



Annual Report

2011



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HIS MAJESTY KING MSWATI III

PRESENTATION TO HIS MAJESTY



NGWENYAMA NDVUNA,

Libandla leTibiyo (the Main Committee of Tibiyo) is honoured and privileged to present the Annual Report for the financial year ended 30 April 2011 covering:

- Review of operations of the organisation
- Audited Financial Statements
- Swazi Nation Development Expenditure

May it please your Majesty to receive this report.

BAYETHE! WENA WAPHAKATHI!!

Absalom Themba Dlamini
Managing Director

Logcogco Mangaliso Dlamini
Chairman



MISSION STATEMENT



Tibiyo Taka Ngwane (Tibiyo) is a Swazi Nation Organisation that is at the core of the social, cultural and economic development of the Swazi people.

THE OBJECTIVES OF THE ORGANISATION

To complement Government in fostering economic independence and self sufficiency;

To increase formal sector employment;

To increase income in the hands of citizens;

To earn and/or save foreign exchange;

To develop the rural communities of the Kingdom;

To foster and support the maintenance of Swazi tradition and cultural heritage;

To assist financially and materially in the education and training of citizens.

To meet its objectives, Tibiyo Taka Ngwane actively promotes the establishment of commercially viable projects in all sectors of the economy. These projects must satisfy the following criteria:

- ▶ National desirability;
- ▶ Economic viability;
- ▶ Technical feasibility;
- ▶ Profitability.

In playing its developmental role, Tibiyo Taka Ngwane cooperates with and appreciates assistance from national and international investment organizations. It also invites suitable and experienced local as well as foreign business entities to either form business partnerships or manage its wholly owned projects.



It is important, however, to state that the organization will continue to improve service delivery without increasing costs. This function remains key to the vision and purpose of the organisation.



CHAIRMAN'S STATEMENT

Economic Review

The global economic activity has continued to slow down and the economic recovery has become more and more uncertain in advanced economies, in particular, the USA, Europe and Japan. Emerging and developing economies as a group, however, continued to grow. Inflation levels, remained elevated in most economies, largely influenced by commodity price increases. Fiscal and financial uncertainty increased in most economies in the period under review.

In the region, whilst GDP steadily grew in South Africa in 2010 our main economic partner, as a result of the FIFA World Cup which boosted consumer spending, the South African economy was still faced with other challenges that resulted in unfavourable economic growth by the end of the reporting period. Inflation continued to be driven by high food and fuel prices as well as an increase in the cost of electricity, gas and water. The combination of declining growth and rising inflation are a challenge and Swaziland's dependence on the South African economy inevitably means that it is feeling the pinch too. There were other structural challenges experienced such as infrastructure bottlenecks which hampered recovery in private investment overall. Unemployment remained high, hence contributing to a volatile environment.

Swaziland's real economic growth remained subdued due to the effects of the drop in SACU revenues and the

resultant Government cash flow problems which have adversely affected business across all sectors. Whilst overall inflation has been kept at single digits at 4.5%, the anticipated fuel and food price increases are expected to impact domestic price levels and hence the inflation levels going forward. Furthermore, rising world oil prices will remain an imminent risk to the inflation outlook. The increase in electricity prices is also likely to have an adverse effect, in the short to medium term. The continued appreciation of the Lilangeni against the US Dollar and other major currencies has reduced profitability in export oriented sectors.

The financial results of the organisation reflect that Tibiyo Taka Ngwane investments have not been spared from the effects of the global economic crisis and the resultant negative operating environment. As such, the organisation has had to continue to closely monitor its operating costs whilst continuing to exercise caution in implementing approved Capital Expenditure. The negative effects of the economic down-turn are reflected in the overall revenue results of the year which show a significant decline compared to the previous year.

Business Performance

Revenue for the financial year was E148.8m, compared to E202.5m in the previous year; a 26.5% decline. This was largely due to much lower dividend



CHAIRMAN'S STATEMENT

income received for the year which was 28.7% lower than the previous year. Interest income declined by 46.7% whilst sucrose income declined by 11.7%. Furthermore, partnership profits recorded a 49.2% decline.

Swazi Nation Development Expenditure (SNDE)

In spite of the economic downturn, the organisation achieved its desired objective of service delivery to the Swazi Nation at the lowest cost possible. As such, the total amount spent on SNDE at the end of the financial year was E73.3m compared to E86.3m spent in the previous year, a 15.1% decrease. It is important, however, to state that the organisation will strive to improve service delivery without increasing costs. This function remains key to the vision and purpose of the organisation.

Outlook

Prospects of recovery are expected in the next financial year. As the economy is largely dependent on the South African economy which is projecting growth in 2011, the Swaziland economy will most likely reap positive spin-offs from such recovery provided that Government will find a long term solution to its cash flow challenges. Tibiyo's Investee companies are therefore projected to achieve a turnaround in the next financial year, however, the assumption is that the price of sugar will improve in the international markets.

Condolences

Before the publication of this report, we received the sad news of the passing on of two long serving Main Committee members, *babe* Leonard Sithebe, on 26th November 2011, and *babe* Martin Mdziniso on 17th April 2012.

Babe Sithebe was also Chairman of Tibiyo's Remunerations Committee and a member of the Audit Committee; both sub-committees of the Main Committee, and represented Tibiyo as a Director at FINCORP.

He passed away at a time when the organisation was in need of the guidance of people of his calibre. He was knowledgeable on issues pertinent to the good governance and sustenance of the organisation and its various interests.

Babe Mdziniso was a walking encyclopedia gone too soon. His contributions were not only meaningful; but an eye-opener to a majority of the members. His passing has deprived the committee of long term institutional memory in as far as fundamental issues of Tibiyo are concerned.

We were further saddened by the report of the demise of King Maja II, on 29th March 2012 and that of Chief Malamlela Magagula on 3rd May 2012.

King Maja II was a Director representing Tibiyo on the Board of Swazi Spa Holdings Ltd. Chief Malamlela served as a director on the board of Ubombo Sugar Limited.

During their tenure in their respective boards, both King Maja II and Chief Malamlela made valuable contributions which resulted in the continued livelihood of the investments they were entrusted to oversee.

Their inputs in these fora will be greatly missed; and their demise is a blow not only to Tibiyo but to the nation as a whole.

On behalf of His Majesty the Ingwenyama, the Main Committee, Management and staff of Tibiyo Taka Ngwane, I would like to express our sincere and heartfelt condolences to the Sithebe, Mamba, Mdziniso and Magagula families, friends, and colleagues.

May their souls rest in eternal peace.

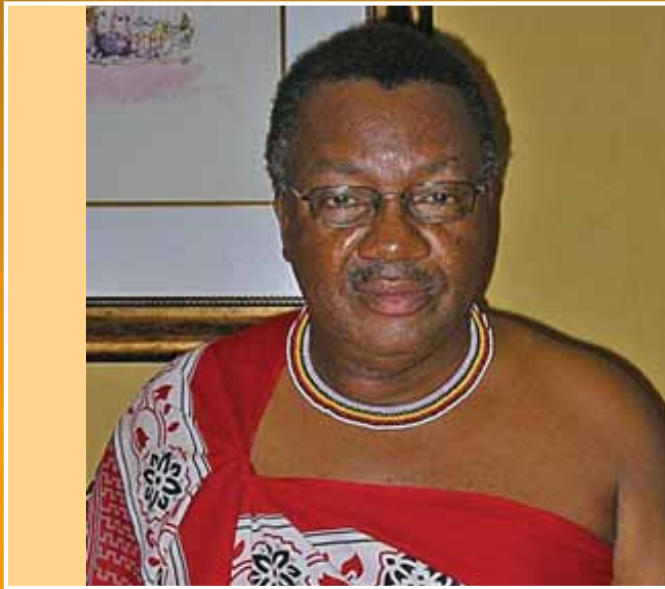
Acknowledgements

The achievements of the organisation in the reporting period would not have been possible without the commitment of the Executive Management, Management and the entire staff of Tibiyo together with the able leadership and management of associate and subsidiary companies.

The special dedication and commitment of the Main Committee and their support and guidance is also recognised with gratitude and appreciation.

Last but not least, on behalf of the Main Committee, I wish to recognise and acknowledge with thanks, the wise counsel and guidance of His Majesty King Mswati III throughout the year.

HRH Prince Logcogco Mangaliso



MANAGING DIRECTOR'S STATEMENT

Overview

Amidst the global economic challenges, Tibiyi Investee Companies have not been spared from the repercussions. Tibiyi's dividends' income has been inevitably affected by this crisis.

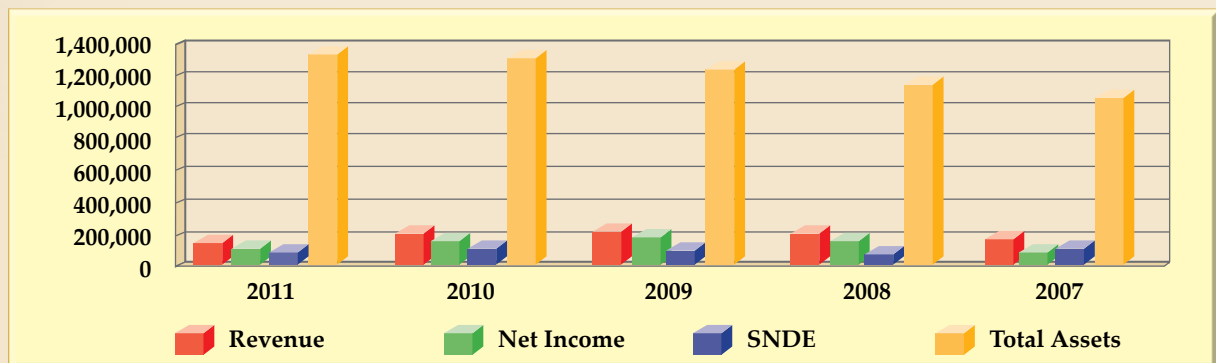
Cost cutting measures were put in place by most of the investee companies, however, in spite of the savings; revenues generated were mostly below the budgeted targets. The sugar companies in particular, suffered as a result of the decrease in the price of sugar in the International market. The drop in price is attributed to the strengthening of the Lilangeni against the Euro and US Dollar, which inevitably reduced export revenues.

Financial Highlights

Total assets grew by 2.6% from E1.31 billion the previous year to E1.34 billion this year. Overall net income was recorded at E107.3m compared to E150.2m the previous year. The decline is attributable to lower revenues, impairment of loans and accounts receivable and subventions to subsidiaries.

Sugar matters

In the reporting period, sugar production on the overall decreased by 3% compared to the previous year. This was due to a higher than expected cane to sugar ratio. The SACU market remained significant for the Swaziland sugar industry. In the 2010/11 season, Swaziland supplied 333,125 tons of sugar to the SACU market, which was 3% higher than the 325,000 tons supplied in the 2009/10 season. Sales to the SACU and EU markets are expected to grow in the 2011/12 season.



MANAGING DIRECTOR'S STATEMENT



To the entire management and staff, I extend my appreciation and thanks for their dedication and commitment towards achieving the vision and mission of the organisation.

Staff matters

The company continued to place a high value on the importance of a strong human resource base to deliver the organisation's long term strategic objectives. In the reporting period, three of the professional staff were placed on long term training programmes. In addition, several employees at supervisory and technical levels attended short term training programs. In recognition of the importance of health and wellness, an employee wellness programme was implemented, in partnership with an external consultant.

On the company's loyalty recognition effort, seven employees received long term service awards; two for fifteen years' service, four for 20 years' service and one for 25 years' service. I would like to congratulate the following employees who received the long service awards in the reporting period:

Lucy Q. Dlamini	25 years
Rejoice T. Bhembe	20 years
Joseph M. Msibi	20 years
Thokozile S. Dlamini	20 years
Badelisile R. Vilane	20 years
Simanga Z. Simelane	15 years
Lobuhle T. Dlamini	15 years

We wish all of them increased wisdom and success in all their future endeavours both at work and elsewhere. In the year under review, two employees reached their retirement age, Mrs. Zodwa Ginindza, Manager Culture and Traditional Affairs, and also Mr. Simon Khumalo, Manager Agriculture. We commend the two for their hard work, dedication and loyalty to the organisation throughout their working life. Only one employee was recruited in the reporting period, Thembinkosi Khumalo, Culture and Traditional Affairs department.

Prospects

In light of the continued adverse operating environment, it is imperative that the organisation aggressively pursues other income generating avenues in the 2011/12 financial year. One area with potential is the property sector. Tibiyo will look into opportunities in this sector, with a view to utilise its land resources which are currently not in productive use. Prospects of teaming up with partners who have vast experience in property development will be explored.

The organisation will also continue to strengthen its working capital management and further reduce costs whilst it will remain committed to better service delivery to the nation in all the programmes within the Swazi Nation Development Expenditure. The organisation will continue to adhere to its prudent financial strategy and sound business practices.

Acknowledgement

On behalf of management and the entire staff, I extend my sincere gratitude to the Main Committee for its wise leadership, support and guidance.

To the entire management and staff, I extend my appreciation and thanks for their dedication and commitment towards achieving the vision and mission of the organisation.

Absalom Themba Dlamini



CORPORATE DETAILS

Business address

Lomawa House
Lozithehlezi

Postal address

P.O. Box 181
Kwaluseni
M201

Telephone

+268-2510 1978/9
+268-2510 1390
+268-2510 1399 (Fax)
+268-2510 1306 (Fax)

Auditors

KPMG
Umkhiwa House
Lot 195 Kal Grant Street
MBABANE

Bankers

First National Bank (Swaziland) Limited
Nedbank (Swaziland) Limited
Standard Bank (Swaziland) Limited
Swaziland Development and Savings Bank

MAIN COMMITTEE



HRH Prince Logcogco Mangaliso
Chairman



HRH
Prince Simelane



Chief
N.L. Simelane



A.T. 'Lukhula' Dlamini
Managing Director



J.N. 'Shiyabekhala' Gule
*Secretary & General Manager
Corporate Affairs*



W.Z. 'Celinkhonto' Lomahoza
General Manager Finance



Rev. S.A. Msibi



Dr. A.B. Xaba



M.K. Mbuli



M. Nkambule



M.N. Gamedze



M.M. Dlamini



CORPORATE GOVERNANCE

The governing body of Tibiyo Taka Ngwane is the Main Committee, which comprises three executive and eleven non-executive members.

The Main Committee supports the principles of openness, integrity and accountability. It is the Main Committee's intention that Tibiyo complies with, in all material aspects, the recommendations on the code of corporate practice and conduct recommended by the King III Report on Corporate Governance. The Main Committee is ultimately responsible for ensuring that the business of Tibiyo Taka Ngwane remains a going concern.

There are two sub-committees of the Main Committee, the Audit Committee and the Remuneration Committee, to which specific duties and responsibilities are delegated by the Main Committee.

The External Auditors have unrestricted access to all of Tibiyo's Committees' and all the organization's records. Their duty is to report on the maintenance of effective internal controls over the organization's business.

The Main Committee met six times this financial year.

Chairman

The Chairman is a non-executive member of the Main Committee and his role as Chairman is separate from that of the Managing Director.

Audit Committee

Tibiyo Taka Ngwane's Main Committee re-appointed the following members into the Audit Committee for a period of 3 years effective, 1 January 2011:- Mr. M Nkambule (Chairman), Mr. A.T. Dlamini, Dr. A.B. Xaba, Mrs. N.M. Gamedze and Mr. L.C. Sithebe.

The Audit Committee members, except for Mr. A.T. Dlamini who is an executive member, have served on the Audit Committee since January 2001. The Chairman is a non - executive member.

The mandate of the Audit Committee is to ensure compliance with financial and regulatory frameworks, good corporate governance, accountability and transparency in all transactions and dealings of Tibiyo Taka Ngwane.

The Audit Committee met four times during the financial year.

Remuneration Committee

The Remuneration Committee, comprising three (3) non-executive members and one executive member, is responsible for the assessment and approval of the remuneration structure of Tibiyo. Mr. L C Sithebe chairs this Committee and the other members are Dr A B Xaba, Mr. M K Mbuli and Mr. A T Dlamini. The Chairman of this Committee is non-executive.

The Main Committee is responsible for ensuring the preparation of the Annual Financial Statements in a manner that will present the state of affairs and results of the business operations of Tibiyo Taka Ngwane in accordance with stated accounting policies appropriate to the business of the organisation, which have been consistently applied.

CORPORATE GOVERNANCE



The Remuneration Committee met four times this year.

Financial Statements

The Main Committee is responsible for ensuring the preparation of the Annual Financial Statements in a manner that will present the state of affairs and results of the business operations of Tibiyo Taka Ngwane in

The Management Committee meets every six weeks, to review operational performance, capital programmes and other relevant issues. Consideration is also given, through well-defined structures, to Tibiyo investments and capital expenditure proposals and other issues of strategic importance to the organisation, for recommendation to the Main Committee.

Tibiyo maintains internal controls and systems designed to provide reasonable assurance as to the integrity of the Annual Financial Statements and to verify and maintain accountability of the organisation's assets. Such internal controls and systems are based on established policies and procedures and are implemented by trained personnel.

accordance with stated accounting policies appropriate to the business of the organisation, which have been consistently applied. The organisation's External Auditors (KPMG), carry out an independent audit of the Annual Financial Statements in accordance with International Standards of Auditing and report their findings.

The Main Committee believes that Tibiyo will continue to be a going concern in the year ahead and the auditors concur with this opinion.

Management

The Executive Management Committee meets on a weekly basis and reflects on matters pertaining to strategy and policies of the organisation.

Internal Controls

Tibiyo maintains internal controls and systems designed to provide reasonable assurance as to the integrity of the Annual Financial Statements and to verify and maintain accountability of the organisation's assets. Such internal controls and systems are based on established policies and procedures and are implemented by trained personnel. The effectiveness of these internal controls and systems is monitored by the organisation's External and Internal Auditors.

Nothing has come to the attention of the Main Committee, Management or the external auditors, to indicate that any material breakdown in the functioning of the internal controls and systems has occurred during the year under review.



TIBIYO TAKA NGWANE INVESTMENTS

	ACTIVITY/PRODUCTS	PERCENTAGE HOLDING
AGRICULTURE		
Dalcrue Agricultural Holdings (Pty) Ltd	Livestock, Sugar cane, Dairy	100.00
Inyoni Yami Swaziland Irrigation Scheme	Sugar cane & Livestock	50.00
Sihhoye Estate	Sugar cane	100.00
Sivunga Estate	Sugar cane	100.00
The Royal Swaziland Sugar Corporation Ltd	Sugar cane & Sugar	50.00
Ubombo Sugar Limited	Sugar cane & Sugar	40.00
V I F Limited (under Provisional liquidation)	Sugar cane	100.00
COMMERCIAL, FINANCE, SERVICES & PROPERTY		
Bhunu Mall	Property	40.09
Manica Swaziland (Pty) Limited (Dormant)	Shipping, Car Rental	25.00
Jubilee Printing and Publishing (Pty) Ltd (under liquidation)	Printing	100.00
Metro Cash & Carry Holdings Swd (Pty) Ltd (under liquidation)	Wholesale	10.40
Nedbank (Swaziland) Limited	Banking	1.49
Swaziland Development & Finance Corporation (FINCORP)	SME financier	20.00
Simunye Plaza (Pty) Ltd	Property	25.00
The Swazi Observer (Pty) Ltd	Newspapers	100.00
Tibiyo Insurance Brokers (Pty) Ltd trading as Alexander Forbes Risk Services Swaziland	Insurance Broker	41.25
Tibiyo Properties (Pty) Ltd	Property	100.00
MINING		
Dvokolwako Diamond Mines (Pty) Ltd (Dormant)	Diamonds	50.00
Maloma Colliery Limited	Anthracite Coal	25.00
MANUFACTURING & PROCESSING		
Parmalat Swaziland (Pty) Ltd	Dairy Products	26.00
Swaziland Beverages Limited	Beverages	40.00
TOURISM AND TRANSPORT		
Royal Swazi National Shipping Corp Ltd (Dormant)	Shipping (Containerisation)	76.00
Swazi Spa Holdings Limited	Hotels	39.69
Tibiyo Leisure and Resorts (Pty) Ltd, Trading as The Royal Villas	Hotel	100.00



DIRECTORATE REPRESENTING TIBIYO IN INVESTEE COMPANIES

<p>Bhunu Mall</p> <p>Lomahoza Winston Z. Zwane Mandla I. Dlamini Lombuso Q. (Alt)</p>	<p>Metro Cash & Carry Holdings Swaziland (Pty) Ltd</p> <p>Andrade Alma T.</p>
<p>Dalcrue Agricultural Holdings (Pty) Ltd</p> <p>Dlamini Adelaide S. Fourie Phillip Khumalo Salebona M. Ngwenya Magalela Simelane Simanga Z. Williams John</p>	<p>Parmalat Swaziland (Pty) Ltd</p> <p>Khumalo Simon M. Ngcobo Arthur T.</p>
<p>FINCORP</p> <p>Mdluli Musa S. Simelane Simanga Z. Sithebe Leonard C. (deceased)</p>	<p>Simunye Plaza (Pty) Ltd</p> <p>Dlamini Lombuso Q. Khumalo Simon M. Zwane Mandla I. (Alt)</p>
<p>Inyoni Yami Swaziland Irrigation Scheme</p> <p>Dlamini Spencer Khumalo Simon M. Simelane Simanga Z.</p>	<p>Swazi Spa Holdings Ltd</p> <p>HRH Prince Masitsela HRH Princess Ngebeti Simelane Simanga Z. King Maja II (deceased) Lomahoza Winston Z. Dr. Mhlanga Vincent</p>
<p>Maloma Colliery</p> <p>HRH Prince Phinda Gule Jameson N. Magagula Musa Mhlanga Vincent Simelane Simanga Z.(Alt)</p>	<p>Swaziland Beverages Limited</p> <p>HRH Prince Mfanasibili Zodwa Ginindza Nxumalo Louis D.</p>
	<p>The Royal Swaziland Sugar Corporation Ltd</p> <p>HRH Princess Phumelele Chief Ndlangamandla Zibuse Ngome Dlamini Absalom T. Gule Jameson N. Shongwe Mike Ndlela Musa H. (alt) Ngcobo Arthur T. (Alt)</p>



DIRECTORATE REPRESENTING TIBIYO IN INVESTEE COMPANIES

<p>The Swazi Observer (Pty) Ltd</p> <p>Dlamini David</p> <p>Gule Jameson N.</p> <p>Prince Mandla</p> <p>Langwenya Maxine</p> <p>Mabuza Virginia T.</p> <p>Nhleko Timothy R.</p>	<p>Tibiyo Properties (Pty) Ltd</p> <p>Dlamini Absalom T.</p> <p>Dlamini Adelaide S.</p> <p>Lomahoza Winston Z.</p> <p>Simelane Simanga Z.</p>
<p>Tibiyo Insurance Brokers (Pty) Ltd</p> <p>Hlophe Moses</p> <p>Mbelu S'thembiso Dr.</p> <p>Ndlela Musa H.</p>	<p>Ubombo Sugar Limited</p> <p>Magagula Chief Malamlela (deceased)</p> <p>Dlamini Absalom T.</p> <p>Lomahoza Winston Z.</p> <p>Ngcobo Arthur T. (Alt)</p> <p>Simelane Simanga Z. (Alt)</p>
<p>Tibiyo Leisure and Resort Pty (Ltd) (Trading as The Royal Villas)</p> <p>Dlamini Adelaide S.</p> <p>Dlamini Absalom T.</p> <p>Sengwayo Malcos B.</p> <p>Simelane Simanga Z.</p> <p>Zwane Mandla I.</p>	





REVIEW OF OPERATIONS

AGRICULTURE & AGRO-PROCESSING



Ubombo Sugar Limited & its Subsidiaries is owned by Illovo Sugar Limited (60%) and Tibiyo Taka Ngwane (40%). It is the oldest miller-cum-grower in the Kingdom, established in the late 1950's.

The principal activity of the company is growing and milling of sugar cane from which it produces about 200 000 tonnes of raw and refined sugar. It is one of the major players in the sugar industry in Swaziland.

Ubombo Sugar Limited is currently in the construction phase of expanding its factory capacity together with the erection of a co-generation plant that will allow the company to export electricity into the Swaziland Electricity Company's national grid.

The estimated cost of the project is E1.25 billion.

Agriculture

The area under cane at year end was 8 657 hectares, compared to 8 171 hectares the previous year. Sucrose tonnes produced were 81 316 compared to 77 623 in the previous year. The area to be harvested for the following season is 8 096 hectares compared to 7 612 in the prior year, which was anticipated to yield 108.7 tons cane per hectare, an improvement from 105.7 tc/ha in 2010.

FINANCIAL REVIEW

Revenue for the year decreased by 7.7% compared to the previous year, but profits for the year increased by 19.3% compared to the previous year.

Cost savings have been achieved in all areas of operation, particularly insurance costs which had previously included a self-insurance provision that fortunately is no longer required in the current year.

REVIEW OF OPERATIONS - continued



Royal Swaziland Sugar Corporation (RSSC) is a company listed on the local Swaziland Stock Exchange (SSX) and is owned by several minority shareholders (23.8%), Tsb Sugar International (Proprietary) Limited (26.2%), and Tibiyo Taka Ngwane (50%). The minority shareholders include the Swaziland Government, the Nigerian Government, Coca-Cola Export Corporation Limited and Booker Tate Limited.

The company is the largest Swazi-owned business group, employing in excess of 3500 people, (including seasonal employees) and produces approximately two-thirds of the Kingdom's sugar and a significant quantity of ethanol.

RSSC is located in the North-Eastern Lowveld and is one of the largest companies in Swaziland. It houses two mills located in Mhlume and Simunye, an ethanol company located in Simunye as well as a sugar packaging company located at Mananga.

The company manages 15,700 hectares of irrigated sugar cane on two estates leased from the Swazi Nation and manages a further 5,018 hectares on behalf of related parties, which collectively deliver approximately 3.2 million tonnes of cane per season to the Group's two sugar mills. These two mills currently crush cane at a



combined throughput of 741 tonnes per hour, producing in excess of 430,000 tonnes of sugar (960 Pol) in a normal season. RSSC also operates a refinery situated at the Mhlume Mill, whose capacity is 170,000 tonnes of refined sugar, and a 32 million litre capacity ethanol plant which is situated adjacent to the Simunye Mill.

RSSC plays a significant role in the development of rural Swaziland, with over 2,500 families currently involved in sugarcane production as small-scale farmers who deliver cane to its two mills. From a land area measuring 11,356 hectares, they produce 1,3 million tonnes of sugar cane and supply 52.0% of the Mhlume Mill's total cane.



REVIEW OF OPERATIONS - continued

RSSC provides and manages housing and all related infrastructure for its employees and their dependants within the estates' various towns and villages. Apart from the Group's direct employees, a further 20,000 people live on the estates.

Overview

The Group achieved below expected results for the year ended 31 March 2011, with the profit attributable to owners of the company declining compared to previous year. The Group's decline in profitability was affected by a number of factors, most notably, the significant strengthening of the Lilangeni against the Euro and US Dollar which reduced export revenues.

Other contributing factors were lower cane yields and the lower levels of sucrose in cane due to unfavourable climate conditions and the impact of a hail storm which occurred in March 2010.

The earnings per share for the year were 81.8 cents and the Return on Shareholders' Equity was 6.7% and both of these indicators are significantly down on the previous year.

Agriculture

During the past year, a total of 3,010 hectares were replanted and this was achieved by September 2010.

Cane production from RSSC Estates amounted to 1,852,722 tonnes of cane and 261,712 tonnes of sucrose, compared to the prior year's production of 1,897,806 tonnes of cane and 277,931 tonnes of sucrose.

The decrease in sucrose production by 5.8% is mainly due to the factors mentioned at the beginning of this report.

Reduced radiation and other poor climatic factors decreased cane yields to 97 tonnes cane per hectare (t/ha), compared to 99 t/ha achieved in the previous year.

Outgrower cane production amounted to 1,236,297 tonnes of cane and 176,029 tonnes of sucrose, compared to 1,188,660 tonnes cane and 173,009 tonnes sucrose in the prior season. The increase of 47,637 tonnes in cane production is mainly as a result of an expansion of the area under cane.

Following a good rainy season, both the Maguga and Mnjoli dams were full at the start of the season and therefore the crop irrigation demand was supplied in full for both RSSC and Outgrower cane.

To enable precision farming and to reduce compaction in defined traffic zones, state of the art Global Positioning System (GPS) technology previously used for fields that were being replanted under drip irrigation, has in the current year been extended to fields under sprinkler irrigation. This initiative will bring about improved farming methods and will also reduce costs.

RSSC continues to recognise the importance of improving the tonnage of Outgrower cane and this is evidenced by the continuation of a financial incentive for Outgrowers who are more than 60 kilometres away from the mills, the restructured Outgrower department and a revolving fund that provides finance to assist with replanting of cane.

The cost of energy continued to escalate and RSSC has developed strategies to combat this challenge which include the substitution of coal with woodchips, as well as an overall reduction in the use of external fuels. Focus is now on moving towards an energy strategy that can make RSSC self-sufficient for its energy needs and a 30 mega watt turbo alternator is currently being installed at the Simunye Mill which will be commissioned by October 2011.

Ethanol production was 28.5 million Litres of Absolute Alcohol (LAA) for the 2010/11 season, which represents a 13.5% increase when compared to 25.1 million LAA produced in the prior year. A number of initiatives have been undertaken in the past year to improve the efficiency and output of the ethanol plant, which is now capable of operating at its rated capacity.

Outlook

The outlook for the next year indicates that cane and sugar production should improve due to the accelerated replant programme and improved performance in both Mills. The prices of sugar into SACU and Europe should be better than the prices realised in the year ended 31 March 2011.

REVIEW OF OPERATIONS - continued



Inyoni Yami
Swaziland Irrigation Scheme



Inyoni Yami Swaziland Irrigation Scheme (IYSIS). Following the acquisition of CDC's interest of 50% by RSSC in September 2010, the IYSIS enterprise is now an equal partnership between RSSC and Tibiyo. Under this partnership arrangement, the freehold land and water rights under the grant of servitude were transferred to IYSIS under a notarial lease.

IYSIS is engaged mainly in the growing of sugar cane, livestock rearing and hospitality operations.

The partnership is an investor in a venture with Mhlume (Swaziland) Sugar Company Limited in The IYSIS / MSCO Sugar Partnership, a joint venture whereby the IYSIS contribution is the use of IYSIS sugar estates and property, and in turn IYSIS receives 80% of the joint venture's profits or bears 80% of the losses.

IYSIS is situated at Tshaneni in the north-eastern lowveld of Swaziland and comprises three business units, namely: the growing of sugar cane, livestock and gaming and water delivery through a diversion weir on the Komati River.





REVIEW OF OPERATIONS - continued



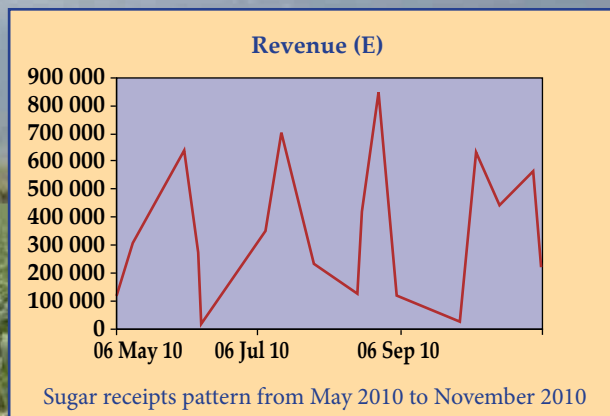
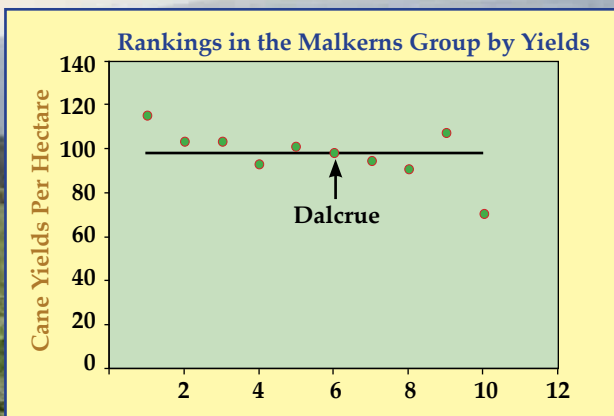
Dalcrué Agricultural Holdings (Pty) Ltd (Dalcrué) is wholly owned by Tibiyo and is tasked with running Tibiyo’s agricultural projects on a commercial basis. Dalcrué’s portfolio is wide, covering milk production, livestock, forestry, sugar cane and rice packaging as well as the milling of maize. All the business units are managed by Dalcrué with the exception of the Gege and Ngazini Forestry units, which are under the management of Shiselweni Forestry.



Sugarcane

The total area harvested by the Malkerns Group amounted to 668 hectares from which 65 416 tonnes of sugar cane was produced. For the year 2010/11 the total area harvested by Dalcrué amounted to 268 ha making it the largest single sugar cane grower in the Malkerns area. The proportion of Dalcrué to the area under sugar cane in Malkerns equates to 40 per cent.

The average cane yield for Dalcrué at 98 tonnes was marginally better than the average yield of 97 tonnes per hectare that was achieved by the Malkerns Sugar cane Group. The slight improvement in sugar cane yields is partially attributable to the introduction of the higher production varieties coupled with enhancement in management practises.





REVIEW OF OPERATIONS - continued

The sugar receipts pattern is as depicted in Figure 2. The receipts are the function of the cane that has been harvested and delivered to the mill. In the case of Dalcrue Sugar, it will be cane delivered to the Simunye Mill. As expected, cane harvested and delivered started at slow rate and peaked in September where approximately E0.8 million was received. Thereafter, the production took a dive as the season came to a close.

Crops

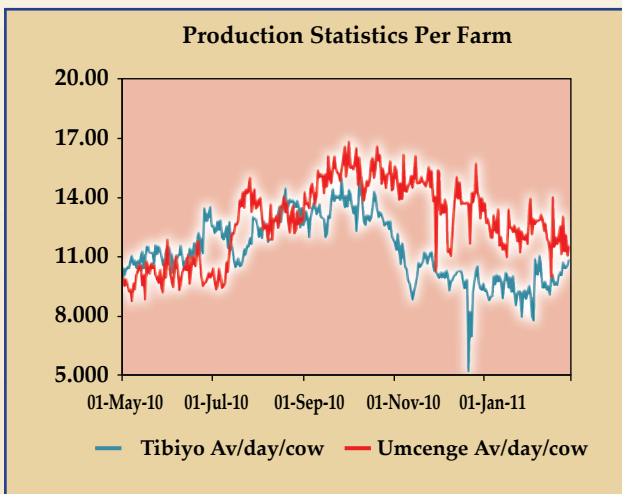
In the year under review the cropping was carried out at both Kubuta and Malkerns farms. In the Kubuta farm the predominant crops were banana crops covering an area of approximately 15 hectares. The yields were however, very disappointing. The major contributing factor was the inadequate water supply exacerbated by over aged banana trees. This is however, receiving the highest attention from both the board and Tibiyo Taka Ngwane as the sole shareholder of Dalcrue. As an indication of the commitment by the shareholder to revive the agricultural operations, state-of-the-art equipment

and tractors worth over E2.5 million have been acquired to improve the performance of the farms.

Dairy production for the year 2010/11 was slightly subdued compared to previous year. This was mainly as a result of unfavourable weather conditions that prevailed during the year. This translates to an average yield of 11.99 litres per cow per day. The highest average yield achieved for the period was 15.6 litres per cow per day and the lowest was 8.62 litres per cow per day.

The drastic reduction in milk production had a negative impact on the revenues being generated by this unit, but still manage to achieve a gross profit of E2.7 million.

One of the areas that was identified to be deficient in the Dairy operations was the availability of consistent supply of water. The current capacity for the holding dam is 7500 cubic metres. This is definitely not enough for the needs of the Dairy operations. To address this problem it was agreed that an earth dam should be constructed which will ensure that interruptions of water do not occur. Also, the irrigation system would need to be revived and a new one installed where necessary.



The management of Dalcrue secured services of a consultant to design the dam and provide the estimates for constructing the dam. It was initially envisaged that the current dam would be expanded. However, the soil tests indicated this was not possible due to the type soils next to the existing dam. Another location identified was within the current grazing area. The proposed dam is estimated to take out the grazing area of 1.6 hectares. This would be compensated by bringing in additional land currently idling due to unavailability of water. The dam will have a holding capacity of 90 000 cubic metres.



REVIEW OF OPERATIONS - continued



Sivunga Sugar Project is a wholly owned sugar estate of Tibiyo, which is managed by Ubombo Sugar Limited. It consists of four farms measuring approximately 7 347 hectares of which 2,600 is under sugar cane.

Area harvested in the current year was 2,297 ha compared to 2,266 in the previous year. Tons cane per hectare were 92.1, and 100.3 tc/ha in the previous year.

Pol % cane remained stable at 13.59% in the year under review compared to 13.93% realised in the previous year.

Tons cane were down from 227,410 in 2010 to 211,637 this year. Tons pol also went down from 31,676 to 28,753 in the current year.

Sihhoye Sugar Project is a wholly owned sugar cane project of Tibiyo, under the management of Mhlume Swaziland Sugar Company. The estate covers about 165 hectares of irrigated sugar cane which is delivered to the Mhlume Sugar Mill.

Cane harvested in the current year was 13 271 metric tonnes compared to 13 956MT harvested last year. 1947 MT sucrose was produced compared to 2157 MT produced in the previous year. The same area as last year was harvested.

Tonnes cane per ha went down from 86.68 to 82.43tph in the current year, and tonnes sucrose per ha also went down from 13.40 to 12.10 tph.

REVIEW OF OPERATIONS - continued



TOURISM



Swazi Spa Holdings Limited is a public company listed on the Swaziland Stock Exchange. It is jointly owned by All Saints (Pty) Ltd (50.6%), Tibiyo Taka Ngwane (39%) and minority shareholders (10.4%). The group owns and operates the Sun International hotel and casino resorts in Swaziland. These comprise the Royal Swazi Sun Hotel & Casino, Lugogo Sun Hotel and Ezulwini Sun Hotel. The company is a subsidiary of Sun International Limited, a company incorporated in the Republic of South Africa.

The principal activity of the company, which is incorporated in the Kingdom of Swaziland, is an investment holding company. The group during the year under review operated three hotels, a casino and entertainment facilities situated in the Ezulwini Valley. The current economic climate has taken its toll on the entity. Group loss before taxation for the year under review was E8m higher than that experienced in the previous year whilst losses attributable to ordinary shareholders were E6.3m more than in 2010.

No dividends were declared during the year under review, whilst dividends of 30 cents per share were declared last year.





REVIEW OF OPERATIONS - continued



Tibiyo Leisure Resorts (Pty) Ltd, trading as The Royal Villas is a wholly owned subsidiary of Tibiyo established in 2004. It comprises 14 villas with a total of 56 rooms, the luxurious Sultan suite and conference facilities.

Ms. Alma Andrade has been seconded to The Royal Villas as Acting General Manager since the departure of the previous General Manager Mr. Peter Van Huffel.

A refurbishment exercise that took 3 months from May to mid-August 2010, was undertaken at the Villas encompassing soft furnishing (curtains, bed covers, furniture, air conditioners, fridges, microwaves, digital room safes, televisions), as well as some swimming pool and room structural changes, in an effort to enhance the guest experience.

The room changes would have the impact of increasing the portfolio of rooms from 45 to 57 lettable rooms, with all rooms being en-suite.

The Royal villas also launched its new menu for the revamped Lihawu Restaurant. The new menu is African fusion inspired.

The Royal Villas has once again won the coveted Swaziland's Leading Hotel Award, by the World Travel Awards for 2011. The Royal Villas previously won this award in 2008 and 2009.

The Royal Villas continues to face operational challenges due to the following:

- (i) **Loss of business** – the Royal Villas has lost key Government business due to the depressed financial condition of Government.



REVIEW OF OPERATIONS - continued

- (ii) **Decline in tour groups** – there has been a significant decline in tour groups inflow into Southern Africa in general, adversely affecting the number of tour groups coming into Swaziland and specifically the Royal Villas.
- (iii) **Increased competition** – Royal Villas is facing competition from the newly revamped Happy Valley Motel, (due to its wide product offering) and Summerfields which now offers accommodation.



PROPERTY



Centered Around You

Bhunu Mall



Bhunu Mall in Manzini is jointly owned by Swaziland National Provident Fund (36.85%), Resilient (22.37%) and Tibiyo Taka Ngwane (40.79%).

The mall has a gross lettable area of 15 962 square metres for shops and offices. It enjoys added revenues from overnight usage of the parking bays. The mall enjoys very high occupancy rates because of its central location in the hub of the country. However, the mall is likely to face competition in future as there are a number of malls being

constructed in Manzini. The owners are considering to revamp the shopping complex to make it more attractive to clients and shoppers.

The services of Broll who have been managing the Bhunu Mall shopping centre for the past two years were terminated with effect from 30th September 2010.

Tibiyo Properties (Pty) Ltd has been appointed to manage the centre on an initial 3 year contract starting 1st October 2010.



REVIEW OF OPERATIONS - continued



Simunye Plaza (Pty) Ltd is jointly owned by Swaziland Industrial Development Corporation (SIDC) (50%), RSSC (25%) and Tibiyo Taka Ngwane (25%).

It is a property holding and management company presently managed by Tibiyo Properties (Pty) Ltd.

The company entered into a notarial deed of lease with RSSC over 16 sites at Lusoti Township of Simunye Sugar Estate on which residential houses have been constructed and rented out to private tenants.

The increase in electricity tariffs has also contributed to the lower net income this year. The Plaza's parking areas

have been upgraded during the year under review.

Profit after tax declined by 20% this year due to competition and the prevailing unfavourable economic climate which has hit hard on all sectors of the economy.

Subsequently, foot traffic has reduced significantly resulting in poor performance for all businesses at the plaza. Rent and recoveries have remained stagnant over the past 12 months.

Significant events that took place during the year are the take-over of the Swazi Plaza Properties (Pty) Ltd shares (25%) by SIDC. This means the shareholding is now SIDC 50%, RSSC 25%, and Tibiyo Taka Ngwane 25%.



REVIEW OF OPERATIONS - continued



Tibiyo Properties (Pty) Ltd is wholly owned by Tibiyo Taka Ngwane. It was formed in 2000 and operates as a property company.

The company owns some properties and also manages commercial, retail and residential properties on behalf of Tisuka Taka Ngwane, Simunye Plaza, The Bhunu Mall,

Tibiyo Taka Ngwane and other clients. These properties are situated in Nhlanguano, Simunye, Ezulwini and the central business districts of Manzini and Mbabane.

Revenue increased by 17.5% compared to last year whilst net profit after tax increased by more than 200%.



Tibiyo Insurance Brokers (Pty) Ltd.

SERVICES

Tibiyo Insurance Brokers (Pty) Ltd, trading as Alexander Forbes Risk Services Swaziland is jointly owned by Alexander Forbes Group (41.25%), Kirsh Industries (17.5%) and Tibiyo Taka Ngwane (41.25%).

Tibiyo Insurance Brokers enjoys a 50% interest in Swaziland Employee Benefit Consultants (Pty) Ltd, whose prime business is pension fund administration.



REVIEW OF OPERATIONS - continued



FINCORP is owned by the Swaziland Government 80% and Tibiyo 20%. The group loan portfolio increased by 24% over the year under review. This increase has been funded by E50 million equity from the Swaziland Government, E50 million from Industrial development Corporation (IDC), E20 million received from the Public Enterprise Unit, E12.1 million from Norsad and E20 million received from African Alliance. Repayments by our clients were also used to finance new loan approvals. It should be noted that most of these funds were received and disbursed towards the end of the year. This delay in receiving funding adversely affected our interest income.

A total of E204 million was disbursed towards loans during the year. This was made up of four thousand four hundred and two (4402) loans.

Key Performance Indicators

The general performance of the company has declined compared to last year. This is largely attributable to the current adverse economic conditions in the country which has seen most businesses struggle to sell their products and services. Businesses who rely on government support for

their products and services have particularly struggled as government has cut down on its spending.

FINANCIAL REVIEW

Interest Income

Total Interest on loans has decreased by 1% from last year. This is attributable mainly to the decrease in prime lending rates in the third quarter of the year. It is also due to the country's economic conditions, which has seen a decline in business activity.

Fincorp does not take deposits from its clients and thus relies on customer repayments and new loan borrowings to grow its business. New loan funds were received late in the year causing an adverse effect on group operations. Out of an amount of E200million projected to be received, only E152.1million was received as borrowings during the year. The balance is expected in the coming year.



REVIEW OF OPERATIONS - continued



Operating expenses

Operating expenses have increased by 25% from last year. This is largely due to facility fees charged on the funding obtained over the period. Also, additional office space acquired and new staff recruitments for the subsidiary, First Finance Company have contributed to this increase. Despite the increase in costs, the business still continues to operate on a sustainable basis.

Interest Expense

Fincorp borrows funds at commercial interest rates both domestically and internationally. Borrowings have increased significantly compared to the previous year. This explains the increase in interest expense for the year.



SPECIAL PROJECTS

Grassroots Empowerment Loan Product

After receiving the E50million equity injection from the Government of Swaziland, the company introduced a new product targeted towards grassroots empowerment. This product is offered at prime less two percent per annum.

The newly introduced microloan product aimed at grassroots entrepreneurs is still gradually scaling up and is being received with great excitement by target group. As at year end, a total of 430 (four hundred and thirty) loans have been granted under this product.

These are loans ranging from E500 to E5000 earmarking the semi-formal entrepreneurs at grassroots level. An independent sub-unit has been set up within the organisation to specifically look at lending operations under the new product. Considering the nature of the business of the target group it has been found appropriate to design the operations such that most of the paperwork involving the application process is undertaken at the business site.



REVIEW OF OPERATIONS - continued

The Swazi OBSERVER

Weekend OBSERVER



The Swazi Observer (Pty) Ltd was established in 1981 and is fully owned by Tibiyo Taka Ngwane. Its business is the publication of the daily Swazi Observer and Weekend Observer newspapers, which are national papers. The papers enjoy a wide circulation in all the regions

of the country with emphasis to make inroads into the remote rural areas.

Revenue for the year increased by 4.3% compared to the previous year, although gross profit went down by 5.7% due to the increased cost of sales.

MANUFACTURING



SWAZILAND Beverages





REVIEW OF OPERATIONS - continued

Swaziland Beverages Limited (SB) is controlled by SAB Miller Africa BV incorporated in the Netherlands, which owns 60% of the company's equity. Tibiyo Taka Ngwane owns the remaining 40%.

The Group is a manufacturer and distributor of beer, soft drinks and sorghum products. All categories grew on previous year with clear beer growth of 8.7% contributing 80% to domestic volume growth.

Soft drinks and mahewu grew 2% and 7% on previous year respectively.

Draught grew as a result of the mainstreaming initiative and competitive pricing. Volume in non-returnable packs declined – cans more so with the growing preference for glass.

Operation and financial review

Gross revenue by product during the year increased as follows: Beer increased by 7% (2010: 13%), Carbonated Soft Drinks by 9% (2010: 9%) and Sorghum by 14% (2010: 15%). Gross profit margin increased from 38% in 2010 to 42% in the current year whilst the profit before tax

margin increased from 12% in 2010 to 15% in the current year.

There were additions of E24 million to property, plant and equipment for the Group. These additions were financed by internally generated resources.

Financial objectives and performance against profit forecasts.

The Group's long term financial objectives are to:

- a) Achieve growth of 5% in EBITDA;
- b) Grow market share of the total beverage market;
- c) Ensure that debtors' days are less than 35 days;

The first objective was met as the Group's EBITDA increased. The second objective was met with an 8% increase in net revenue after inflation for the year of 4%.

The third objective was achieved because the group's average debtor days during 2011 were 10 days (2010: 16 days).





REVIEW OF OPERATIONS - continued



Parmalat (Swaziland) (Pty) Ltd is controlled by Parmalat Africa Limited, which owns 60% of the company's shares. The remaining 40% is owned by the Government of Swaziland (14%) and Tibiyo Taka Ngwane (26%). The ultimate holding company of the group is Parmalat FpA SpA.

The company is engaged in the manufacturing, processing and distribution of dairy and other related products.

- Revenue increased by 11% from the previous year, primarily due to increases in the average selling price per litre. Volumes increased by 11.3% from the previous year.

- Cost of sales increased by 16% from last year, due to increase in turnover, as well as raw materials, packaging, and increased transfer prices on imported finished goods.





REVIEW OF OPERATIONS - continued

- Gross profits decreased by 6% from last year.
- Selling and distribution costs increased by 13%.
- Administrative expenses increased by 13%.
- Profit before taxes decreased by 29%.

During the year, Parmalat FpA introduced royalties of 2.5% on sales. The Trademark License Agreement between Parmalat Swaziland and Parmalat SpA was approved and authorized by the directors and shareholders.

The quality of its products, the protection of the health of its consumers and their full satisfaction are the company's primary objectives.

To guarantee the quality of its products, the company has adopted procedures and controls that are applied throughout the production process, from the procurement of raw materials to the distribution of finished products.



MINING

Maloma Colliery Limited is jointly owned by Carbonex (75%), a subsidiary of Chancellor House Holding (Pty) Limited, and Tibiyo Taka Ngwane (25%).

The shareholding of Carbonex was previously under Xstrata who sold their interest to Chancellor House

(Pty) Ltd in June 2010. The purchase of Xstrata's stake in Maloma has helped to avoid the imminent closure of the mine as the company was operating at a loss for a long extended period. It is hoped that the company will improve its operational profit levels and it is envisaged that in the initial period there will be no retrenchments.



SWAZI NATION DEVELOPMENT EXPENDITURE

EDUCATION AND DONATIONS

One of the most important mandates of Tibiyo Taka Ngwane is to assist financially and materially in the education and training of Swazi citizens. This contributes towards the production of needed human resources for the Swazi economy.

In furtherance of this mandate, Tibiyo Bursaries and Tibiyo Scholarships continued to be offered by the organisation in the year 2011. The total number of bursaries remained at 1000 per year at both Secondary and High schools. Of this number at least 850 pupils were active in the 2011 school year.

In the financial year 2011, there were 79 students sponsored by Tibiyo Taka Ngwane at tertiary level in both local and foreign institutions of higher learning.

Over E30 million was spent on Tibiyo scholarships and Tibiyo bursaries in 2011 compared to E35 million the previous year. Further an amount of E3.3 million was spent on donations to various organisations dealing with poverty alleviation in the country.

CULTURAL AND TRADITIONAL AFFAIRS

Tibiyo's role in all cultural activities is the provision of meals for all participants as well as those in attendance. Accommodation and related services are also provided by Tibiyo whenever necessary.

BEMANTI EXPEDITION

The expedition commenced on the 7th November 2010 at Ludzidzini Royal Residence where His Majesty Ingwenyama officially commissioned the groups to the respective destinations. At the time of commencement, they comprised of two groups i.e. BeNkhosatana and BakaNgwabadla. The other two groups were formed at eLwandle Umphakatsi, who joined the whole delegation at a later stage.

Food was provided for groups such as BeNkhosatana, BakaNgwabadla, BeLuselwa and BeMzaca, who participated in the activities.

This activity ended on the 4th December 2010 when they returned to eLudzidzini Royal Residence. This marked





SWAZI NATION DEVELOPMENT EXPENDITURE - contd.



the end of the expedition after which the little Incwala commenced and lasted for two (2) weeks preceding Lusekwane.

LUSEKWANE, INCWALA CEREMONY AND KUHLAKULA

This is an event that follows closely the return of Bemanti. It begins with the little Incwala at eLudzidzini Royal Residence. The ceremony occurs in the four (4) Royal Residences until such time when His Majesty commissions Tingatja at eBuhleni Royal Residence to cut the sacred shrub (Lusekwane) which is determined by the position and condition of the moon.

About sixty thousand (60 000) Tingatja arrived on the 20th December 2010 at eLudzidzini and eNkabezweni Royal Residences from the various chiefdoms of Swaziland. Most of the regiments were collected by trucks from their respective Tinkhundla centres, while some regiments came in public transport. On the 22nd December, they all converged at eNkabezweni Royal Residence. His Majesty The King and the Royal Household joined Tingatja

at eLusekwaneni Royal residence. Tingatja then walked back to eLudzidzini Royal Residence in readiness to deliver the shrub to Their Majesties the next day.

WEEDING OF THE KING'S FIELDS

This was the last leg of Incwala when the regiments embarked on the weeding of the Royal fields. Unlike in previous years, the exercise took only 10 days due to the high number of regiments. The royal fields covered were; Majumba, eSihlabeni, Nyangantathu and Imfabantfu.

Embangweni Royal Residence

On the 10th January 2011, the regiments proceeded to eMbangweni Royal Residence in the Shiselweni region to weed the Royal fields. The regiments' numbers continued to escalate and the weeding took shorter days than anticipated.

eBuhleni Royal Residence

After completing weeding the Royal fields at the Shiselweni region, the regiments proceeded to the Hhohho region at eBuhleni Royal Residence on the 17th January 2011.



SWAZI NATION DEVELOPMENT EXPENDITURE - continued



The burning of the shrub

About 300 regiments took part in this exercise on the 19th January 2011.

UMHLANGA WEMBALI

This year's event was a resounding success with the growing numbers of maidens in both venues namely eLudzidzini and eMbangweni Royal Residences. The estimates ranged between 130,000 and 140,000 respectively. The maidens were dispersed to Bhamsakhe and Mphisi farms (tidzidzi) to cut the reed and returned on the third day. The maidens were well catered for and accommodated in neighbouring schools and tents, while some

Government ministries assisted with transport, security and attended to health related issues. There were visiting maidens from South Africa, Zimbabwe and other European countries.

SHISELWENI UMHLANGA

The occasion experienced yet another increase in attendance this year. Libutfo were estimated at twenty-five thousand (25,000) on the main day (Sunday). Maidens from neighbouring South Africa also attended.

THE KING'S BIRTHDAY

This year's celebration took place at eBuhleni Royal Residence situated in the Hhohho region. Tibiyo and the Ministry of Home Affairs sub-contracted Orion Hotel (due to its proximity to the venue) to provide catering services at the banquet for 2,600 people, whilst Tibiyo kitchen catered for the general public who had come in their numbers (17,700 people).

The King's Birthday was a historic occasion where the Peace torch (baton) was handed to His Majesty King Mswati III to pass on to other member states.

EASTER SERVICES

About 50,000 Christians participated in this year's event which took place at Lobamba National Church and lasted for about six days.

BUGANU (MARULA FESTIVITIES) - EBUHLENI AND EHLANE ROYAL RESIDENCES

This celebration was witnessed in two Royal Residences namely eBuhleni and eHlane. A total of



SWAZI NATION DEVELOPMENT EXPENDITURE - contd.



13,000 members of Lutsango Lwaka Ngwane regiment delivered the potent brew at both residencies. The events were witnessed by guests from the Republic of South Africa, which included former South African Deputy President Baleka Mbethe, South African Independent Development Trust team, eMahlubini clan, Chief Mandla Mandela of Umvezo Clan in the Republic of South Africa, the Chief of the Republic of Ghana and other guests from neighbouring countries.

Accommodation was provided in marquees and tents at both royal residences. All members of Lutsango regiment, guests including Sigodlo, Princesses, Service providers, Ngengeni and Security personnel were catered for by Tibiyo. Dancing was the order of the day in appreciation of these events.

Other activities besides the dancing included;

- a) Capacity building on HIV / AIDS related issues
- b) Capacity building on income generating activities
- c) Prayer sermon, etc.

Regiments were provided with comprehensive health services throughout the events.

Buganu Presentation eHlane

The presentation of Buganu at eHlane attracted a very high number of participants owing to the invitation ex-

tended by Their Majesties to the other regions. On the 25th February 2011, about twelve thousand (12,000) Lutsango regiments arrived at Hlane Royal Residence to deliver the potent brew to Their Majesties. The occasion lasted for three (3) days.

SORGHUM HARVESTING AND WINNOWING

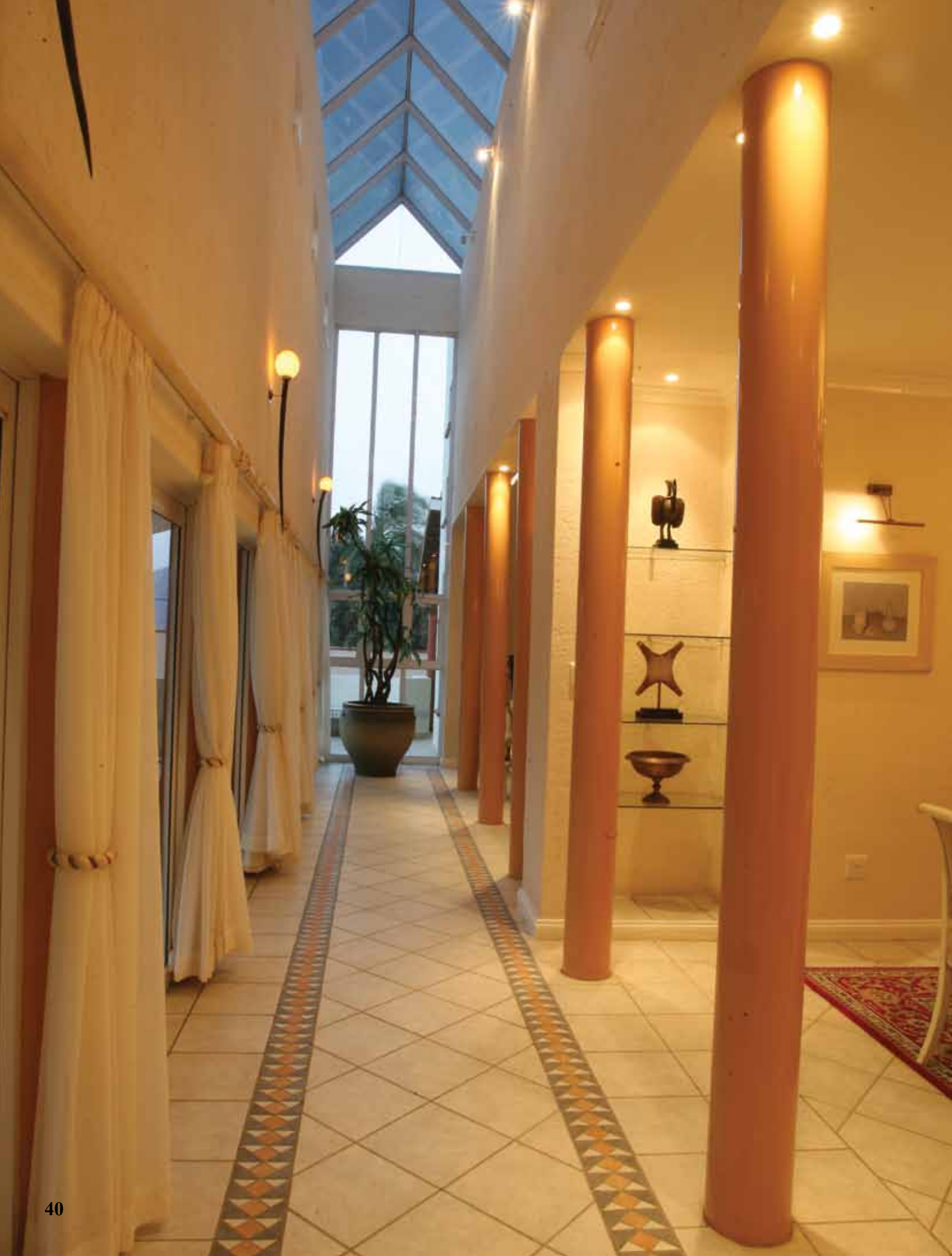
Sorghum, harvesting and winnowing were undertaken in the different Royal Residences namely; eMfabantfu, eBuhleni, eLudzidzini, eMbangweni and Entfonjeni. The total number of participants came up to 4,000. Minor casualties were witnessed and attended to.

Other Activities

Tibiyo also catered for;

- a) The Centenary celebration of Zombodze High School.
- b) Royal Emaguma, Tibaya and eMpumalanga Sihonco renovations.
- c) Imimemo.
- d) Church services held at the Royal Residences.
- e) Tikhulu visitation and Ascension day respectively.







FINANCIAL STATEMENTS for the year ended 30 April 2011

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STATEMENT OF RESPONSIBILITY BY THE MAIN COMMITTEE

- for the year ended 30 April 2011

The Main Committee is responsible for the preparation, integrity and presentation of the financial statements of Tibiyo Taka Ngwane comprising the statement of financial position at 30 April 2011, the statement of comprehensive income and the statement of cash flows for the year then ended and the notes to the financial statements, which include a summary of principal accounting policies and other explanatory notes, and the report of the Main Committee, in accordance with the requirements of the entity's basis of accounting as described in the notes to the financial statements.

The Main Committee's responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Main Committee Members' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The going concern basis has been adopted in preparing the financial statements. The Main Committee has no reason to believe that the entity will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the entity.

The financial statements have been audited by the independent auditors, KPMG, who were given unrestricted access to all financial records and related data, including minutes of all meetings of the Main Committee and sub-committees of the Main Committee. The Main Committee believes that all representations made to the independent auditors during their audit are valid and appropriate.

The unqualified audit report of KPMG is presented on page 43. The financial statements were approved by the Main Committee on 15 December 2011 and are signed on its behalf by:

Chairman

Main Committee

Member



INDEPENDENT AUDITORS' REPORT

To the Main Committee of Tibiyo Taka Ngwane

We have audited the annual financial statements of Tibiyo Taka Ngwane, which comprise the statement of financial position at 30 April 2011, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the Main Committee's report, as set out on pages 44 to 63.

Main Committee's responsibility for the financial statements

The Main Committee is responsible for the preparation and presentation of these financial statements in accordance with the basis of accounting described in the statement of significant accounting policies set out on pages 46 to 49 for determining the acceptability of the basis of accounting and for such internal control as the Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements of Tibiyo Taka Ngwane, which include the Statement of Financial Position and Notes as at 30 April 2011 and the statement of comprehensive income and notes and the statement of cash flows and notes for the year then ended have been prepared, in all material respects, in accordance with the basis of accounting described in the statement of significant accounting policies, set out on pages 46 to 49.

Restriction on use

The financial statements are prepared to meet the requirements of the Royal Charter that established Tibiyo Taka Ngwane and in accordance with the basis of accounting as indicated above. Consequently, the financial statements may not be suitable for any other purpose.

Auditors



REPORT OF THE MAIN COMMITTEE

for the year ended 30 April 2011

The members of the Main Committee have pleasure in presenting their annual report for the year ended 30 April 2011.

Nature of the organisation's business

Tibiyo Taka Ngwane was created by Royal Charter on 19 August 1968 by King Sobhuza II for the purpose of managing projects and investments on behalf of the Swazi Nation. Investments are registered in the name of the iNgwenyama as Trustee for the Swazi Nation. The organisation is essentially a developmental agency with the objectives of enhancing the economic development of Swaziland and the welfare of its citizens by providing assistance to the Swazi Nation to preserve its customs and traditional institutions and for the education and training of its citizens.

To achieve these objectives the organisation seeks to be actively involved in the establishment of commercially viable projects in all sectors of the economy. These projects are managed by Tibiyo, experienced local or international organisations, or operated as a joint venture with other business partners who have an equity stake in the project.

Accounting policies

The Royal Charter does not prescribe the accounting framework or policies to be used and the Main Committee has therefore developed transparent, entity specific accounting policies, as described in the statement of significant accounting policies set out on pages 46 to 49, to meet the financial requirements of the entity and the users of its financial statements.

The Main Committee is satisfied that this basis of preparation and presentation is suitable for the intended users of the financial statements and meets the requirements of the Royal Charter for the preparation of financial statements.

State of the organisation's affairs

The organisation's affairs are fully disclosed in the attached financial statements.

REPORT OF THE MAIN COMMITTEE (continued)



for the year ended 30 April 2011

We have audited the annual financial statements of Tibiyo Taka Ngwane, which comprise the statement of financial position and the statement of financial performance for the year ended 30 April 2011. The financial statements are the responsibility of the Members of Main Committee.

The Main Committee is appointed by the iNgwenyama.

Members of the Main Committee during the year under review were:

HRH Prince Logcogco Mangaliso	<i>(Chairman)</i>
HRH Prince Simelane	
Chief N L Simelane	
A T Dlamini	<i>Managing Director</i>
W Z Lomahoza	<i>General Manager Finance</i>
J N Gule	<i>Secretary and General Manager Corporate Affairs</i>
Reverend S A Msibi	
Dr A B Xaba	
L C Sithebe	
K M Mbuli	
M Nkambule	
Senator N M Gamedze	
M M Dlamini	
M B Mdziniso	
N F Shongwe	<i>(Assistant Secretary)</i>

Business address

Lomawa House
Lozithehlezi

Postal address

P O Box 181
Kwaluseni
M201

Auditors

KPMG
Lot 195 Kal Grant Street
Mbabane

Bankers

First National Bank Swaziland
Nedbank Swaziland Limited
Standard Bank Swaziland Limited



STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 30 April 2011

Statement of compliance

The financial statements of the organisation have been prepared in accordance with the accounting policies stated below.

Basis of preparation

The financial statements are presented in Emalangeni, the financial currency of the organisation, rounded to the nearest one. They are prepared on the historical cost basis except that the following assets are stated at their fair value: investments classified as held for trading, investments classified as available for sale, cane roots and growing cane. The financial statements incorporate the following principal accounting policies which are materially consistent with those adopted in the previous financial year.

Consolidation

The organisation does not present consolidated financial statements.

Associated companies

An associated company is one in which Tibiyo holds, as a long-term investment, between 20 per cent and 50 per cent of the equity capital or, where the holding is less than 20 per cent, has significant influence.

The equity method of accounting for associated companies is adopted in the financial statements. In applying the equity method, account is taken of Tibiyo Taka Ngwane's share of accumulated post-acquisition retained earnings and movements in reserves from the date on which the company became an associated company.

The post-acquisition retained earnings and reserves of associated companies attributable to the organisation are transferred to a capital reserve.

An appropriate impairment is made where, in the opinion of the Main Committee, there has been a permanent diminution in the carrying value of an investment in an associated company.

The share of associated companies' retained earnings and reserves are determined from their audited financial statements.



STATEMENT OF ACCOUNTING POLICIES

(continued)

Investments

Investments are classified for valuation purposes as either held-to-maturity, available-for-sale, held for trading or loans originated by the organisation. Investments held-to-maturity are classified as non-current assets and are reflected at amortised cost. Investments held for trading are classified as current assets and are reflected at fair value with any increase or decrease in fair value recognised in the statement of comprehensive income. Investments considered to be available-for-sale are classified as non-current assets and are reflected at fair value with any resultant gain or loss recognised in the statement of comprehensive income. Loans originated by the organisation are classified as non current assets and are reflected at cost. Fair value is determined by the organisation using quoted prices or market related rates of return where the investment is traded in an active market or where fair value can be reliably measured. Where fair value cannot be reliably measured investments are reflected at cost. Income is brought to account to the extent of dividends declared or interest earned.

Revenue

Revenue comprises revenue earned from sucrose sales, share of partnership earnings, interest and dividends earned from investments.

Revenue from the sale of sucrose is recognised in the statement of comprehensive income when significant risks and rewards of ownership have been transferred to the buyer.

Dividends earned from investments are recognised in the statement of comprehensive income when they are declared by investee companies.

Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest rate method.

Retirement and termination benefits

The policy of the organisation is to provide retirement benefits for all its employees by way of a pension fund or a provident fund. Current contributions to the pension and provident funds operated for employees are charged against income as incurred. The costs of improved pension benefits or any deficits arising from time to time on such funds are funded by way of increased future contributions. Provision is not made for retirement and termination benefits payable in terms of the Employment Act 1980 as the rules of the provident and pension funds permit the payment of these benefits out of the employers contributions.

Preliminary project expenses

Preliminary project expenses are written off if the project concerned does not become viable and are refunded or capitalised, as an equity interest, if the project becomes viable.



STATEMENT OF ACCOUNTING POLICIES

(continued)

Acquisition of land and improvements for the Swazi Nation

It is a policy of Tibiyo to purchase land, buildings and other assets on behalf of the Swazi Nation. The land so acquired does not vest in Tibiyo as such but is registered in the name of the iNgwenyama as Trustee for the Swazi Nation. The accumulated costs of acquisition of such land, improvements and other assets less accumulated depreciation, where applicable, are treated as follows:

- Land, improvements and other assets which are utilised and controlled by Tibiyo for its various agricultural and other projects are reflected as property, plant and equipment.
- Land, improvements and other assets which are utilised by the community and not controlled by Tibiyo are reflected as a deduction from accumulated funds and reserves.

Property, plant and equipment and depreciation

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is charged on the straight line basis at rates which will reduce their book values to estimated residual values over the anticipated useful lives of the assets using the following annual rates:

Land	0 years
Buildings and capital improvements	50 years
Fencing, water development and other improvements	10 years + 5 years
Motor vehicles	5 and 4 years
Furniture, fittings and equipment	10 and 33 $\frac{1}{3}$ years

Assets are depreciated from the date of acquisition to the date of disposal. The basis of depreciation, useful lives and residual values is assessed annually. Expenditure on repairs and maintenance of property, plant and equipment incurred to restore or maintain future economic benefits expected from the assets is recognised as an expense when incurred.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the first-in first-out method.

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

Subventions

From time to time the organization grants subventions to wholly owned subsidiaries that are under financial stress in order for these companies to continue operations in order to meet their developmental goals.

These subventions are approved by the Main Committee.



STATEMENT OF ACCOUNTING POLICIES

(continued)

Swazi Nation development expenditure

Tibiyo utilises a portion of its income for:-

- (a) the promotion of the health, welfare, education and housing of the Swazi Nation;
- (b) the general maintenance and administration of the traditional institutions of the Swazi Nation;
- (c) the funding of traditional ceremonies;
- (d) generally, any other purpose the iNgwenyama considers to be beneficial to the Swazi Nation and which will further their interests.

Such expenditure is reflected as Swazi Nation development expenditure and included in the statement of changes in funds and reserves.

Rental

Rental income is brought to account on a straight line basis over the lease term after deducting maintenance costs.

Financial instruments

Financial assets include cash and bank balances, listed investments and interest earning investments not held to maturity, loans originated by the organisation, interest earning investments held to maturity and accounts receivable. Cash and bank balances, listed investments and interest earning investments not held to maturity are carried at fair value. Loans originated by the organisation and interest earning investments held to maturity are carried at cost and amortised cost. Accounts receivable classified as current assets are carried at cost less impairment losses.

Financial liabilities including bank overdrafts, accounts payable and provisions are carried at cost.

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 of each year of planting adjusted for the remaining expected life.

Growing cane – the estimated sucrose content valued at the estimated sucrose price for the following season, less estimated costs for harvesting and transport.

Comparative figures

When an accounting policy has changed and the results thereof are material for the appreciation of the financial position of Tibiyo, the comparative figures are restated in accordance with the new policy.



STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 April 2011

	Note	2011 E	2010 E
Revenue			
Third party managed projects		59 861 629	67 815 345
Interest received from investments		9 935 323	18 627 806
Dividends received from investments		69 758 801	97 880 661
Share of partnership earnings		9 263 260	18 231 662
		<u>148 819 013</u>	<u>202 555 474</u>
Direct operating expenses			
Third party managed projects		<u>(57 606 403)</u>	<u>(63 381 526)</u>
Operating income for the year			
Sundry income	1	9 825 527	17 914 236
Fair value adjustments on biological assets	8	<u>6 290 659</u>	<u>(81 259)</u>
		<u>107 328 796</u>	157 006 925
Impairment of loans and accounts receivable	2	<u>(4 396 351)</u>	-
Indirect operating expenses		<u>(41 958 689)</u>	<u>(36 449 953)</u>
Net income for the year before subventions			
Subventions	4	<u>(12 518 445)</u>	<u>(6 595 322)</u>
Net income for the year after subventions			
Share of associated companies equity earnings		<u>58 802 263</u>	<u>36 241 957</u>
Net income for the year		<u><u>107 257 574</u></u>	<u><u>150 203 607</u></u>

STATEMENT OF CHANGES IN FUNDS AND RESERVES



for the year ended 30 April 2011

	Capital reserve E	Accumulated funds E	Total E
Balance at 1 May 2010	730 533 098	535 525 793	1 266 058 891
Net income for the year	-	107 257 574	107 257 574
Swazi Nation development expenditure	-	(73 278 816)	(73 278 816)
Transfer of equity earnings to capital reserve	58 802 263	(58 802 263)	-
Balance at 30 April 2011	<u>789 335 361</u>	<u>510 702 288</u>	<u>1 300 037 649</u>
Balance at 1 May 2009	694 291 141	507 864 022	1 202 155 163
Net income for the year	-	150 203 607	150 203 607
Swazi Nation development expenditure	-	(86 299 879)	(86 299 879)
Transfer of equity earnings to capital reserve	36 241 957	(36 241 957)	-
Balance at 30 April 2010	<u>730 533 098</u>	<u>535 525 793</u>	<u>1 266 058 891</u>



STATEMENT OF FINANCIAL POSITION

as at 30 April 2011

	Note	2011 E	2010 E
ASSETS			
Non-current assets			
Property, plant and equipment	6	87 752 936	83 852 106
Investments		1 007 376 126	943 226 367
Cane roots	8	34 704 918	32 091 037
Loans and accounts receivable	9	14 657 100	17 297 100
		<u>1 144 491 080</u>	<u>1 076 466 610</u>
Current assets			
Inventories	7	228 205	24 126
Growing cane	8	38 697 182	35 020 404
Current portion of loans and accounts receivable	9	35 018 144	45 077 173
Short term securities		123 157 768	147 991 872
Bank balances and cash		289 203	3 165 001
		<u>197 390 502</u>	<u>231 278 576</u>
Total assets		<u><u>1 341 881 582</u></u>	<u><u>1 307 745 186</u></u>
FUNDS EMPLOYED AND LIABILITIES			
Funds and reserves			
Capital reserve	10	789 335 361	730 533 098
Accumulated funds		510 702 288	535 525 793
		<u>1 300 037 649</u>	1 266 058 891
Deduct: Land and improvements acquired on behalf of the Swazi Nation	11	<u>(21 985 718)</u>	<u>(14 308 205)</u>
		<u>1 278 051 931</u>	1 251 750 686
Current liabilities			
Accounts payable		63 726 508	55 462 769
Bank overdrafts		103 143	531 731
		<u>63 829 651</u>	<u>55 994 500</u>
Total funds employed and liabilities		<u><u>1 341 881 582</u></u>	<u><u>1 307 745 186</u></u>



STATEMENT OF CASH FLOWS

for the year ended 30 April 2011

	Note	2011 E	2010 E
Cash flows from operating activities			
Cash generated by operations	12.1	27 601 407	150 534 053
Interest received		9 935 322	18 627 806
Interest paid		(99 849)	(271 216)
<i>Net cash flows from operating activities</i>		<u>37 436 880</u>	<u>168 890 643</u>
Cash flows from investing activities			
Acquisition of land and improvements for the Swazi Nation		(7 677 513)	(915 856)
Additions to property, plant and equipment		(7 453 494)	(4 303 831)
Proceeds from disposal of property, plant and equipment		34 118	-
Investments		36 175 956	44 931 870
<i>Net cash flows from investing activities</i>		<u>21 079 067</u>	<u>39 712 183</u>
Cash flows from financing activities			
Subventions		(12 518 445)	(6 595 322)
Swazi Nation development expenditure	5	(73 278 816)	(86 299 879)
<i>Net cash flows from financing activities</i>		<u>(85 797 261)</u>	<u>(92 895 201)</u>
Net (decrease)/increase in cash and cash equivalents		(27 281 314)	115 707 625
Cash and cash equivalents at beginning of year	12.2	<u>150 625 142</u>	<u>34 917 517</u>
Cash and cash equivalents at end of year	12.2	<u><u>123 343 828</u></u>	<u><u>150 625 142</u></u>



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011

	2011 E	2010 E
1. Sundry income		
Rental income	4 800 705	4 198 597
Other income	614 824	13 658 540
Interest on staff loans	45 274	57 099
Surplus on disposal of property, plant and equipment	34 118	-
Bad debts recovered	4 330 606	-
	<u>9 825 527</u>	<u>17 914 236</u>
2. Net income for the year before subventions		
Is arrived at after charging/(crediting):		
Audit fee	327 609	283 581
Depreciation of property, plant and equipment	3 026 014	2 912 363
Depreciation of land and improvements acquired on behalf of Swazi Nation	623 576	356 157
Consultancy fees	104 464	1 084 650
Investment promotion expenditure	761 595	1 721 030
Impairment of loans and account receivable	4 396 351	-
Surplus on disposals	34 118	-
Management fees	647 146	661 020
Main Committee fees and expenses	1 173 628	948 941

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011 (continued)



	2011 E	2010 E
4. Subventions		
The Swazi Observer (Proprietary) Limited	378 327	507 305
Tibiyo Leisure Resorts (Proprietary) Limited	11 387 295	3 504 155
Dalcrue Agricultural Holdings (Proprietary) Limited	752 823	2 583 862
	<u>12 518 445</u>	<u>6 595 322</u>
5. Swazi Nation development expenditure		
Bursaries and scholarships	30 076 263	35 495 405
Cost of services	6 382 977	11 068 676
Health care	4 575 984	6 152 912
National ceremonies	11 700 738	15 397 420
Sundry expenses	17 223 002	18 065 313
Donations	3 319 853	120 153
	<u>73 278 817</u>	<u>86 299 879</u>



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011

	Accumulated Cost depreciation		2011 Net book value
	E	E	E
6. Property, plant and equipment			
2011			
Farms	28 895 906	-	28 895 906
Land, buildings and improvements	82 621 364	(31 178 500)	51 442 864
Motor vehicles	11 673 797	(8 997 056)	2 676 741
Furniture, fittings and equipment	14 526 478	(9 789 053)	4 737 425
	<u>137 717 545</u>	<u>(49 964 609)</u>	<u>87 752 936</u>
2010			
Farms	28 895 906	-	28 895 906
Land, buildings and improvements	81 557 749	(29 003 227)	52 554 522
Motor vehicles	9 104 249	(8 703 244)	401 005
Furniture, fittings and equipment	10 996 078	(8 995 405)	2 000 673
	<u>130 553 982</u>	<u>(46 701 876)</u>	<u>83 852 106</u>

	Opening net book value	Additions	Disposal	Depreciation	Closing net book value
	E	E	E	E	E

6.1 Reconciliation of book values

2011

Farms	28 895 906	-	-	-	28 895 906
Land, buildings and improvements	52 554 522	1 063 615	-	(2 175 273)	51 442 864
Motor vehicles	401 005	2 722 849	-	(447 113)	2 676 741
Furniture, fittings and equipment	<u>2 000 673</u>	<u>3 660 956</u>	-	<u>(924 204)</u>	<u>4 737 425</u>
	<u>83 852 106</u>	<u>7 447 420</u>	-	<u>(3 546 590)</u>	<u>87 752 936</u>



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011 (continued)

	Opening net book value E	Additions E	Depreciation E	Closing net book value E
6. Property, plant and equipment (continued)				
6.1 Reconciliation of book values (continued)				
2010				
Farms	28 895 906	-	-	28 895 906
Land, buildings and improvements	50 952 786	3 725 573	(2 123 837)	52 554 522
Motor vehicles	296 154	227 360	(122 509)	401 005
Furniture, fittings and equipment	2 315 792	350 898	(666 017)	2 000 673
	<u>82 460 638</u>	<u>4 303 831</u>	<u>(2 912 363)</u>	<u>83 852 106</u>

	2011 E	2010 E
7. Inventories		
Fuel	78 990	24 126
Cattle for ceremonies	<u>149 215</u>	<u>-</u>
	<u>228 205</u>	<u>24 126</u>



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011

8. Growing crop

8.1 Description of principal activities

The organisation's fields are situated in the Big Bend and Tshaneni areas and consist of 2 761 hectares (2010: 2 761 hectares) of sugar cane. The management, planting and harvesting of sugar cane has been outsourced to two related party companies involved in similar operations. Fields are managed on a sustainable basis with approximately 11% of the area replanted per annum.

	Cane roots E	Growing cane E	Total E
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8.2 Reconciliation of carrying amounts

Carrying amount at 1 May 2010	32 091 037	35 020 404	67 111 441
Adjustment for changes in fair values	<u>2 613 881</u>	<u>3 676 778</u>	<u>6 290 659</u>
Carrying amount at 30 April 2011	<u>34 704 918</u>	<u>38 697 182</u>	<u>73 402 100</u>

8.3 Measurement base

Cane roots and growing cane are valued at fair value as detailed in the accounting policy. Agricultural land is carried at cost.

8.4 Specific risk management strategies

The organisation follows prudent industry accepted care practices with respect to the use of fertilisers, insecticides and herbicides to control growth, diseases and insect infestation. The organisation does not insure growing crops in the fields.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011 (continued)



	2011 E	2010 E
9. Loans and accounts receivable		
Loans	14 657 100	17 297 100
Related party receivables	33 553 940	43 022 873
Other receivables	1 464 204	2 054 300
	<u>49 675 244</u>	<u>62 374 273</u>
Less amounts included as current receivables	<u>(35 018 144)</u>	<u>(45 077 173)</u>
	<u>14 657 100</u>	<u>17 297 100</u>
10. Capital reserve		
Balance at beginning of year	730 533 098	694 291 141
<i>Share of equity earnings</i>		
Current year earnings	<u>58 802 263</u>	<u>36 241 957</u>
Balance at end of year	<u>789 335 361</u>	<u>730 533 098</u>
11. Land and improvements acquired on behalf of the Swazi Nation		
Buildings		
Farms	3 220 879	3 220 879
Mineral rights	12 469 856	4 587 658
Other assets	354 994	354 994
	<u>5 939 989</u>	<u>6 144 674</u>
	<u>21 985 718</u>	<u>14 308 205</u>



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011

	2011 E	2010 E
12. Notes to the statement of cash flows		
12.1 Cash generated by operations		
Net income for the year before subventions	60 973 756	120 556 972
Adjusted for:		
Depreciation of property plant and equipment	3 546 590	3 268 520
Interest received	(9 935 322)	(18 627 806)
Interest paid	99 849	271 216
Surplus on disposal of property, plant and equipment	(34 118)	-
Change in fair value of cane roots	(2 613 881)	78 165
Change in fair value of growing cane	(3 676 778)	3 094
	<hr/>	<hr/>
Net operating income for the year before working capital changes	48 360 096	105 550 161
Increase in inventories	204 079	14 442
(Decrease)/increase in accounts receivable	(12 699 029)	31 038 330
(Increase)/decrease in accounts payable	(8 263 739)	13 931 120
	<hr/>	<hr/>
	27 601 407	150 534 053
	<hr/> <hr/>	<hr/> <hr/>
12.2 Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
<i>Opening balances</i>		
Bank balances and cash	3 165 001	487 223
Short term securities	147 991 872	36 873 890
Bank overdrafts	(531 731)	(2 443 596)
	<hr/>	<hr/>
	150 625 142	34 917 517
	<hr/> <hr/>	<hr/> <hr/>
<i>Closing balances</i>		
Bank balances and cash	289 203	3 165 001
Short term securities	123 157 768	147 991 872
Bank overdrafts	(103 143)	(531 731)
	<hr/>	<hr/>
	123 343 828	150 625 142
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011 (continued)



13. Retirement benefits

All eligible employees belong to a defined contribution pension or provident fund. The pension fund is actuarially valued, in terms of the rules of the fund, every three years. A valuation was carried out as at 30 April 2009 which revealed a surplus of E1 401 611.

The organisation made contributions amounting to E2 604 170 (2010: E1 592 358) to the funds during the year.

14. Employees and employment costs

The number of employees employed by the organisation at year-end was 78 (2010: 70).

Employment costs during the year for the organisation amounted to E25 365 477 (2010: E21 604 743)

15. Related parties

15.1 Related parties comprise subsidiaries, associates and members of the Main Committee. Details of balances and transactions with subsidiaries and associates are as set out in Appendix 1 of the financial statements.

Related party transactions are on an arms length basis and comprise dividends received, subventions, management fees and interest received. Certain reimbursive expenditure is recouped by related parties.

15.2 Related party contingent liabilities and commitments

Related party contingent liabilities and commitments are disclosed in note 17.

Details of related party balances and transactions are disclosed in the notes and appendices to these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011

16. Financial instruments

Financial assets of the organisation include investments, cash and bank balances and accounts receivable. Financial liabilities of the organisation include bank overdrafts and accounts payable. Accounting policies for financial assets and liabilities are set out in the statement of accounting policies.

Interest rate risk

Bank overdrafts and bank balances attract interest at rates linked to the prime overdraft rate as applicable in Swaziland on a floating rate basis.

Credit risk

Credit risk represents the accounting loss that would be recognised at financial year-end in the event of non-payment by debtors. The organisation has no significant credit risk exposures. To reduce exposure to credit risk the organisation performs ongoing credit evaluations of the financial conditions of its debtors and obtains collateral as necessary. The organisation invests available cash and cash equivalents with banks. The organisation is exposed to credit related losses in the event of non-payment but does not expect any significant debtor to fail to meet its obligations.

Foreign exchange hedge instruments and exposures.

The organisation had no foreign exchange hedge instruments outstanding or any foreign currency exposures at financial year-end.

Fair values

The balances, as reflected in the statement of financial position, of financial instruments of the organisation are not materially different from their carrying amounts.

17. Contingent liabilities and guarantees

- 17.1** The organisation has provided a guarantee to Swaziland Building Society to secure housing loan facilities provided by the society to employees of the organisation. The guarantee is limited to the amount utilised plus such further sums for interest charges and costs which may become payable from time to time. The amount utilised at year end totalled E8 696 041 (2010: E7 848 529).
- 17.2** The organisation has provided a guarantee to Nedbank Swaziland Limited to secure an overdraft facility of E170 000 for one of its subsidiary companies – The Swazi Observer (Pty) Ltd. Utilisation at year end amounted to Nil.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2011 (continued)

17. Contingent liabilities and guarantees (continued)

17.3 The organisation has provided surety of E10 700 000 to Standard Bank Swaziland Limited to secure medium term loans of E7 500 000, E2 800 000 and an overdraft facility of E400 000 for one of its subsidiary companies Tibiyo Leisure Resorts (Pty) Limited.

17.4 The organisation grants scholarships to students for educational purposes. Certain conditions are attached to the scholarships and these may be revoked should students not comply. It is the organisation's policy to provide for scholarships payable in the following year, whilst amounts due thereafter are considered to be contingent on students complying with all the conditions attached to the scholarships. Renewal of the scholarships is at the discretion of the organisation. The organisation has commitments in respect of scholarships awarded which would be payable as shown below:

	2011 E	2010 E
Payable in the next year and included in accounts payable	17 307 274	18 786 196
Payable between 2 and 5 years	<u>61 946 790</u>	<u>53 883 158</u>
	<u><u>79 254 064</u></u>	<u><u>72 669 354</u></u>

17.5 The entity has sub-ordinated its loan to Dalcrue Agricultural Holdings (Pty) Limited in favour of other creditors until the assets of Dalcrue Agricultural Holdings (Pty) Limited fairly valued exceed its liabilities.



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