELOPMENT
<ul style="list-style-type: none"> • To be proactive in identifying the needs of customers. • To consistently deliver quality products and services to customers. • To undertake research and development to improve returns, and develop new products and applications, from its core commodity products using every stick of cane.
HUMAN RESOURCES
<ul style="list-style-type: none"> • To promote the ongoing development of all employees in order that they reach their maximum level of competence and participate fully in achieving the group's primary objective. • To offer equal opportunity to all employees.
CORPORATE GOVERNANCE
<ul style="list-style-type: none"> • To ensure that the company is managed in an efficient, accountable, responsible, transparent and moral manner. • To be socially responsible, and maintain and develop appropriate ethical, environmental and risk management standards as an integral part of the business. • To take cognisance of all stakeholders' interests in the group's business.

Group strategy

OBJECTIVES	PERFORMANCE	GROUP ASSESSMENT	FUTURE OBJECTIVES
PRIMARY OBJECTIVE			
Wealth creation	Financial performance negatively impacted by external factors, including abnormal weather and volatile exchange rates.	Not achieved	Optimise financial growth by fully exploiting Illovo's increasing production capacity and strong domestic and export markets.
GROWTH			
Increase sugar production to 1.8 million tons in 2011	Severe drought in the South African cane growing areas, combined with adverse weather in other countries of operation, reduced sugar production to 1.6 million tons. However, record cane and sugar production was achieved in Zambia.	Not achieved	Recent major cane and sugar capacity expansions across the group, including that completed at Ubombo in Swaziland this year, positions the group for further future growth. Production growth in 2012, constrained by the continued impact of the drought in the cane growing areas of South Africa in 2010, is forecast to increase marginally compared to last year. Thereafter, assuming normal operating conditions, annual sugar output is estimated to exceed 2 million tons in the medium to longer-term.
Increase domestic market presence and maximise sales to premium-priced markets	Increased domestic sales in all but one country of operation, with record offtake achieved in Zambia. Sugar sales to markets in the EU and the USA rose over the period and good advantage, although constrained by reduced production, was taken of strong regional demand, particularly in Zimbabwe.	Achieved	The group will continue to develop its sugar marketing and distribution expertise to further enhance domestic and regional sugar volume offtake. With increasing sugar availability, maximum advantage will be taken of the group's duty and quota free access into the EU.
Operate downstream plants at maximum capacity	Production at the Sezela furfural plant in South Africa impacted by reduced raw material throughput resulting from drought. However, good operational factory performance at this site and record ethanol production at Merebank translated into a successful production year.	Achieved	Furfural production is forecast to increase due to the diversion of cane to Sezela from Umzimkulu which will not open in the current year, whilst further modest production increases are expected at Merebank.
Increase downstream revenues by maximising sales to higher-priced markets and developing new products	Record prices were achieved due to global shortages of furfural and furfuryl alcohol, whilst good export alcohol prices prevailed throughout the season. The registration of MultiGuard Protect for use on turf and golf courses in the USA was a major achievement, with strong interest in the product.	Achieved	Drive downstream business to deliver increased margins in 2012. Capitalise on MultiGuard Protect registration in the USA and bring to full commercialisation.
SUSTAINABILITY			
Achieve sustainable, balanced integrated performance	During the past year, Illovo initiated a group-wide exercise to assess and quantify key areas of its sustainability performance.	In progress	This process will assist the group with the formalisation of an integrated sustainable approach and will include reporting of the group's sustainability performance in terms of the Global Reporting Initiative and the setting of future performance objectives.
CORPORATE GOVERNANCE			
Manage the company in an efficient, accountable, responsible, transparent and moral manner	Following the release of the King Report on Governance for South Africa 2009 during the past year, the board reviewed and evaluated the company's practices against the King III Code and this is reported on in this Annual Report.	Achieved	The group will continue to seek appropriate compliance with current corporate governance standards and give ongoing consideration to developments in this field.

Strategic and operational accountability

MALAWI

Business profile

- Illovo Sugar (Malawi) Limited listed on Malawi Stock Exchange
- Two agricultural estates, two factories and one refinery
- Produces raw and refined sugar and speciality sugars
- 5 400 permanent employees
- 4 500 seasonal agricultural workers

Normal season production

- Own cane: 2.3 million tons
- Total throughput: 2.5 million tons cane, including private growers
- Sugar: 330 000 tons

Areas of operation

- Corporate office – Limbe
- Dwangwa – Mid-central region
- Nchalo – Southern region

Objectives 2011

- Sugar production: 320 000 tons
- Progress outgrower land expansions
- Further evaluation of major capacity expansion opportunities
- Capitalise on established domestic and regional marketing arrangements

Performance

- Operational conditions negatively impacted by unseasonable wet weather
- Sugar production: 282 000 tons (2010: 295 000 tons)
- New cane developments at both estates to secure long-term cane supply
- Domestic market depressed but good regional sales, including Zimbabwe, at attractive prices
- EU export realisations impacted by lower EU prices and Euro weakness
- Average cane yield: 109 tons cane per hectare (2010: 110 tons)
- Average factory capacity utilisation: 73%

Risk areas

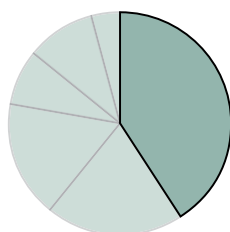
- Weather conditions
- Currency movements – impact on realisations and costs
- World price – impact on regional prices
- Transport costs to market – increased oil price
- Forex shortages

Objectives 2012

- Consolidate operational performance
- Increase sugar production to more than 300 000 tons
- Further evaluation of expansion opportunities
- Consideration of ethanol investment opportunities
- Best practice benchmarking and transfer

Financial performance

41% of operating profit



ZAMBIA

Business profile

- Zambia Sugar Plc listed on Lusaka Stock Exchange
- One agricultural estate, largest capacity factory in Illovo group, one sugar refinery
- Produces raw and refined sugar, syrup and speciality sugars
- 1 600 permanent employees
- 3 500 seasonal agricultural workers

Normal season production

- Own cane: 2.0 million tons
- Total throughput: 3.4 million tons cane, including private growers
- Sugar: 450 000 tons

Areas of operation

- Nakambala – South-western region of Zambia

Objectives 2011

- Consolidate operations after major expansion
- Sugar production: 400 000 tons
- Expand all market sectors

Performance

- Early and late season rains impacted upon operations
- New production records: Cane 2.0 million tons (2010: 1.7 million tons); Sugar 385 000 tons (2010: 315 000 tons)
- Factory achieves design milling capacity
- 10% growth in domestic market sales; together with increased sales to EU and region
- Average cane yield: 127 tons cane per hectare (2010: 129 tons)
- Factory capacity utilisation: 81%

Risk areas

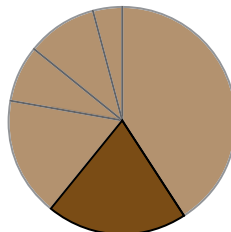
- Adverse weather
- Currency movements – impact on realisations and costs
- World price – impact on regional prices
- Transport costs to market/logistics
- Imports

Objectives 2012

- Further build on improving operational performance
- Increase sugar production to more than 400 000 tons
- Investigation of long-term opportunity to produce ethanol for blending
- Best practice benchmarking and transfer

Financial performance

24% of operating profit



SOUTH AFRICA

Business profile

- Three agricultural estates, four sugar factories, one sugar refinery, three downstream plants. 30% investment in another sugar factory and refinery
- Produces raw and refined sugar, syrup, and downstream products
- 2 000 permanent employees
- 2 100 seasonal agricultural workers

Normal season production

- Own cane: 360 000 tons
- Total throughput: 5.6 million tons cane, including private growers
- Sugar: 670 000 tons
- Furfural 20 500 tons; Furfuryl alcohol 11 500 tons; Diacetyl 150 000 kgs; 2.3-Pentanedione 8 500 kgs; Agriguard products 900 k&l; Ethanol 55 500 k&l; Lactulose 9 000 tons; Syrup 6 200 tons; Treacle 1 800 tons

Areas of operation

- KwaZulu-Natal
- Group head office

Objectives 2011

- Increase cane supply
- Sugar production: 670 000 tons
- Progress Noodsberg refinery expansion
- Expand Agriguard business/MultiGuard Protect registration
- Progress land claim issues

Performance

- Sugar production of 578 000 tons and furfural operations impacted by severe drought
- Record ethanol production of 55 500 kilolitres
- Noodsberg refinery expansion project completed
- MultiGuard Protect achieves US registration
- Further initiatives implemented to increase cane supply, particularly among small-scale grower sector
- Settlement of land issues unresolved due to lack of regulatory capacity
- Average cane yield: 52 tons cane per hectare (2010: 70 tons)
- Average factory capacity utilisation: 70%

Risk areas

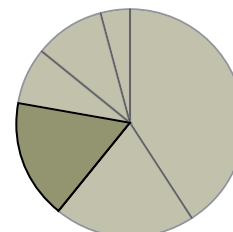
- Cane supply due to drought/land issues – Umzimkulu closed for 2011/12 season
- Rand strength/currency movements
- World sugar price
- Industry discussions with government on sugar industry review
- Duty-paid imports in SACU region

Objectives 2012

- Maximise use of installed capacity at operating mills
- Improve cane quality/maximise factory efficiencies and increase cane supplies despite drought impact
- Progress downstream business opportunities

Financial performance

14% of operating profit



OUR HISTORY continued

2001 Illovo sells its Mauritian interests and acquires a controlling interest in Zambia Sugar Plc;

2004 The Gledhow sugar mill and estates are sold to a Black economic empowerment company; and the company sells its interests in Monitor Sugar Company;

2006 Associated British Foods plc, a company listed on the London Stock Exchange, acquires a 51% controlling stake in Illovo;

TANZANIA

Business profile

- Two agricultural estates and two sugar factories, treated as one enterprise
- Produces raw sugar
- 850 permanent employees
- 1 900 seasonal agricultural workers

Normal season production

- Own cane: 755 000 tons
- Total throughput: 1.2 million tons cane, including private growers
- Sugar: 135 000 tons

Areas of operation

- Centre-south region of Tanzania

Objectives 2011

- Maximise cane and sugar production
- Continue with three-way initiative to improve own cane supply – new varieties, irrigation expansion, and drainage rehabilitation
- Assist outgrowers with cane supply initiatives

Performance

- 15% increase in cane production on own estates
- Sugar production 127 000 tons (2010: 121 000 tons)
- Good progress with all agricultural projects
- Factory operations steady/satisfactory
- EU support secured for study to evaluate irrigation potential of outgrower caneland
- Average cane yield: 78 tons cane per hectare (2010: 75 tons)
- Average factory capacity utilisation: 76%

Risk areas

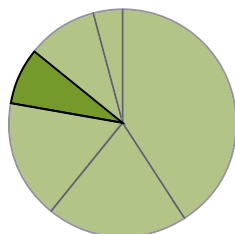
- Adverse weather
- Illegal/uncontrolled sugar imports (Tanzania a net importer of sugar)
- Long-term cane supply

Objectives 2012

- Completion of agricultural projects to enhance cane yields
- Further increases in cane and sugar production
- Evaluation of potable alcohol distillery
- Further assist outgrowers in cane supply initiatives
- Best practice benchmarking and transfer

Financial performance

12% of operating profit



SWAZILAND

Business profile

- One agricultural estate, sugar factory and refinery
- Produces raw and refined sugar
- Major factory expansion and power co-generation project commissioned in April 2011
- 1 250 permanent employees
- 1 400 seasonal agricultural workers

Normal season production

- Own cane: 900 000 tons, and 235 000 tons managed
- Total throughput: 2.2 million tons cane, including private growers
- Sugar: 200 000 tons (further planned cane developments over the medium-term to increase sugar production to more than 300 000 tons)

Post expansion:

- Own cane: 900 000 tons, and 235 000 tons managed
- Total throughput: 2.2 million tons cane, including private growers
- Sugar: 200 000 tons (further planned cane developments over the medium-term to increase sugar production to more than 300 000 tons)

Areas of operation

- South-eastern region of Swaziland

Objectives 2011

- Improve on 2010 sugar production
- Complete major factory expansion and electricity co-generation project
- Expand own area under cane
- Continue with centre-pivot irrigation conversion project
- Facilitate small-holder cane development under Lower Usuthu Small-holder Irrigation Project (LUSIP)

Performance

- Wet weather impacted on cane yields, agricultural and factory operations
- Sugar production 198 000 tons (2010: 211 000 tons)
- Agricultural projects implemented
- Successful completion of major expansion and co-generation project
- Average cane yield: 94 tons cane per hectare (2010: 104 tons)
- Factory capacity utilisation: 76%

Risk areas

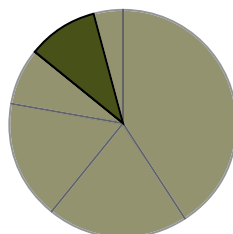
- Adverse weather
- Currency strength against major currencies
- Illegal and duty-paid imports in SACU region
- Market prices

Objectives 2012

- Consolidate factory operations after expansion
- Realise agricultural and factory production gains
- Commence electricity supply to Swaziland grid
- Progress registration for carbon credits under Clean Development Mechanism
- Facilitate LUSIP project development

Financial performance

8% of operating profit



MOZAMBIQUE

Business profile

- One agricultural estate and factory
- Produces raw sugar
- 1 000 permanent employees
- 3 500 seasonal agricultural workers

Normal season production

- Own cane: 530 000 tons
- Total throughput: 880 000 tons cane, including private growers
- Sugar production capacity 150 000 tons

Areas of operation

- Manhica district, north of Maputo

Objectives 2011

- Consolidate factory operations after expansion project in 2010
- Ongoing improvements in cane and sugar production
- Evaluation of options to increase cane supply – both company and outgrowers

Performance

- Abnormally wet conditions throughout impacted upon agricultural operations
- Total cane throughput affected by lower than expected outgrower deliveries
- Factory negatively disrupted by wet weather with total sugar production of 70 000 tons (2010: 81 000 tons)
- Increase in sales
- Average cane yield: 95 tons cane per hectare (2010: 92 tons)
- Factory capacity utilisation: 51%

Risk areas

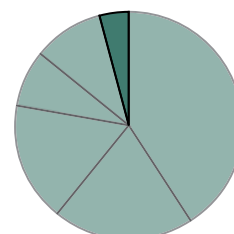
- Adverse weather
- Devaluation of metical
- Market prices
- Long-term cane supply
- Production competition from other producers

Objectives 2012

- Improvement in both agricultural and factory operations
- Sugar production target increased to 100 000 tons
- Investigations to further increase long-term cane supply to Maragra

Financial performance

1% of operating profit



2009 A major expansion of the Zambia Sugar operation is completed, as planned, on 1 April 2009, increasing annual cane production by 50%, and sugar production capacity to 450 000 tons. Illovo sells its Umfolozi and Pongola sugar mills and Illovo acquires a 30% shareholding in and provides technical services to Gledhow Sugar, previously wholly-owned by Ushukela Milling (Pty) Limited. Illovo undertakes a successful rights issue to raise R3 billion in support of the group's drive to increase significantly its cane and sugar production capacity. US\$50 million is raised in a rights issue undertaken by Zambia Sugar to fund the acquisition of a large cane growing company, Nanga Farms, and its own capacity expansion project;

Directorate



Non-executive, independent Chairman

Robbie Williams (70) BA, LLB * # Chairman of Nomination Committee

Appointed to the board in 1985 and as Chairman in 1997. Qualified at the University of Cape Town and joined Barlows Manufacturing Company where he became the managing director in 1979. He is past chairman of C G Smith Foods Limited and Tiger Brands Limited. He is also a non-executive director of Pescanova SA in Spain.



Non-executive deputy Chairman

Don MacLeod (64) BCom, AMP (Oxford) # ^ Chairman of Risk Management Committee

Joined the South African sugar industry in 1971 and became part of the Illovo group in 1973. He spent 10 years in various management positions before being appointed to the board in 1983. Mr MacLeod was previously finance director, was appointed managing director in 1992, became chief executive in 1995, and upon retirement in 2009, became deputy chairman. He is a past chairman of the South African Sugar Association and the South African Sugar Millers' Association.



Non-executive, independent directors

Mike Hankinson (62) BCom, CA(SA) * # ^ Chairman of Remuneration Committee

Appointed as a non-executive, independent director in 2008. After qualifying as a chartered accountant, he joined the Romatex group in 1976 where he managed a number of subsidiaries and was appointed group chief executive in 1994. He was president of the Textile Federation and a member of the SA Wool Board. He joined Dunlop in 1997 as chief executive officer, and during his tenure presided over the sale of the business to a private consortium, its delisting from the JSE Limited, and its sale to Apollo Tyres Limited, an Indian-based listed company. In 2007, he was appointed as a non-executive director of Apollo Tyres and relinquished his position at Dunlop. He is Chairman of The SPAR Group Limited and Brandcorp Holdings (Pty) Limited, and a non-executive director of Grindrod Limited.



Dr Len Konar (57) CA(SA), MAS (Illinois), DCom * Chairman of Audit Committee

Appointed as a non-executive, independent director in 1995 and as chairman of the Audit Committee in 1997. He is a chartered accountant who acts as a professional director of companies. He was previously executive director of the Independent Development Trust where he was, amongst other activities, responsible for the internal audit and investments portfolios. Prior to that, he was professor and head of the Department of Accountancy at the University of Durban-Westville. He is a member of the King Committee on Corporate Governance, the Securities Regulation Panel and the Institute of Directors. He is also Chairman of Steinhoff International Holdings Limited, Exaro Resources Limited and Mustek Limited, and a non-executive director of Alexander Forbes Equity Holdings (Pty) Limited, the South African Reserve Bank, J D Group Limited, Sappi Limited and Lonmin plc. He chairs or serves on the audit committees of these and other organisations. He is also the co-chairman of the Oversight Panel of the World Bank and a current member of the Safeguards Panel and past chairman and member of the external audit committee of the International Monetary Fund in Washington.



Phinda Madi (47) BProc, EDP

Appointed as a non-executive, independent director in November 2002. Obtained his law degree from the University of Zululand in 1987. Joined the French Bank of South Africa in 1987 as corporate banking and legal officer, and from 1992 to 1994 acted as an in-house consultant on employment equity for the Standard Bank group. He is a founder of several consulting and publishing companies and author of three books on business strategy and transformation. In 2001, he was appointed visiting professor of business leadership studies at Rhodes University and currently is deputy chairman of one of South Africa's major medical aid companies, Allcare Medical Aid Administrators. He is also a non-executive director of other listed companies, Nampak Limited, Sovereign Food Investments Limited and The SPAR Group Limited.



Nosipho Molope (46) BSc (Medical Sciences), BCompt (Hons), CA(SA) *

Appointed as a non-executive, independent director in 2008. After qualifying as a chartered accountant in 1999, she was appointed finance executive of Akulalwa Corporate Advisors. In 2001, she joined Wipcapital as manager: specialised funds management, and later that year was appointed group financial executive of Viamax, a subsidiary of Transnet Limited. In 2004, she joined Zungu Investments Company as financial director, and in 2005 was appointed as chief financial officer of the Financial Services Board. She resigned from this position with effect from December 2008 to give focus to her role as a professional non-executive director of companies. She is also a director of Hudaco Industries Limited, and its subsidiary Hudaco Trading (Pty) Limited, Nampak Limited, MTN SA, MTN Business Solutions (Pty) Limited, and six other MTN group subsidiaries in West and East Africa.



Ami Mpungwe (Tanzanian) (60) BA (Hons) ^

Appointed as a non-executive, independent director, with effect from 1 September 2009. He is a past Tanzanian High Commissioner to South Africa, having retired after 25 years' service in the Tanzanian diplomatic service. He is a non-executive director of three of Illovo's operating subsidiaries; Illovo Sugar (Malawi) Limited which is listed on the Malawi Stock Exchange, Zambia Sugar Plc which is listed on the Lusaka Stock Exchange, and Kilombero Sugar Company Limited in Tanzania. He is also a director of a number of other companies in Tanzania, and was previously a director of Illovo Sugar Limited from 2001 to 2006. He has a wealth of commercial experience in operating on the African continent



Trevor Munday (61) BCom * # ^

Appointed as a non-executive, independent director, with effect from 9 March 2010. He spent his formative years from 1971 in a wide-ranging number of roles in financial and commercial management positions both in southern Africa and Europe. In the late 1980s, he was appointed finance and commercial director of AECI Explosives and Chemicals Limited. In 1990, he was appointed managing director of Dulux Paints and in the period 1996 to 2000, managing director of Polifin Limited. In 2001, he was appointed executive director and chief financial officer of Sasol Limited with responsibility also for corporate affairs and various other portfolios. Two years later, he assumed global responsibility for Sasol's chemical businesses. In 2005 and 2006, he was deputy chief executive of Sasol Limited. At the end of 2006, he retired from executive roles and in 2007 became a non-executive director of various companies. He currently serves as Chairman of Reunert Limited and as a director of Absa Group Limited, Absa Bank Limited, Life Healthcare Group Holdings Limited, Sasol Synfuels International (Pty) Limited, Sasol Petroleum International (Pty) Limited, and Sasol Polymers – trading as a division of Sasol Chemical Industries (Pty) Limited.

Executive directors



Graham Clark (Australian) (55) BAcc (Hons), FCA (Australia) ^ +
Managing Director

Appointed to the board in 1997 and as Managing Director on 1 April 2009. Qualified with an honours degree in accounting and is a fellow of the Institute of Chartered Accountants in Australia. He joined the sugar industry in Malawi in 1980 and occupied several financial and management positions, as part of which he obtained extensive sugar industry experience throughout Africa and internationally. Participation in the 2005/06 reform of the EU sugar regime resulted in him occupying a leadership role representing the interests of sugar producers in Least Developed Countries.



Larry Riddle (51) BCom, CA(SA) +
Commercial Director

Appointed to the board on 1 April 2009 as Commercial Director. After qualifying as a chartered accountant, he joined Illovo Sugar in 1986. He held a number of senior management positions within the company prior to his appointment as a director. He is a past chairman of the South African Sugar Millers' Association and the Ethanol Producers' Association of South Africa.



Barry Stuart (63) BCom, Dip Sugar Tech, SEP ^ +
Operations Director

Joined the Illovo group in 1973 and spent 13 years in various production management positions before being appointed as general manager of the Umzimkulu mill and later general manager of the Sezela mill. He was appointed to the board as cane procurement director in 1994, became operations director responsible for operations in South Africa in 1995, was appointed technical director in 2006, and Operations Director in 2008. He is a past chairman of the South African Sugar Millers' Association.



Karin Zarnack (38) BCom, CA(SA) ^ +
Financial Director

Appointed to the board as financial director in October 2005. Obtained her degree from the University of Natal, Durban in 1994. After completing her training contract with Deloitte & Touche, she was appointed a manager of its audit services division where she was responsible for the audits of both listed and private companies mainly in the manufacturing sector, including Illovo Sugar Limited. In 2004, she was admitted as an audit partner. Her international experience includes secondments to Miami, USA and Manila in the Philippines.

Non-executive directors



Dr Mark Carr (British) (48) BSc, PhD, MBA, CEng, MIMechE #
Chief Executive Officer: AB Sugar

Appointed to the board in 2006, as a nominee of the holding company. Appointed Chief Executive of AB Sugar in April 2004, Dr Carr has since lead the development of Associated British Food's sugar activities across the world. He has also served on the Executive of the World Sugar Research Organisation and the European Confederation of Sugar Producers. Prior to his joining the sugar industry, Dr Carr held a variety of senior positions within Corus Group plc, formerly British Steel plc, including assignments in the USA and Europe. He gained a doctorate in mechanical engineering at Swansea University and an MBA from Warwick University.



Paul Lister (British) (47) LLB
Director of Legal Services and Company Secretary: Associated British Foods

Appointed to the board in 2006, as a nominee of the holding company. He is currently Director of Legal Services and Company Secretary of Associated British Foods plc, having joined the ABF group in that role in January 2001. Mr Lister was formerly associate general counsel of Diageo plc. He holds a law degree from University College London and is a qualified solicitor in England and Wales.



Richard Pike (British) (41) LLB, ACA, ATII, AMCT ^
Financial Director: AB Sugar

Appointed as a non-executive director, with effect from 28 January 2010. He joined the AB Sugar Group in January 2010. Immediately prior to that, he was the group operations and finance director of Bridgemere UK plc, and previously held senior positions in Manchester Airport Group plc, Scapa Group plc and Pilkington plc.

Key

* Member of Audit Committee

Member of Remuneration/Nomination Committee

^ Member of Risk Management Committee

+ Member of Executive Committee

Executive Committee

Graham Clark (Australian) (55) ^

BActt(Hons), FCA(Aust)

Managing Director

Responsible to the Illovo board and shareholders for the delivery of the group's strategic goals and objectives, providing leadership across operations

Joined the sugar industry 1980

Joined the group 1997

Gavin Dalglish (45)

MScChemEng

Continuous improvement

Responsible for group performance optimisation and continuous improvement

Joined the sugar industry 1988

Joined the group 1988*

Gordon Knox (62) ^

BCom

Corporate affairs and Company Secretary

Responsible for company secretarial functions and corporate affairs, group insurance, legal services, internal audit, sustainability and corporate citizenship

Joined the sugar industry 1973

Joined the group 1984

Nigel Hawley (54)

BCom(Hons)

Human resources

Responsible for group and corporate human resources, medical services, staff compensation and benefits, training and development, retirement funding and talent management

Joined the sugar industry 1978

Joined the group 1978



From left to right: Graham Clark; Gavin Dalglish; Gordon Knox and Nigel Hawley

OUR HISTORY continued

2010 The South African business is restructured and its relevant assets transferred into a wholly-owned subsidiary, Illovo Sugar (South Africa) Limited; Illovo increases to 90% its shareholding in Maragra Açúcar SA in Mozambique;

2011 A major factory expansion and co-generation project is commissioned at Ubombo in Swaziland;

Larry Riddle (51)

BCom, CA(SA)

Commercial

Responsible for group commercial operations relating to sugar and downstream activities, export marketing, group procurement and industrial affairs

Joined the sugar industry 1986

Joined the group 1986

Barry Stuart (63) ^

BCom, DipSugarTech, SEP

Operations

Responsible for group operational performance relating to all agricultural and manufacturing operations, technical services and risk and safety management

Joined the sugar industry 1968

Joined the group 1971

Karin Zarnack (38) ^

BCom, CA(SA)

Finance

Responsible for group financial and corporate finance functions, information technology and performance analysis (operational and financial)

Joined the sugar industry 2005

Joined the group 2005

Key

^ Member of Risk Management Committee

* Includes periods of broken service



From left to right: Larry Riddle; Barry Stuart and Karin Zarnack

Today, Illovo is Africa's largest sugar producer and has extensive agricultural and manufacturing assets in six Southern African countries, producing more than six million tons of cane with milling capacity to produce two million tons of sugar per annum. Revenue amounts to R8.1 billion and the share price traded at R26.85 (year-end).