2015 **Annual Report**

Zambia Sugar

Zambia Sugar Profile

A SUSTAINABLE BUSINESS STARTS WITH A SMART LOCATION

Zambia Sugar is located at the Nakambala Sugar Estates in the Mazabuka District of Southern Province. Zambia Sugar is a rural development partner, operating Africa's second largest sugar mill in the rural town of Mazabuka. The Company grows sugarcane at its Estate, situated about 125km south of Lusaka on 17,000 hectares of land. The company supports an outgrower scheme of about 160 small-scale farmers which grows sugar cane on another 12 000 hectares, contributing 40% of the three million tons of sugar cane milled at Nakambala. Favourable climatic conditions and quality cane husbandry continue to give good cane yields across the cane growing areas.

ZAMBIA SUGAR'S HISTORY: A STORY OF SUSTAINABILITY AND ASSURANCE

In 1954, Tony Dahl, the owner of "Better 'Ole" Farm, planted a few pieces of cane on the contour ridge of his maize field to protect it from heavy rains, cane that a friend had brought back from Natal, South Africa. The result was impressive, and he planted the first cane field in 1955. For the next four years his dairy cattle were well served by the silage from the field. It was not until 1960 when Dahl produced cane surplus that he approached Chirundu Sugar Estate to accept his surplus, on the basis that he would receive one ton of molasses for every ton of cane supplied.

Dahl could not have envisioned that 60 years later the cane would grow into a huge sugar estate at Nakambala in Mazabuka, a major world-class business operation. Today, Zambia Sugar, the successor to "Better 'Ole" produces in excess of 400 000 tons of sugar annually, translating into around ZMW 2 billion in annual revenues. He would be pleasantly surprised at the phenomenal growth of the company in a challenging environment since pre-Independence, to become the largest sugar producer in Zambia and the second largest single sugar mill in Africa with over 6 000 employees at peak, and an estimated population exceeding 16 000 on the field of cane he started.

The company started as Northern Rhodesia Sugar Refinery, before it was called Ndola Sugar Refinery in the 1950s and later Zambia Sugar Company in the aftermath of Independence in 1964.

Though the compensation for his first transaction was modest, Dahl's vision was not. Despite being offered GBP 3 (equivalent to ZMW 6 at that time) per ton over a long haul, he reasoned that he was well placed to become a sugar producer in Northern Rhodesia, the forerunner of Zambia. The next stage required a mill and some machinery which had to be imported from the United Kingdom Standard Bank Limited provided the necessary financing and all was set to build the factory.

After many disappointments, brown sugar was finally produced on Monday, 29 July 1963 at "Better 'Ole" farm. Dahl proved to his many doubting friends and farming colleagues that sugar could be produced in Northern Rhodesia.

At that time, raw sugar from Chirundu Sugar Estate, which was based on the Southern Rhodesian side (present day Zimbabwe), was transported to Ndola Sugar Refinery to be refined into white sugar and eventually sold in Northern Rhodesia. This operation was controlled by the Tate & Lyle Sugar Company. Once Dahl started to produce sugar on a large scale he formed his own company, namely Dahlia Sugar Estates, and the first sugar was sold in 50lb paper packets labelled "'Product of Northern Rhodesia, Dahlia Sugar Estates. Grown and produced in Northern Rhodesia'".

TOP: Mr Tony Dahl admires his cane crop at Better 'Ole farm in Mazabuka. RIGHT: A visitor on a tour at the old Ndola factory.

The Tate & Lyle directors held a meeting in Lusaka and at this meeting Lord Lyle said that Dahl had saved Northern Rhodesia 10 to 20 years of experimental time. They offered to buy Dahl out on the condition that he would not go into sugar production again. He accepted their offer, at a price a lot less than it had cost him to start sugar production.

The crusher that stands in the foyer at Nakambala Estate factory in Mazabuka is in fact the original crusher from "Better 'Ole" farm of Dahlia Sugar Estates. The first mill at Nakambala was actually lifted from Chirundu, at the time of great upheaval when then Southern Rhodesia's Ian Douglas Smith fell out of favour with Great Britain because of his Unilateral Declaration of Independence (UDI) agenda.

Dahlia Sugar Estates was then developed into the present Nakambala Sugar Estate in 1966, at which time the Ndola Sugar Refinery had been renamed Zambia Sugar Company.

MILESTONES

1966 - *Tate & Lyle develops the Nakambala Estate as Zambia Sugar Company.*

1968 - *Sugar production begins and the raw sugar is sent to Ndola for refining.*

1972 - *Industrial Development Corporation (INDECO) takes a 51% stake in Zambia Sugar Company.*

1975 - *INDECO raises holding to 78% whilst Tate & Lyle retained 10.8% shareholding and provided technical and managerial services.*

1990 - *Operations consolidated at Nakambala Estate, and the refinery moved to Nakambala from Ndola.*

1995 - *Zambia Sugar Company privatised and Tate & Lyle becomes the major shareholder with a 50.9% stake, whilst Commonwealth Development Corporation (CDC) takes a 31% stake and the Zambia Privatisation Trust Fund retains the balance.*

1996 - *Successfully listed on the Lusaka Stock Exchange as Zambia Sugar Plc. Zambians were finally able to buy shares in the Company.*

2001 - *Illovo Sugar Limited acquires the 50.9% Tate & Lyle shares, and as required by law, makes a mandatory offer to minority shareholders and thereby increases its shareholding to 89.71%. Through continuous improvement and investment, Illovo raised sugar production from below 190 000 tons at the time of acquisition to around 240 000 tons prior to expansion in 2006.*

2007 - *The Nakambala Expansion Project launched. The agriculture and milling expansion was completed on schedule in April 2009 and was commissioned on 9 December 2009, as the largest single investment made in the Zambian agricultural industry to that date. The expansion effectively doubled the cane crushing capacity of the factory, to process the increased cane supply resulting from an expanded sugar cane growing area. On the agricultural side, the expansion entailed the construction of a network of dams, canals, pipelines, pump stations, roads and power infrastructure to service the new areas of sugarcane development, which have all been planted under centre pivot irrigation systems.*

2009 - *The Company acquired a controlling interest in Nanga Farms Plc ("Nanga"), a cane growing company, located adjacent to the Nakambala Estate, and currently producing around 350 000 tons of sugar cane per annum.*

To fund the acquisition of Nanga and meet other capital requirements, the Company made a Rights Issue in that year which led Illovo Sugar to dilute its shareholding in Zambia Sugar to 81.55%. The shares released by Illovo have empowered Zambians through increased shareholding by institutional investors and individuals.

2013 - *Launch of Manyonyo scheme. Manyonyo outgrower scheme is a government initiative with 145 smallholder farmers and funded by the Finnish government and African Development Bank.*

2014 - *Illovo Group Holding Limited sells down shareholding in Zambia Sugar Plc to 75% stake in compliance with Lusaka Stock Exchange (LuSE) threshold.*

2015 - *Product Alignment and Refinery Project launched. This involves construction of a modern, high-specification refinery to double refined sugar production to 100 000 tons and to establish 3 distinct raw sugar products. It will be completed for commissioning in 2016.*

LEFT: Structural work takes shape at Nakambala factory.

ZAMBIA SUGAR PLC - A LISTED COMPANY

The Company is listed on the Lusaka Stock Exchange (LuSE) and is a subsidiary of Illovo Sugar Limited which through Illovo Group Holding Limited (IGHL) holds 75% of the issued share capital while the remaining shares are held by local institutional investors (pension funds, banks, companies) and over 3 000 members of the public, including employees.

Following the acquisition of 50.9% shares from Tate and Lyle in 2001, Illovo Sugar Limited made a mandatory offer to minority shareholders and increased its shareholding to 89.71%. Illovo Sugar Ltd is Africa's biggest sugar producer and has extensive agricultural and manufacturing operations in six African countries. The Company is based at Mount Edgecombe, "KwaZulu-Natal", South Africa and was founded in 1891. It is a subsidiary of Associated British Foods Plc. which holds 51% of the issued share capital. Associated British Foods Plc. was founded in 1935, and is now a diversified international food, ingredients and retail group with over 96 000 employees in 44 countries. Associated British Foods Plc. has sales and manufacturing operations across Europe, the Americas, Africa, Asia and China. The business is split into five segments: Sugar; Agriculture; Retail; Grocery; and Ingredients. The Sugar segment comprises of its sugar processing business, based in Europe, Africa and China, and is the second largest in the world. Headquartered in London, United Kingdom, ABF is listed on the London Stock Exchange (LSE) while Illovo Sugar is listed on the Johannesburg Stock Exchange (JSE).

ZAMBIA SUGAR PLC - A TRADITION OF LANDMARK ACHIEVEMENTS IN ZAMBIA

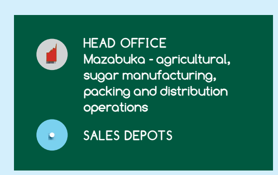
- *First sugar growing and processing company*
- *First to employ diffuser technology*
- *First to refine sugar*
- *First to generate electricity using biomass (Bagasse), with a total capacity of 40 Megawatts of power*
- *First to have installed capacity to produce over 400 000 tons of sugar annually*
- *Second largest single sugar mill in Africa.*

ZAMBIA SUGAR PLC - A TRUSTED MARKET LEADER

Zambia Sugar markets its products under the WHITESPOON brand with a product range that comprises Brown, Household, Refined, Castor, Icing, Rich dark, Golden Syrup, Treacle Syrup, Maple Syrup, Molasses, Industrial Brown, Industrial Household, Bottler grade, Demerara, Golden granulated and Raw sugar for refining. Zambia Sugar has a well-developed local distribution network delivering sugar to all districts in Zambia. This is done through a well organised depot system that ensures Whitespoon products are available, anywhere and everywhere in Zambia. Whitespoon Industrial Sugar Range has been used in beverage, confectionery and food processing industries for decades. The company is committed to providing world class quality sugar products which meet international standards such as ISO 9001:2008 and Bottler Grade Sugar.

Zambia Sugar has two main Export Markets; namely the European Union (EU) and the Regional Market. Zambia Sugar's strategic location in the Southern African Development Community (SADC) region makes it a supplier of choice for quality sugar and downstream products in the region and beyond. The regional export market includes the Great Lakes Area (GLA), Democratic Republic of Congo (DRC), Southern Tanzania, Zimbabwe, and the Southern African Customs Union (SACU). While the regional market is mainly supplied with Household Sugar, Brown Sugar and Industrial Refined Sugar, the European market is mainly supplied with Refined Sugar, Raw Sugar, Golden Granulated and Golden Farmhouse Sugar.

OPERATING LOCATIONS



HEAD OFFICE

Nakambala Estate
P.O. Box 670240, Mazabuka, Zambia
Plot no. 118a Lubombo Road, Off Great North Road
Tel: +213 230 666/231 111/230 144
Fax: +213 230 1116
www.illovosugar.co.za

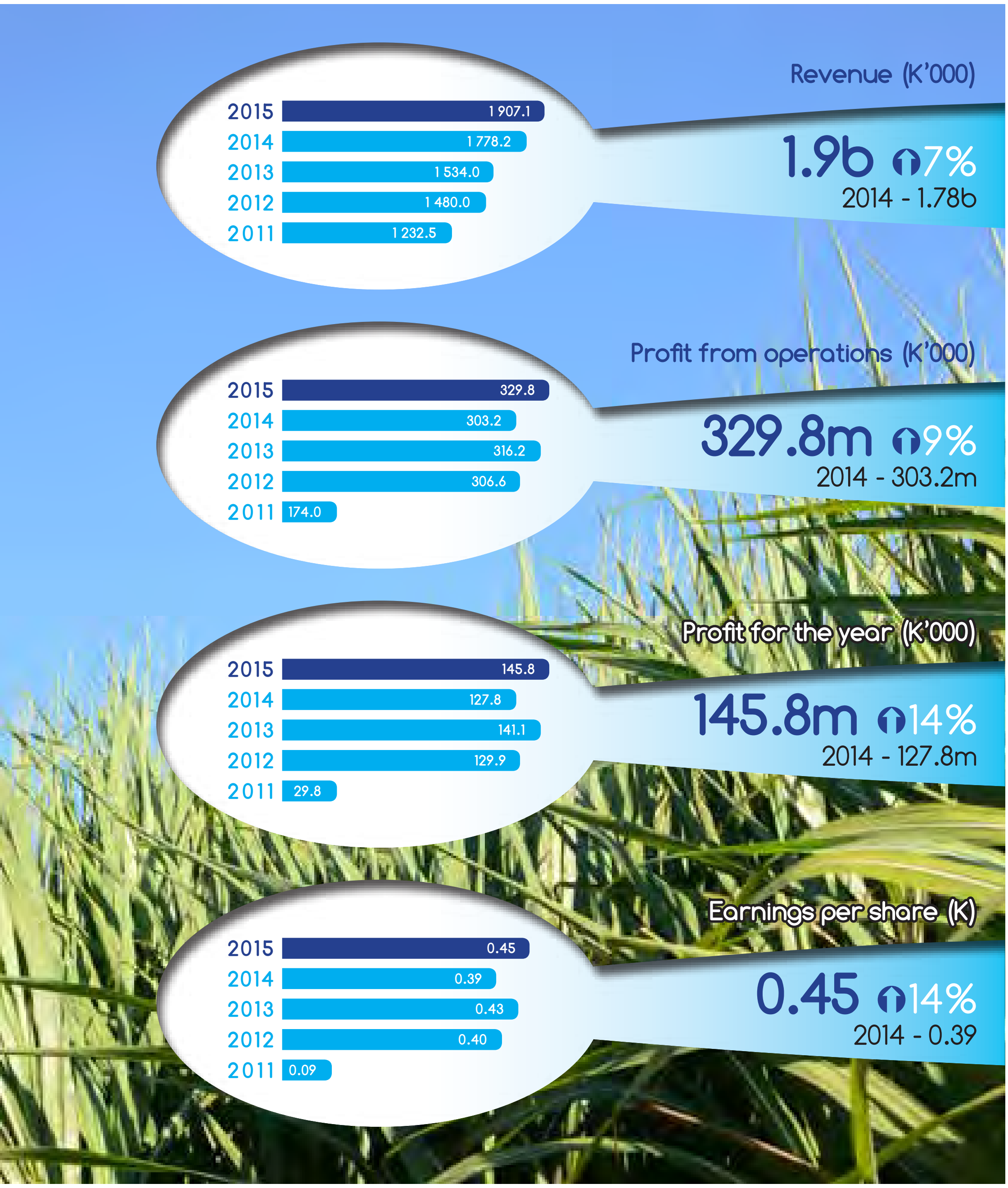
Mazabuka – agricultural, sugar manufacturing, packing and distribution operations.

RIGHT: Outgrowers inspect the cane harvest at Nakambala.

Contents

Zambia
Malawi
Mozambique
Tanzania
South Africa
Swaziland

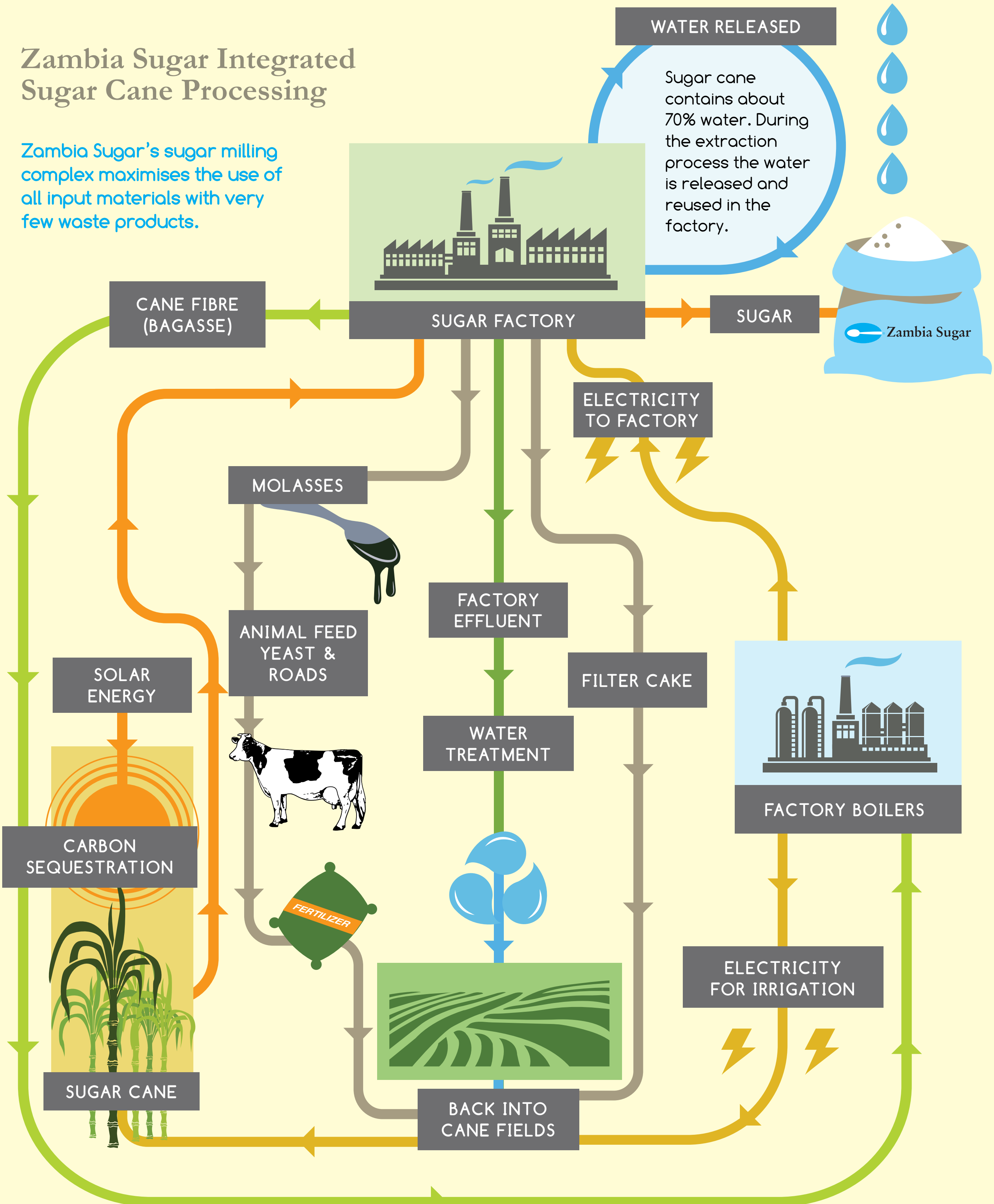
Financial Highlights



	2015	2014
Revenue (K'000)	**1 907 169**	1 778 172
Profit from operations (K'000)	**329 803**	303 146
Profit for the year (K'000)	**145 781**	127 796
Earnings per share (K)	**0.45**	0.39
Headline earnings per share (K)	**0.45**	0.39
Dividends per share (K)	**0.23**	0.20
Number of shares in issue (000)	**316 571**	316 571

Zambia Sugar Integrated Sugar Cane Processing

Zambia Sugar's sugar milling complex maximises the use of all input materials with very few waste products.



In normal to good conditions, sugar cane contains between 13% and 15% sucrose, which is used in sugar mills to produce household, brown and refined sugar.

- Cane fibre or bagasse, the fibrous residue following the sugar extraction process, is used as a bio-renewable fuel source in the factory boilers to produce steam for processing requirements and to generate electricity.
- Water contained in sugar cane amounts to between 68% and 72% of total content. During the extraction process, this water is released and recycled for use within the factory, reducing reliance on external water resources.
- Organic and non-organic impurities captured in the form of "filtercake" during the manufacturing process are returned to the cane fields for use as a fertiliser.
- Molasses is a by-product of the sugar manufacturing process. Zambia Sugar sells molasses to farmers to be used as an animal feed supplement and is used as a key ingredient in the manufacture of yeast. It is also used as a dust suppressant on gravel/dirt roads. Molasses is also a rich source of potassium (K) and can be used as a fertilizer and be applied directly to sugar cane fields.

Sugar cane

- Sugar cane is a large grass variety which grows well in tropical and sub-tropical climates across the globe, absorbing around 18 tCO2 per hectare per annum.
- Harvesting in the southern hemisphere takes place between April and December when the cane is 12 to 24 months old (12 months in Zambia).
- Once harvested, the cane commences a new growing cycle from its existing roots; this re-growth is called a "ratoon". Replanting takes place only every seven to 10 years, minimising soil disturbance and exposure to wind and water erosion.
- In regions where irrigated cane yields are significantly high such as in Zambia, water for irrigation is sourced from secure and sustainable water resources such as large rivers, lakes and dams within permitted rights of use.

See more details on page 20.

Other Information
Financial Statements
Corporate Governance
Business Review

Vision

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

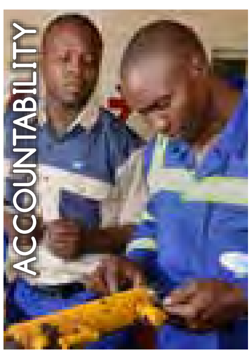
Purpose

To produce & market *quality sugar & downstream products* at low cost that *satisfy customer requirements,* provide opportunities for meaningful work for employees & ensure *sustainable returns to shareholders,* whilst contributing positively to society & the environment.

Values

Upholding our values

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



Delivery focused

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

Empowering our people

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

Embracing diversity

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

Working collaboratively

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

Chairman's Statement

Dear Shareholder,

Your Board is pleased to report on a year of improved operational and financial performance. Full production potential was realised through a record production of 424 000 tons of sugar, domestic sales increased to a record of 174 000 tons, an increase of 6% over the previous year. Exports to the regional markets increased by 60%. Operating profits increased by 9% from K303 million to K330 million with an operating margin of 17% achieved. Headline earnings per share increased by 14% from K0.39 to K0.45.

This year, your Board recommends a final dividend of K0.02 per share having paid two interim dividend amounting to K0.21 during the year. This will bring the total dividends for the year to K0.23 compared to K0.20 for last year, an increase of 15%. We are making steady progress towards our objective of delivering sustainable value to our shareholders.

THE WINNING TEAM

Zambia Sugar's success is due to the 6 000 plus employees who work for the Company. I am pleased to say that our people in the company are totally committed to serving our customers and markets.

During the year we bade farewell to three directors, Dr. Aubrey Chibumba resigned to pursue other opportunities. Ian Parrott took up another role within the Illovo Group and resigned from the board of Zambia Sugar. Margaret Mwanakatwe resigned as board director following her appointment as Minister of Commerce, Trade and Industry in the Government of the Reuplic of Zambia. Rebecca Katowa was appointed Managing Director of the company. Mrs Katowa's appointment will no doubt significantly benefit the company.

Your company made impressive progress during the year, delivering remarkable operational and financial performance and achieving a number of important milestones on the business strategy.

Each member of the Board and management brings skills, experience and knowledge required to contribute to the effective and smooth running of the business. I wish to convey my gratitude for the guidance provided by my fellow Directors.

FUTURE PROSPECTS

Your company made impressive progress during the year, delivering remarkable operational and financial performance and achieving a number of important milestones on the business strategy. The operating environment will remain challenging. The company faces the future with huge optimism and remains focused on achieving the objectives of its strategic plan.

Finally, I wish to thank all our employees who have worked tirelessly during the year to deliver this year's good results.

Fidelis Mukutha Banda
Board Chairman

A section of the packing station for specialty sugars produced at Nakambala

Zambia Sugar Plc produces a full range of sugars and specilaity products for the domestic and export markets.

Board of Directors

NON-EXECUTIVE, INDEPENDENT CHAIRMAN

Fidelis M. Banda (64)[&], Zambian
ACIS, FCMA, CGMA, FZICA
Chairman of Nomination Committee

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

NON-EXECUTIVE, INDEPENDENT DIRECTORS

Ami R. Mpungwe (64)[*#^], Tanzanian
BA (Hons)

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

Dipak K. A. Patel (62), Zambian

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

EXECUTIVE DIRECTORS

Rebecca M. L. Katowa (54), Zambian
BA, MBA, DipM, FZIM

Mrs Katowa is the Managing Director. Before that she served the company as Marketing Director, a position she held for 13 years, having joined the company in 1997 as Marketing Services Manager. She was appointed to the board in 2002. She holds a Bachelor of Arts degree from the University of Zambia (UNZA), a post graduate Diploma in Marketing from the Chartered Institute of Marketing (UK) and a Masters in Business Administration (MBA) from the Copperbelt University. She is a professional marketer with a track record of delivering strong business performance and building highly engaged teams. She is a member of the Chartered Institute of Marketing (CIM-UK) and fellow of the Zambia Institute of Marketing.

Henry K. Mambwe (43), Zambian
BSc, FCCA, FZICA

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

Marc F. Pousson (49), South African
NHDElecEng, GCC(Elec)

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

NON-EXECUTIVE DIRECTORS

Gavin B. Dalgleish (49) &*#^,
South African
MScChemEng

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

Mohammed H. Abdool-Samad (44) *#,
South African
BCom, CA (SA)
Chairman of Audit Committee

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

John P. Hulley (55) #, South African
NDipMechEng, MDP, GMgmt.
Chairman of Risk Committee

Mr Hulley is the Chairman of the Risk Committee. Mr Hulley was appointed to the board on 1 September 2013 following his appointment as Operations Director of Illovo Sugar Limited. From 1978 until 1993 he has served in various positions and, after rejoining the company in 2000, he held various management positions in the company's South African operations, before being appointed General Manager of the company's Swaziland subsidiary, Ubombo Sugar Limited in 2008, and subsequently its Managing Director. He also held management positions in other companies in the sugar industry, including a leading engineering and project management consulting company providing services to the sugar industry and other heavy engineering industries.

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

Nakambala Executive Team

1. Rebecca M. L. Katowa
Zambian
BA, MBA, DipM, FZIM
Managing Director
See board of directors for profile.

2. Marc F. Pousson
South African
NHDElecEng, GCC (Elec)
Operations Director
See board of directors for profile.

3. Henry K. Mambwe
Zambian
BSc, FCCA, FZICA
Finance Director
See board of directors for profile.

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

Mrs. Mutimushi is the legal advisor of the board as well as a member of the Zambia Sugar executive team. She has a good and solid foundation in all aspects of the law practice, having begun her career practicing with three busy law firms before she took on a career growth opportunity and accepted the position of Legal Counsel in the Banking sector. In 2005, taking on a more challenging role, she joined the SABMiller group of companies in Zambia, where she served as the first ever in-house Legal Counsel. She was subsequently appointed Group Company Secretary. She joined Zambia Sugar in 2014, in the position of Company Secretary & Legal Counsel.

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

Mrs Mutambo was appointed as Human Resources Executive for Zambia Sugar Plc in November 2013. She previously served as Human Resource Executive of Lafarge Cement Zambia where she worked for over six years and as Head of Human Resources for Barclays Bank Zambia. She holds a BA degree in Business Administration and has over 12 years of experience in both human resource practice at director level as well as consultancy in human resources management and organizational development with international audit firms among them Price Waterhouse Coopers (PwC) and KPMG.

6. Richard Chiponda
Zambian
ZDM, BBA, PgDBBA, MZIM
Marketing Manager

Mr Chiponda is acting marketing director. He joined Zambia Sugar as Logistics Manager in 2006 a position he held until he was appointed Marketing Manager in 2014. He holds a Post Graduate Diploma in Business Administration and is a member of the Zambia Institute of Marketing. In 1999 he joined Manica Freight as a Management Trainee and was later appointed Branch Manager. He moved to Hill & Delamain Freight as Branch Manager in 2002.

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

Mr Forbes joined Zambia Sugar in September 2014 as Supply Chain Manager. Before his appointment he was Illovo Sugar Group Continuous Improvement manager and Group Operations Systems manager. Mr Forbes has 18 years of cross-functional experience having worked in operations, international human resources development and continuous improvement. He has previously worked for Toyota (South Africa) and his own consultancy with a key focus on continuous improvement processes within operations.

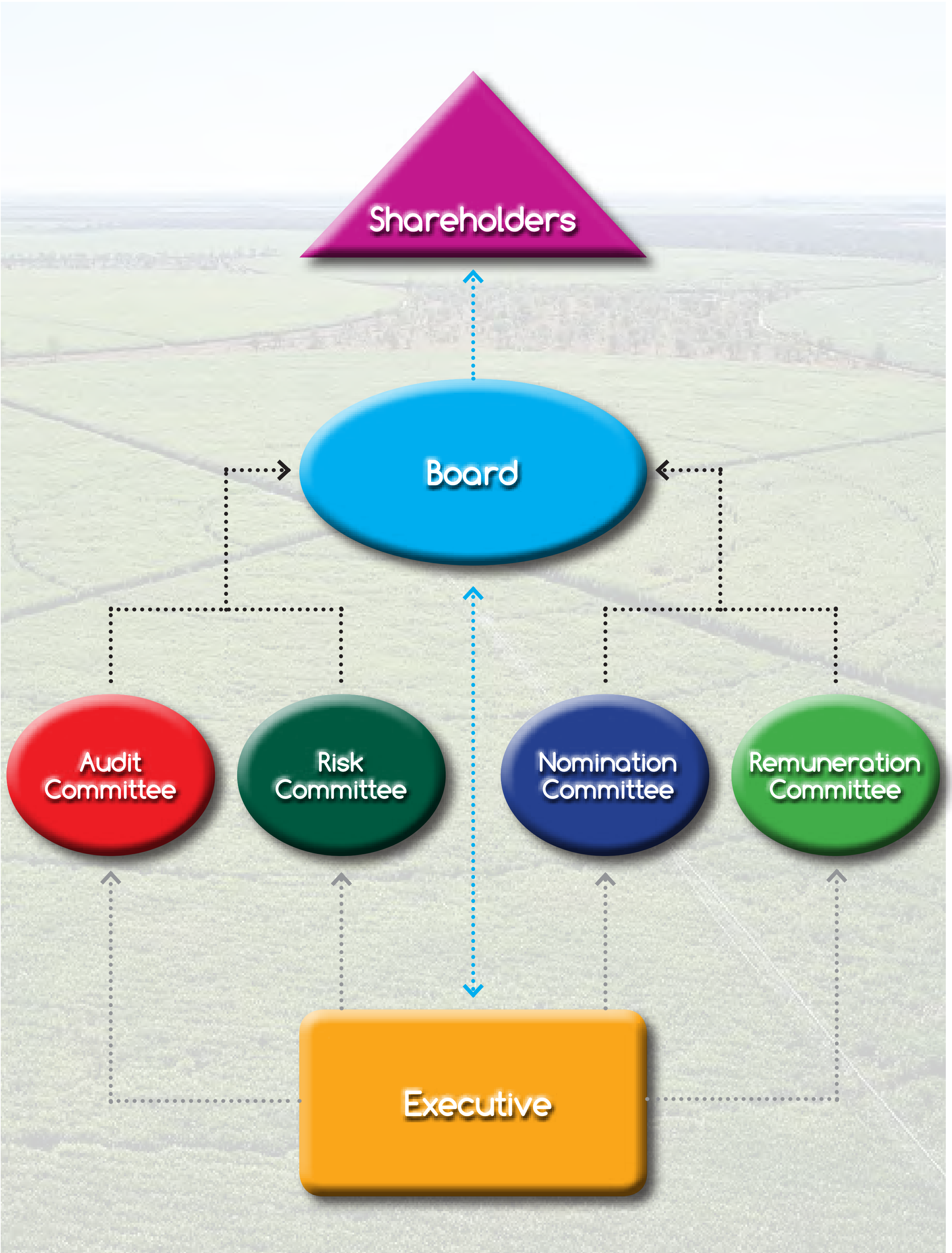
8. Godfrey Mpundu
Zambian
BEng (Chem), ALChemE
Factory Manager

Mr Mpundu joined Zambia Sugar on 1 November 2014 as Factory Manager. He joined Zambia Sugar from British Sugar (UK) where he held several roles in operations. He first joined British Sugar in 1996 and worked in various operational roles at nine sites that the business owned at the time. His last position which he held for two years, was Head of Factory Operations based at Central Offices in Peterborough with operational responsibilities which included engineering reliability improvement, capacity utilisation, efficiency improvements and production plans to fit market requirements for the four operating sites in British Sugar (UK).

Anthony H. Domleo
South African
BCom
Agriculture Manager

Mr. Domleo joined the senior management team at Zambia Sugar in 2012 as Agricultural Manager having been transferred from Ubombo Sugar Ltd in Swaziland where he had served as Agricultural Manager since 2005. Anthony started his career with Illovo Sugar Ltd (CG Smith Sugar Ltd at that time) in 1983 at Sezela Mill where he held positions as Farm Manager and Field Manager Small Grower Development. He has a diploma in agriculture and a BCom degree. *(not in picture)*

Governance Structure



This is my maiden report to you, the shareholders as your Managing Director. I am pleased to report that the past financial year was filled with wonderful opportunities and many challenges. Regardless of the challenges that we faced we remained focused on the longer term goals. Key strategic imperatives during the year included continuous improvement programmes, cost reduction and operational efficiencies.

Some of the key operational highlights were:-

Tons cane crushed	3 417 172
Tons Sugar made	424 024
Extraction	95.94
% operational lost time	0.74%

Other achievements were;

Tons domestic sales	174 018
Tons regional sales	158 602

An operating profit increase of 9%, from K303 million to K330 million, achieving an operating margin of 17%.

This record performance is largely due to improved factory reliability and better than expected overall time efficiencies, average cane yields increasing appreciably across the entire cane growing area from 114 tons cane per hectare in the previous year to 123 tons cane per hectare. Our largest smallholder scheme KASCOL (Kaleya Smallholder Company Limited) equally supplied their highest tonnage on record of 284 000 tons exceeding their previous record of 258 000 tons. Smallholder growers contributed 10% of the total cane supply.

The increase in cane yield could also be attributed to the continuous improvement initiatives in our agriculture operations. These initiatives resulted in a record 3.4 million tons of cane delivered to the mill representing an increase of 8% compared to the 3.1 million tons in the previous year. The estate delivered 1.96 million tons compared to 1.86 million tons in the previous year whilst out-grower deliveries increased to 1.45 million tons from 1.29 million tons in the 2013/14 season.

As one of the leading employers in Zambia, the business created a total of 6 650 employment opportunities during the year, whereby 1, 950 are permanent jobs and 4 700 seasonal job opportunities.

EXTERNAL FACTORS

While the business performed exceptionally in production, the lowly priced EU market sales dropped by 30%. This drop has however been compensated with record sales in the regional and domestic markets recording 60% and 6% increase respectively. The drop in sales margins in the EU market are expected to continue on a downward trajectory because of the surplus sugar stocks on the world market.

INVESTMENT AND INNOVATION: - PRODUCT ALIGNMENT AND REFINERY PROJECT

In our continued quest to invest in the future, the business commissioned a major investment in the Product Alignment and Refinery Project. The project will give further impetus to the development of Zambian smallholder cane farmers and provide employment opportunities for local people during the construction phase scheduled for completion in 2016. The project scope includes the construction of a modern, high-specification refinery to more than double current annual refined sugar production capacity to around 100 000 tons and increase annual sugar production capacity from 420 000 to 450 000 tons through a range of smaller factory improvements. The project will ensure product differentiation as well as achieve the FSSC standards in terms of quality. This project consolidates Zambia Sugar's position as Africa's single-largest cane sugar producer and underlines the broader strategy of focusing on growth within our domestic and regional markets and downstream opportunities to diversify our product mix.

The increased cane supply requirements for the improved Nakambala factory will come primarily from area expansions of which the smallholder development at Manyonyo will be major part. This development will benefit the local community in terms of both revenues derived from the supply of cane to the factory and, as part of a broader multiplier effect, employment opportunities for seasonal agricultural workers and other job creation opportunities.

Cane cutters at work.

OUR PEOPLE

As one of the leading employers in Zambia, the business created a total of 6 650 employment opportunities during the year, whereby 1, 950 are permanent jobs and 4 700 seasonal job opportunities. The business has during the period under review paid in excess of K730 million into the local economy through payments to amongst others, employees, cane growers and government in the form of direct taxation.

Our Corporate Social Responsibility (CSR) and Wellness programmes encompass Youth and Women empowerment programmes, Malaria prevention programmes, HIV and AIDS programmes, general health care, housing, sports, infrastructure upgrade, and environmental stewardship. In 2014/15 a total of K48.4 million (2014: K47.2 million) was spent in CSR and Wellness initiatives in our communities.

OUTLOOK

Looking ahead, our sugar production in the 2015/16 season is estimated to be marginally less than the past season due to a number of factors including power interruptions, the outbreak of the yellow sugarcane aphids and unseasonal rains at the beginning of the 2015 season. While the already challenging conditions are expected to become more difficult in the coming year, our long term prospects continue to look positive as we build on our best. Our investment initiatives, our continuing cost reduction and continuous improvement programs will strengthen the business and ensure long term sustainability. In conclusion, I want to join our Chairman in thanking our employees, customers and the shareholders for the invaluable support we have received from all of them. Be assured that we will continue to work hard to deliver a successful and profitable 2015/16 financial year.

Rebecca M. L. Katowa
Managing Director

PRINCIPAL ACTIVITIES

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

AGRICULTURE

A record sugar cane crop harvest of 3 417 172 tons was delivered to the factory compared to the previous record of 3 246 082 tons. Out growers delivered 1.45 million tons of cane compared to 1.29 million tons the previous season. Deliveries from small holder schemes increased by 67 000 tons to 340 000 tons. Contributing factors to the record crop included a number of continuous improvement initiatives, climatic conditions and a dry period at the end of the season allowing the cane to be delivered to the factory.

PRODUCTION

The factory produced a record 424 000 tons of sugar during the 2014/15 season, comfortably exceeding the previous record of 404 000 tons achieved during the 2012/13 season. This record performance was largely due to improved factory reliability and better than expected overall time efficiencies. Favourable weather and harvesting conditions experienced in November and December 2014 contributed to better cane quality and sucrose. During the season a total of eight production records were also achieved.

CONTINOUS IMPROVEMENT

The continuous improvement (CI) programme at Zambia Sugar continued to gain momentum and again contributed significantly to cost savings. Furthermore the rollout of the CI programme has been extended to include the support services functions of the company. The TRACC system continues to be used to monitor implementation of the CI practices. Further to this, a CI register has been developed to document all previous, current and potential improvement initiatives.

MARKETING

Record sales were achieved in the domestic market, increasing by 6% to 174 000 tons representing 41% of the total sales. The growth of the industrial and retail sales continue to positively benefit total local sugar sales. Surplus sugar stocks in the world market and the consequent impact on global sugar prices continue to depress prices in the regional markets. Exports to the regional markets increased by 60% to 159 000 tons from 99 000 tons the previous year. EU sales decreased by 30% to 93 000 tons compared to 138 000 tons in the previous year on account of the prevailing low EU sugar prices. Molasses sales improved favourably both on the local and export markets. Domestic molasses sales increased by 5% to 46 000 tons compared to 44 000 tons in the previous year while export molasses sales increased by 28% to 64 000 from 50 000 the previous year.

PROSPECTS

Sugar production in the 2015/16 season is estimated to be marginally less than the past season due to dry conditions experienced in November and December 2014, power interruptions , the outbreak of the yellow sugarcane aphids and unseasonal rains during April 2015. The company continues to implement strategies to mitigate these challenges.

The Agricultural Manager , Mr Anthony Domleo, checking the tilth and ridging depth prior to planting on a highly productive soil at farm 10 on the Nakambala estate.

The factory produced a record 424 000 tons of sugar during the 2014/2015 season.

Reasonable growth is expected in the domestic market. Margins in both the regional and EU export markets are expected to remain under pressure from surplus sugar stocks on the world market. Realizations in these markets will continue to be influenced by exchange rate movements.

Unseasonal rains slightly delayed the factory start-up to the 2nd week of April and operations have stabilised notwithstanding power outages. Early season cane yields are at acceptable levels and will improve as the crop matures.

HUMAN RESOURCES

The company continued to be a significant provider of employment, with an average workforce of 5 600 during the year, including 1 950 permanent employees with seasonal workforce peaking at 4 700. In terms of wealth creation the company injected in excess of K730 million (2014: K690 million) into the local economy through payments to amongst others, employees, cane growers and government in the form of direct taxation.

EMPLOYEES

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

Month/Year	Average Number	Month/Year	Average Number
April 2014	4 827	October 2014	6 481
May 2014	5 660	November 2014	6 637
June 2014	5 699	December 2014	6 629
July 2014	5 750	January 2015	5 016
August 2014	6 229	February 2015	4 518
September 2014	6 405	March 2015	3 432

The total remuneration and benefits paid in respect of the above employees was ZMW364 million (2014: K329 million).

DIVIDENDS

An interim dividend of K0.08 per share (2014: K0.08) was paid to shareholders on 24 November 2014. Notice is hereby given that a second interim dividend of K0.13 per share (2014: K0.10) has been declared in respect of the year ended 31 March 2015. This dividend is payable on or about 29 June 2015 to shareholders registered at the close of business on 26 June 2015.

At the forthcoming Annual General Meeting to be held on 13 August 2015, the directors will propose a final dividend for the year ended 31 March 2015 of K0.02 per share (2014: K0.02). This will result in a total dividend for the year of K0.23 per share (2014: K0.20).

TECHNOLOGY, RESEARCH AND DEVELOPMENT

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

AUDITORS

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

DIRECTORATE

The names of the directors in office at the date of this report are set out on page 6.

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

Mrs RL Katowa was appointed Managing Director of the company on 4 February 2015 following her appointment as acting Managing Director since 9 September 2014 when the then Managing Director Dr Aubrey Chibumba resigned. Prior to this appointment Mrs Katowa was Marketing Director for the company, a position she held for thirteen years.

Mrs MD Mwanakatwe resigned as board director following her appointment as Minister of Commerce, Trade and Industry in the Government of the Republic of Zambia. The company records its appreciation for Mrs Mwanakatwe's services and wishes her well in her new role.

Mr IG Parrott, former Illovo Central region Director, took up another role within the Illovo Group and resigned from the board of Zambia Sugar Plc.

COMPANY SECRETARY

Mwansa M Mutimushi

DIRECTORS' INTERESTS

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

The beneficial interest of directors holding office at the end of the year under review, in the issued ordinary share capital of the company, as at 31 March 2014, were as follows:

	2015 No of shares	2014 No of shares
F M Banda	**7 176**	7 176
H K Mambwe	**2 500**	2 500

ANALYSIS OF SHAREHOLDERS

			Number of holders	Number of shares	%
RANGE					
1	-	1 000	2 509	877 152	0.28
1 001	-	5 000	609	1 327 653	0.42
5 001	-	10 000	132	950 127	0.30
10 001	-	100 000	113	3 545 741	1.12
100 001	-	1 000 000	29	11 704 894	3.70
>1 000 000			10	298 165 818	94.19
Total			**3 400**	**316 571 385**	**100.00**
CLASSIFICATION					
Pension Funds			65	58 179 232	18.38
Local Companies			75	11 703 949	3.70
Local Individuals			2 895	3 915 262	1.24
Foreign Companies			30	193 730	0.06
Foreign Individuals			334	689 235	0.22
Illovo Group Holdings			1	241 886 977	76.41
Total			**3 400**	**316 571 385**	**100.00**

The Lusaka Stock Exchange (LuSE) regulations require that all listed companies must have a minimum of 25% of its shares held by public investors in terms of a free-float. As a result Illovo Group Holdings Limited (IGHL) was required to reduce its shareholding in Zambia Sugar Plc by 6.6%. Effective 26 September 2014, 5.1% of the shares were sold to local Zambian institutional investors. As agreed with the LuSE, the remaining 1.5% will be held in a separate account in the LuSE Central Securities Depository and IGHL will waive its voting rights on these shares.

Zambia Sugar

Zambia Sugar Plc is a long-term investor in Zambia, delivering shared benefits to government, local communities and the private sector through the positive socio-economic impacts of its operations and corporate activities at Mazabuka, in Lusaka and around the country.

Developing the economy through sweet partnerships with our customers

Zambia Sugar: *celebrating 50 years of Independence with the Zambian nation*

ZAMBIA SUGAR: *PUTTING MORE WEALTH INTO THE HANDS OF ZAMBIANS*

Share sale by Illovo Sugar in compliance with *LuSE* Listings Requirements.

Overall objectives

To reduce Illovo's shareholding and increase Zambian investment.

Local opportunities maximised

Seven local institutional shareholders acquired around *78%* of all shares sold.

Total value of deal:

ZMW 109 MILLION

INDEPENDENT SOCIO-ECONOMIC IMPACT ASSESSMENT *2012/13*

Conducted by international company, Corporate Citizenship, this study provided a clearer picture of our impact on the economy, community and individual livelihoods in Zambia and highlighted opportunities to enhance our positive social, economic and environmental impact.

Zambia Sugar: employs more than

6 000 *local people across its operations.*

Directly employed

6 014 people in Zambia. (including seasonal and non-permanent workers)

Supported

3 390 people through outgrowers.

Further estimated indirect and induced employment of between

1 881 & 8 087 PEOPLE

Supports around **15 000** ***jobs*** in *Zambia.*

QUADRUPLED

it's training budget in the last 3 years to reach **ZMW 8 MILLION** *in 2012/13*

Directly supports the livelihoods of

28 867 PEOPLE at its operations.

Spent **ZMW 44 MILLION** with *126 small businesses* in Mazabuka *in 2012/13*

SPENT ZMW 745 MILLION with non-cane suppliers, about **68%** of which was spent with over *400 companies in Zambia.*

Spent **ZMW 267 MILLION** on remuneration & employee benefits *in 2012/13.*

= **18%** *Of total revenues*

= **42%** *Of company's value added*

ECONOMY

ZMW 2.2 BILLION contributed to Zambia's economy *in 2012/13* including direct, indirect, and induced impacts.

= **+/-10%** of Zambia's agricultural sector.

Provides significant *indirect employment* through its spending with

270 OUTGROWER FARMERS.

Directly added **ZMW 642 MILLION** of gross value to *Zambia's economy.*

COMMUNITY

INVESTED ZMW 34 MILLION

supporting demand-driven social initiatives in its community in 2012/13, including:

1 ***Sponsoring*** a phased upgrade of the *Mazabuka Community Radio* Station to ensure that the *1.8 million listeners* could continue to benefit from its service;

2 ***Investing in education*** **ZMW 3 MILLION** through the sponsorship of schools and support of a number of other traditional and cultural ceremonies, football clubs and community projects;

3 ***Providing clean drinking water*** to the *16 000 residents* of the Nakambala Estate as well as delivering bulk raw water to the Water Utility firm for distribution to the town of Mazubaka's more than *250 000 residents.*

CONSTRUCTED ***a new medical centre*** supporting employees, their dependants and local community members.

PROVIDED a generator for life support care of patients undergoing operations and premature babies in neonatal units at Monze Mission Hospital.

FACILITATED the construction of a maternity ward and the rehabilitation of two other wards at the government Mazabuka District Hospital.

ENVIRONMENT

The Zambia Sugar *factory* is a

"POWER-ISLAND" providing its total energy requirements from renewable bagasse sources, thereby reducing demands for electricity on the national grid.

To reduce chemical waste, Zambia Sugar has replaced chemical filtration with non-chemical methods.

SUPPLY CHAIN

IS COMMITED ***to uplifting rural communities*** by helping smallholder farmers to create profitable independent businesses, *purchasing more than 1.3 million tons of cane* generating significant revenue within the community.

19% *Spent of total revenues* in 2012/13 = **ZMW 297 MILLION** procuring sugar cane from independent farmers, including over *250 smallholder farmers.*

COMMUNITY ACHIEVEMENTS

A key success in recent years has been the virtual elimination of:

1 Malaria transmission on the company's estates.

2 Malnutrition among children under five through education programmes.

INVESTMENT

INVESTED **$188 MILLION EXPANSION** of its factory and estate at Nakambala.

which increased annual cane production by **50%** and sugar production capacity to over *400 000 tons* of sugar *in 2008/9.*

http://www.illovosugar.co.za/About-us/Zambia

Zambia Sugar has a sustainability reporting process to assess, quantify and disclose the company's key social and environmental impacts. The company subscribes to the principles of sustainable development and through its business strategies aims to ensure sound and sustainable practices are developed and maintained.

ECONOMIC IMPACT

Preferential procurement

A key component of our strategy is to promote small and medium enterprises within Zambia. To this end we have a preferential procurement policy in place that encourages the participation of the local community in economically beneficial activities and supports the long-term growth and stability of a local supply chain by sourcing materials and services of the correct quality at an acceptable premium, notwithstanding the economic advantages that would otherwise be gained by sourcing bulk supplies and technologies through the Illovo group procurement function in South Africa. The company continued to promote small and medium enterprises within Zambia. A total of K355 million of total goods and services excluding cane supply were procured from within Zambia. Future focus will be on supplier development and the education of the community in respect of Zambia Sugar's procurement processes, and thus ultimately leading to a more sustainable model.

Smallholder Development

Zambia Sugar supports smallholder schemes at Kaleya, Magobbo and Manyonyo through the Mazabuka Sugarcane Growers Trust. The emergence of new smallholder schemes, with which the company is directly involved, reflects our commitment to support the development of sustainable, commercially -directed farming business models and governance systems in our growing community. There are 406 smallholder farmers in outgrower schemes. Small holder schemes supplied a total of 340 000 tons of cane generating revenue of K88 million. Of this, Kaleya Small Holder Scheme supplied a record 284 000 tons of cane exceeding their previous record of 258 000 tons. Smallholder schemes contributed 10% of total cane supply.

SOCIAL IMPACT

Our Social Investment

Zambia Sugar remains consistent in social and economic interventions in communities in Mazabuka and surrounding areas, with a comprehensive social investment programme targeting critical community needs. The company's social investment and corporate social responsibility support targets education, health, sports, culture and community services and infrastructure. For the year under review, the focus for social investment in the wider community was in the area of education and sport.

Support to Primary and Secondary Education

Our support to the education sector is premised on investment in sustainable education by helping to build capacity and providing opportunities for local people to access quality education. The company hosts government schools on the estate, and to this effect the company spent K300 000 on construction of staffroom and K157 000 to upgrade ablution and sanitary facilities at Nakambala Primary School. A further K274 000 was expended on construction of staffrooms and K90 000 for toilets at Kabanje Primary School.

Support to Tertiary Education

Our support to sustainable education extends to tertiary to afford more learners access higher education. To this effect, the company contributed K650 000 to complete construction of a Nursing School at Rusangu University in Monze, after an initial support of K590 000 in the previous year for phase I of the project. The university, situated about 70 kilometres from Nakambala Estate, is constructing science infrastructure to enroll more students. This support is also an investment in sustainable health, and it will help to train medical personnel as a contribution to addressing human resource challenges in the sector. Further, Zambia Sugar runs a scholarship programme and during the year under review the company sponsored 2 students at the University of Zambia.

Wellness: Support to Sports and Recreation

Support to sports development is one of the company's strategies for promotion of good health and recreation under its wellness programmes. At national level, Zambia Sugar contributes towards the development of sport through support to national associations to help run talent identification and development programmes. To this effect, the company focused on golf which climaxed with the sponsorship of the Sunshine Tour sanctioned Zambia Sugar Open 2014 with a total spend of K1.8 million. Under this agreement, the sponsorship of this tournament will continue to 2016.

Further, the company supported athletics and made a contribution of K100 000 towards the Zambian team that participated in the 2014 Commonwealth Games held in Scotland as well as camping of youths undergoing a High Performance Training Programme at the Olympic Youth Development Centre. A total of K1.4 million was spent on football and other community sporting activities on the Nakambala Estate as well as participation in competitive sports. These include football, boxing, athletics, cycling and karate. The company sponsors its teams in national leagues of the respective disciplines and more specifically the Nakambala Leopards Football Club playing in the Zambian Premier League is particularly renowned in Mazabuka and the nation at large.

The wellness programme accommodates the 16 000 people that are resident on the Nakambala Estate, by providing a range of social amenities. Total spend on these amenities amounted to K42.2 million (2014: K39.4 million). A total of K3.1 million was spent on the Nakambala Private School for Zambia Sugar employees' children, while K11.1 million was spent on health and medical services that included wellness activities and medical supplies for the company's hospital and three clinics. Spent on housing and related services was at K12.9 million of which K10.9 million was applied on company housing upgrade and maintenance. Other expenditure includes K6.4 million on environmental related services including electrification of townships, sewerage and refuse collection and electricity costs and K8.7 million on road maintenance and water reticulation upgrade for the employee villages on the Estate. The company has robust HIV/AIDS and prevention against malaria programmes. To this effect malaria has been virtually eradicated on the Estate while the HIV/AIDS interventions are paying off with the incidence rates in decline.

Provision of Clean Water

Zambia Sugar provides potable water to a population of 16 000 on the estate and further supplies bulk raw water to the Southern Water and Sewerage Company (SWASCO) which in turn supplies clean and treated water to the entire Mazabuka town. Further, during the year the company installed a borehole and conducted water reticulation repairs at the 10 Miles Zambia Police Post within Mazabuka.

SOCIAL RESPONSIBILITY EXPENDITURE

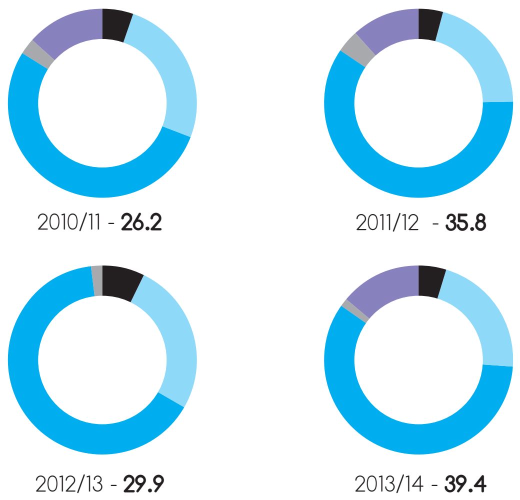
Vitamin A

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

The following table indicates the total social investment spend in 2014/15, as compared with expenses of the preceding four years.

EMPLOYEE RELATED SOCIAL INVESTMENT

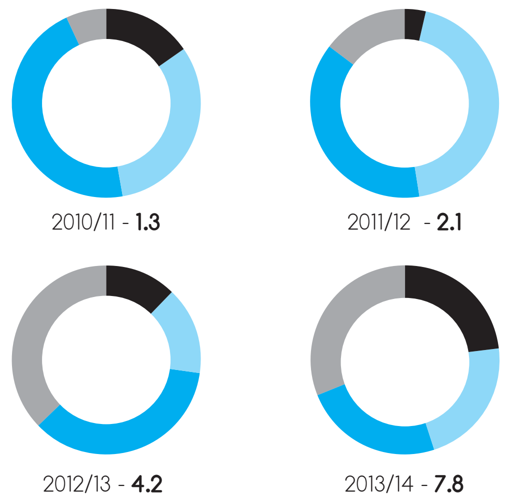
(K' million)



- Housing
- Health
- Education
- Environment
- Roads and water upgrade

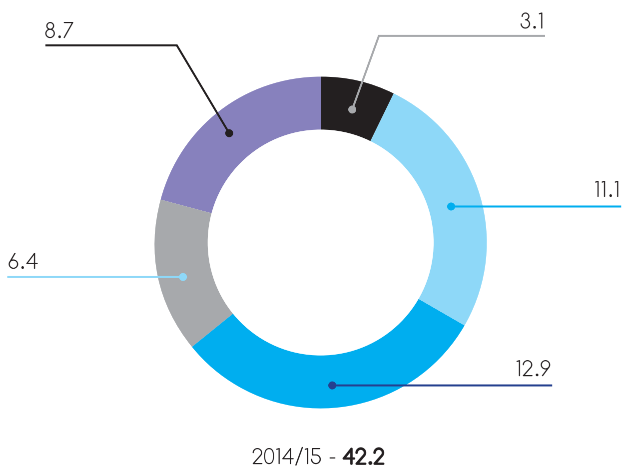
SOCIAL INVESTMENT IN THE WIDER COMMUNITY

(K' million)

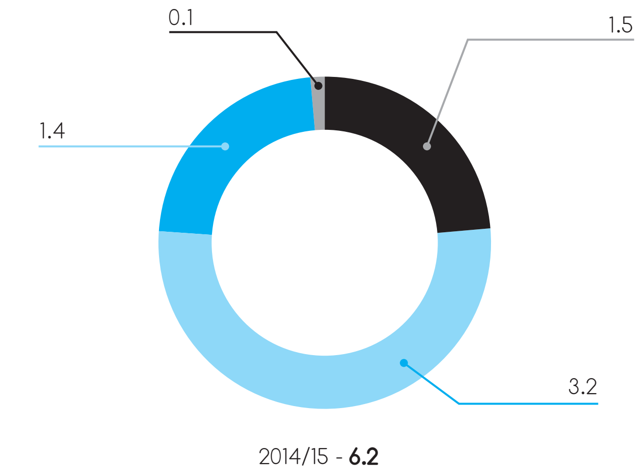


- Sports support
- Sponsorship and donations
- Education
- Community projects

EMPLOYEE RELATED SOCIAL INVESTMENT
(K' million)



SOCIAL INVESTMENT IN THE WIDER COMMUNITY
(K' million)



	2010/11	2011/12	2012/13	2013/14	2014/15
TOTAL SOCIAL INVESTMENT SPEND	27 465 383	37 922 617	34 135 619	47 195 549	48 410 047

Remuneration and Talent strategies

The Right People, for the Right Jobs, the Right Employer Value Proposition, at the Right Time.

The goal for Zambia Sugar talent and remuneration strategies is to get the right number of people with the right skills set, experiences and competencies in the right jobs at the right time. Zambia Sugar has a robust succession planning program that aligns current talent development with future talent or succession needs.

The Company recognises that the only way to reduce the future effect of erosion on our talent pool is through a strong succession planning program that identifies and fosters the next generation of talent through mentoring, coaching, performance management, training and stretch assignments or projects, so they are ready to take the helm when the time comes.

The Career Panel process offers a robust succession planning program that aligns talent management with the vision of the company, ensures employees have development opportunities to enhance their technical or leadership skills, and guarantees that Zambia Sugar has a leadership plan in place for success in the future.

Zambia Sugar recognises that highly talented and dynamic people, who are capable of achieving performance targets, are essential in ensuring maximum returns for the company and its stakeholders. Zambia Sugar aims to engage its employees by fostering diversity, providing challenging work and developmental opportunities, and rewarding performance.

Zambia Sugar people strategy is fortified by group values of respect, integrity, accountability and team work and employee commitment to provide sustainable growth and development for the company and employees.

Our remuneration strategy is based on the principles of aligning remuneration arrangements with business and market strategic drivers and empowering employees by differentiating and rewarding top performers through the performance management system, while demonstrating simplicity and transparency in the performance and remuneration processes.
A performance-related bonus scheme based on production, safety and financial targets is in place to provide incentives to all employees, both permanent and seasonal.

Providing a safe working environment is a priority for Zambia Sugar as is evidenced by the elimination of Malaria transmission on the estate.

Employee Relations

Zambia Sugar strives to maintain conducive employer – employee relationships that contribute to sustainable productivity, motivation, and morale. Support is provided to supervisors on how to ensure positive performance and employee conduct. Information is provided to employees to promote a better understanding of management's goals and policies. Communication to employees on applicable regulations, legislation, and bargaining agreements is periodically updated. Employees are also advised about their grievance and appeal rights and whistle-blower protections.

Effective Training and Development Strategy

The ongoing retention and development of our employees are key strategies for ensuring the sustainability and growth of our business into the future, as well as for attaining our employment equity and localisation targets. These strategies offer a sustainable competitive advantage and will help propel us into the future.

Key retention strategies include creating a work environment in which our employees are challenged to exercise their talent to the full, a strong focus on accountability, performance standards, regular performance feedback, shop floor communication, and forums for team problem-solving and continuous improvement. Our long-standing Business Understanding Programme continues to be used as an inclusive culture building tool, and extends to employees at all levels.

A wide range of leadership and educational programmes are offered to our employees with the aim of encouraging "lifelong learning" through training and education, providing them with the opportunity to improve their qualifications, learn new skills, upgrade and realign skills with new technologies, and improve overall work effectiveness. In this way, we encourage our people to reach their full potential. The company's talent management programme brings structured formality to this process and ensures we have a talent pipeline to provide the required number and quality of managers and specialists for our operations.

The focus areas for training and development are:

- Technical
- Business Alignment
- Continuous Improvement
- Safety / Risk / Health

Entomological Survey

In an effort to combat malaria on the Zambia Sugar estate we have continued to undertake approaches aimed at best practices in malaria control. An Entomology survey/research was undertaken in March 2015 by the Tropical Disease Research Center (TDRC). The survey involved an evaluation of insecticide resistance in indoor – resting mosquitoes in communities within and along the borders of the Nakambala Sugar estate in Mazabuka district.

Entry Level Accommodation

In line with the Illovo Group Standards on entry level accommodation, a programme to improve cane cutter living conditions and welfare has been undertaken at Zambia Sugar. The company has in place a long term entry level house improvement plan for cane cutters' accommodation which will see construction of modern facilities for cane cutter kitchens and common rooms.

SUSTAINABLE SAFETY HEALTH, ENVIRONMENT AND QUALITY MANAGEMENT SYSTEMS

Our underlying environmental philosophy is to continually investigate means to reduce the environmental impact of our operations by improving the Environmental Management System (EMS) across the operation and implementing a business continuity planning (BCP) process aimed at zero environmental breaches and environmental complaints from the community in which we operate. Against the background of our strategic intent to maximise the return on every stick of cane, we are particularly mindful of the possible impacts of our operations on the use of natural resources and strive to minimise these impacts through efficient use in a responsible and sustainable way and through committing ourselves to continuously improve environmental sustainability leadership and culture throughout the operations.

Operational aspects

Zambia Sugar believes that the preservation of biological diversity, ecosystems, and natural places is critically important to the survival of the people, plants, and animals alike. As far as our agricultural operation is concerned, we have adopted sustainable farming systems with minimum impact on the environment. This includes giving careful consideration to land use planning when developing new and re-establishing existing cane fields, optimal placement of field and access roads and the most suitable method of sugarcane field establishment so as to conserve soil and water. Other considerations include the refurbishment of degraded soils (fields) using leguminous plants, protection of existing environmental features such as wetlands and catchment areas, and the systematic removal of alien vegetation. In addition, sugar cane, upon harvesting, immediately recommences another growing cycle from its existing roots. This process, called “ratooning”, recurs until the cane yield of the plant reduces below a predetermined level, whereupon replanting is undertaken. The replanting generally takes place every seven to 10 years. The environmental benefit of this ratooning and replanting process is the significant reduction in the frequency of soil disturbance and the exposure to soil erosion. The process used for producing sugar from sugarcane provides a unique sustainable advantage with minimal environmental impact. The fibrous residue remaining after the extraction of sucrose from sugarcane, bagasse, is used as a boiler fuel in our sugar factory and under normal operating conditions, the factory is self-sufficient in terms of energy requirements. Power is also supplied for cane irrigation. The unique process of utilising bagasse as an energy source also results in our operation having no reliance on fossil fuels.

Materials

Input materials used are relevant to the company’s sustainability as they impact on our contribution to the conservation of the global resource base, efforts to reduce resource intensity, and management of the operation’s overall costs. Where practical, we use input materials in both cane growing and sugar processing that support the sustainability initiative. A factory by-product in the form of filter cake (a mixture of mud and cane fibre) is applied to the cane fields as soil amelioration medium, while the use of herbicides, pesticides and fungicides in agriculture and various chemicals in sugar processing is carefully calibrated. Energy efficiency has become increasingly important to Zambia Sugar, given the growing demand for and increasing cost of energy and the corresponding impact on the environment along with the risk of power outages from the national grid. We are focused on reducing the environmental impact of our products, including efforts to drive new levels of energy-efficient performance. We proactively monitor and manage energy consumption, and constantly look for ways to improve the energy efficiency of our production processes, which includes employing better management systems, improving our own staff awareness and investing in new technologies. Sugar cane offers excellent opportunities and competitive advantages for the production of renewable energy sources compared to other agricultural crops. During the year under review about 70% of the energy consumed within our operation was self-generated from renewable resources.

Emissions to Air

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

Water Conservation (Water & waste management)

Ensuring access to a reliable supply of water is a critical strategic priority for the company to meet both its business needs and those of surrounding communities. We undertake water abstraction operations in compliance with existing water-use licenses issued by the relevant authority. The company’s greatest water use is for cane irrigation as all our land under cane is irrigated. By comparison, process water requirements at our factory are minimal, and involve recycling water through the factory, following which it is discharged to supplement irrigation water. The quality of discharge water is

CARBON, ENERGY AND WATER FOOTPRINT

FERTILIZER & AGRICULTURAL CHEMICALS, PRIMARY ENERGY INPUTS & EMBEDDED ENERGY:

- Burning fields at harvest
- Burning bagasse in boilers
- Fertilisers
- Lime
- Herbicides
- Fuel (diesel) - cane haulage trucks

BAGASSE USED IN BOILERS FOR STEAM GENERATION:

- Steam for driving mill turbines
- Steam for driving shredder turbines
- Steam for electricity generation (electricity supplied to the factory, pump stations, offices & homes)

ABSTRACTION OF WATER FROM KAFUE RIVER:

- Irrigation (efficient methods – irrigation pivots)
- Factory use (cooling, process water & cleaning – recycled as irrigation water)
- Supply to water treatment plants for the estate & Mazabuka district (domestic use – homes, offices & factory)

Zambia Sugar Nakambala Estate operations are closely monitored to ensure low footprints to promote sustainability.

monitored in terms of oxygen demand, suspended solids, dissolved solids and PH to ensure compliance with the relevant regulations. We continually evaluate and implement new processes to improve efficiencies in an effort to reduce overall water consumption and maximize recycling.

Water conservation, use and availability have all been identified as material issues to the business. Consequently, Zambia Sugar's sustainability policy includes water governance criteria. Two of the key objectives of the water efficiency projects are to reduce water consumption per unit of production within the operation and to review waste water management so as to identify opportunities for improvement. Improvement projects are already underway to upgrade effluent treatment plants capacities. Our agricultural operation uses an irrigation scheduling tool to manage the effective use of water. Assessing water-related risks is an important component of the overall risk management strategy for our business. Zambia Sugar recognises that water is a global resource that requires local management. Ultimately, developing a better understanding of our water-related risks has provided us with strategic direction to our operation and an elevated understanding of localised water resource risk factors.

Waste

As part of our drive to use resources efficiently, we are currently working towards promoting waste minimisation and reduction at our operation through the reuse of resources where possible, and the recovery of recyclable waste. A three-bin system ensures waste separation into three streams; hazardous, dry recyclables and general waste. All waste generated by the company is managed and disposed of according to the applicable regulations in an environmentally responsible manner. We make use of in country service providers to remove waste off-site. Zambia Sugar owns the only licensed non-hazardous waste disposal site in the district.

Health and safety management systems

The NOSA Integrated Five-star System covering safety, health and environmental management has been implemented across our business and we are accredited with a Four-Star rating.

Safety performance improvement remains a priority focus, with on-going initiatives in this area. Our goal is to achieve an increasingly safer workplace while promoting a culture of safety among staff so that injuries are reduced and safety rules are understood and upheld.

The company has developed safety improvement strategies to ensure robust processes are implemented to manage health and safety. These processes are implemented in accordance with the requirements of applicable occupational health and safety regulations, as well as company policies and guidelines. Providing a working environment in which our employees can operate in a healthy, energised and engaged manner is vital to maintaining personal development and to our business success. We strive to provide a workplace free from undue health risks emanating from our core activities. We also aim to proactively reduce workplace health risks by anticipating, assessing and managing health risk, and providing access to quality health care whilst educating, informing and empowering our employees to take responsibility for their own health and wellbeing.

Product responsibility

Zambia Sugar produces a range of sugar products which are sold into domestic and international markets. We produce consistently high-quality products for our consumers and as such have a formalised support structure to ensure an appropriate and ordered response towards product stewardship. This includes a set of detailed standards relating to raw materials, packaging materials and to production processes.

OUR PEOPLE

Part of the delivery focused factory team that produced a record breaking 424 024 tons of Sugar.

Dr Charles Machila - Chief Medical Officer graduated Cum Laude in Advanced Diploma in Occupational Health for Industrial medical practitioners.

Focus on 2014

Mrs Katowa receiving the ZACCI award for 2014 Best Performing Listed Stock on the Lusaka Stock Exchange (LuSE).

ABOVE Customers tour the cane fields during the Customers Open Day 2014.

ABOVE: Zambia Sugar donated K100 000 to ZAAA in support of Zambian athletes that took part in the 2014 Commonwelath Games in Scotland. LEFT: Zambia Sugar MD, Mrs Rebecca Katowa (left) hands over a cheque for sponsorship of the Zambia Sugar Open 2015.

Mrs Mwanakatwe receiving a bouquet of flowers as a welcome from Chikonjiwe Mambwe during the Refinery Launch.

Zambia Sugar Athletics club members who were part of the National Team at Zone 6 Zimbabwe games with MD, Mrs Katowa.

At the Launch of the Refinery Expansion project in Mazabuka.

Zambia Sugar 2014 Barista Champion.

ABOVE: Won awards at the trade shows - here the Zambia Sugar team after winning the Best Export Exhibit award at the 2014 Zambia International Trade Fair. LEFT: Nakambala Estate's history - Tony Dahl's great niece admires a bag that was used by Better 'Ole for sugar packaging during a recent visit.

The Board and Management of Zambia Sugar Plc ("the Company") believe that for the company to achieve its vision, it is necessary that the company meet the highest standards of governance.

Our approach to governance is based on the belief that there is a link between striving for high quality corporate governance and the creation of long-term shareholder value. We believe that good corporate governance must be embedded in our culture to support our values of integrity, empowerment, inclusiveness, commitment and accountability, which are fundamental to the sustainability of our business.

The company believes that a corporate culture of compliance with applicable laws, regulations, internal policies and procedures is a core component of good corporate governance. In all material respects, therefore, the Company believes that it has adhered to all laws applicable to it.

The Board endorses the Lusaka Stock Exchange (LuSE) Corporate Governance Code for listed and quoted companies additionally; the Board has also drawn some of the best practices from the UK Combined Code on Corporate Governance and King II and III.

BOARD COMPOSITION AND INDEPENDENCE

Our Board consists of nine directors; One non-executive independent Chairman, two independent non-executive members, three executive directors and three non-independent non-executive members. The executive and non-executive directors are equal members of the Board and have collective responsibility for the Company's direction. In particular, non-executive, directors are responsible for:

We believe that good corporate governance must be embedded in our culture to support our values of integrity, empowerment, inclusiveness, commitment and accountability, which are fundamental to the sustainability of our business.

- *bringing a wide range of skills and experience, including independent judgment on issues of strategy, performance and risk management;*
- *constructively challenging the strategy proposed by the Managing Director and executive director;*
- *scrutinising and challenging performance across the business;*
- *assessing risk and integrity of the financial information and controls; and*
- *determining the Company's broad policy for executive remuneration*

The Board considers that its overall composition, in the year under review, continued to remain appropriate, having regard, in particular, to the independence and integrity of all of its directors and experience and skills which they bring to their duties.

HOW THE BOARD OPERATES

Role of the Board

The Board is responsible for the overall conduct of the business and has powers and duties set out in the relevant laws and our Articles of Association. The Board:-

- *is responsible for setting the strategic objectives of the company;*
- *is accountable to shareholders for the proper conduct of the business;*
- *is responsible for the long-term success of the Company, having regard for the interests of all stakeholders;*
- *is responsible for ensuring the effectiveness of and reporting on our system of corporate governance;*
- *agrees on performance criteria and delegates to management the detailed planning and implementation of those objectives and policies in accordance with appropriate risk parameters.*

The Board has a formal schedule of matters reserved for its decision and these include:

- *Strategy and long term plans*
- *Major capital projects, acquisitions and investments*
- *Annual budget and operating plan*
- *Financial structure, including tax and treasury*
- *Annual and half-year financial results and shareholder communications; and*
- *System of internal controls and risk management.*

BOARD MEETING ATTENDANCE SCHEDULE

	234TH BOARD MEETING (6/05/14)	235TH BOARD MEETING (20/08/2014)	236TH BOARD MEETING (28/10/2014)	237TH BOARD MEETING (4/02/15)	TOTAL MEETINGS ATTENDED
F M Banda	√	√	√	√	4
G B Dalgleish	√	√	√	√	4
J P Hulley	√	√	√	√	4
I G Parrott	√	√	√	√	4
M H Abdool-Samad	√	√	√	√	4
A R Mpungwe	√	√	√	√	4
D K Patel	√	√	√	√	4
M D Mwanakatwe	√	√	√	√	4
R L Katowa	√	√	√	√	4
M F Pousson	√	√	√	√	4
A M Chibumba	√	√	RS	RS	2
H K Mambwe	√	√	√	√	4

Key
√ Attended
RS Resigned

Chairman and Managing Director Roles

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

Providing leadership to the Board in relation to all Board Matters;

Representing the views of the Board to the public;

Acting as a conduit between management and the Board and being the primary point of contact between the Board and the Managing Director;

Overseeing the Board agenda and conducting all Board meetings;

Overseeing and conducting the Company's Annual General Meeting (AGM) and other shareholder meetings; and

In conjunction with the Company Secretary ensuring that Board meetings are held regularly throughout the year.

Keeping the Board informed of all major project proposals by way of specific reports;

The Roles of Executive and Non-Executive Directors

The executive directors propose strategy and implement operational decisions concerning the company. Non-executive directors complement the skills and experience of the executive directors, by contributing to the formulation of strategy, policy and decision making through their knowledge and experience of other businesses and sectors.

RETIREMENT AND ELECTION OF DIRECTORS

New directors are subject to election at the first opportunity following their appointment. Non-executive directors are subject to retirement and re-election on annual basis.

BOARD MEETINGS AND ATTENDANCE

Board activities are structured to assist the Board in achieving its goal to support and advise executive management on the delivery of the Company's strategy within a transparent governance framework. To this end, the Board met four times during the year, in addition to the Annual General Meeting.

BOARD COMMITTEES

The Board has the following committees: Nominations, Audit, Risk and Remuneration Committees.

The committees are provided with all necessary resources to enable them to undertake their duties in an effective manner. The Company Secretary acts as secretary to the committees.

All directors have access to company records and information, and receive regular detailed financial information and operational reports concerning the Company.

The Chairman and Non-executive directors regularly consult with the Managing Director, Finance Director and other senior executives, and may consult with, and request additional information from, any employee.

In addition to the support the directors receive from the Board Committees, Company Secretaries, and the senior executive team, directors are able to seek independent professional advice at the company's expense; subject to Board approval.

The Board and its sub-committees are supplied with full and timely information, including detailed financial information. This enables executive and non-executive directors to discharge their responsibilities. The Company Secretary is responsible for advising the Chairman on matters of corporate governance.

RELATIONS WITH AUDITORS

Deloitte and Touche are the auditors of the company. They were appointed following our last Annual General Meeting. Notwithstanding, the date of their appointment, Deloitte and Touche performed their audit for the full financial year.

All Audit Committee papers are available to our external auditors and they are invited to attend all Audit Committee meetings and are available to Audit Committee members at any time. Our external auditors also attend our Annual General Meeting to answer any questions from shareholders.

Our external auditors are required to confirm their independence and compliance with specified independence standards.

As a reassurance, Deloitte and Touche confirm in a formal report to the Audit Committee that processes to ensure compliance with the policy are in place and that these processes are monitored regularly. The company has also implemented an internal policy on auditor independence and non-audit services. The audit committee is satisfied that, for the period under review, the independence of the auditors has not been affected by the provision of non-audit services.

RELATIONS WITH SHAREHOLDERS

During the year the Company continued to promote dialogue with its main stakeholders. It encouraged all shareholders to attend the Annual General Meeting (AGM) and paid particular attention to ensuring that the AGM was an informative, productive and positive experience.

Board and senior executives believe that the AGM is an important opportunity for us to engage and communicate with our shareholders. We encourage shareholders to attend and actively participate in our AGM to promote a high level of accountability and transparency.

Shareholders who are unable to attend the AGM can lodge their proxies through a number of channels described on the proxy form.

RISK MANAGEMENT

Risk management forms an integral part of Zambia Sugar's core values and the Company lays emphasis on adopting a structured and holistic risk management framework, in order to identify, control, mitigate and manage the risks across the Company.

The directors are ultimately responsible for the Company's risk management systems and for reviewing their effectiveness.

ETHICS AND INTEGRITY

The Company's fundamental policy is to conduct its business with honesty and integrity and in accordance with the highest legal and ethical standards. The Company has a Code of Conduct and Business Ethics that determine the minimum standards required of all staff, which is disseminated throughout the Company and reviewed annually by senior management, and is also available on the group website: www.illovosugar.com.

All managers are required to give written assent to this Code. In any instance where ethical standards are called into question, the circumstances are investigated and resolved by the appropriate executive.

In addition to the on-going Anti-Bribery and Corruption training, the Company has embarked on embedding integrity as part of its culture. The Company liaised with the national Anti-Corruption Commission (ACC) and requested that all its management staff be taken through fraud, bribery and corruption training. This culminated into the formation of an Integrity Committee.

The Company ensures that all unethical behaviour and fraud are reported through a robust whistle blowing

ABOVE: Zambia Sugar values active shareholder participation, a shareholder engages in discussion at the 2014 Annual General Meeting.

Our customers are key stakeholders in our business and we organise Customer Open Days to enhance the transparency of our operations.

Zambia Sugar operates a zero tolerance policy against all forms of bribery and corruption guided by Illovo's 'Do The Right Thing' campaign.

process.

LEGAL COMPLIANCE AND COMPETITION

The Board requires management to submit an annual declaration confirming that the Company's operations complied with the applicable Laws of Zambia. In addition, the Company complies with the competition requirements of the Competition and Consumer Protection Act, and all relevant employees make annual declarations confirming that they were not involved in any anti-competitive practices. The Company has recourse to the group Company secretary and external legal advice on matters of legal compliance.

INSIDER TRADING

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

By order of the Board

Mwansa M. Mutimushi
Company Secretary
6 May 2015

A factory back-end operator at one of the centrifugal stations

Five Year Review

PRODUCTION & SALES (Tons '000)	Notes		2015	2014	2013	2012	2011
Own cane produced			**1 965**	1 863	1 942	1 887	1 974
Total cane milled			**3 417**	3 154	3 246	3 039	3 103
Sugar production			**424**	393	404	374	385
Cane to sugar ratio			**8.06**	8.03	8.03	8.13	8.06
Sugar sales			**426**	402	384	383	376
Local			**174**	165	159	145	143
Export			**252**	237	225	238	233
Molasses sales			**111**	94	97	86	86
Local			**47**	44	45	39	43
Export			**64**	50	52	47	43
FINANCIAL (K'000)	**Notes**		**2015**	**2014**	**2013**	**2012**	**2011**
Statement of profit or loss and other comprehensive income							
Revenue			**1 907 169**	1 778 172	1 534 573	1 480 091	1 232 448
Profit from operations			**329 803**	303 146	316 189	306 649	173 990
Net financing costs			**(163 900)**	(138 812)	(141 683)	(155 491)	(127 159)
Profit before taxation			**165 903**	164 334	174 506	151 158	46 831
Taxation			**(20 122)**	(36 538)	(33 407)	(21 266)	(16 995)
Profit for the year			**145 781**	127 796	141 099	129 892	29 836
Attributable to non-controlling interest			**(4 472)**	(4 061)	(4 277)	(4 544)	(1 922)
Profit attributable to shareholders of Zambia Sugar Plc			**141 309**	123 735	136 822	125 348	27 914
Other comprehensive income			**(7 979)**	(33 152)	5 022	(1 858)	912
Total comprehensive income for the year attributable to shareholders of Zambia Sugar Plc			**133 330**	90 583	141 844	123 490	28 826
Reconciliation of headline earnings							
Profit attributable to shareholders of Zambia Sugar Plc			**141 309**	123 735	136 822	125 348	27 914
Adjusted for:							
(Gain)/loss on sale of property, plant and equipment			**-**	-	(170)	12	243
Headline earnings for the year			**141 309**	123 735	136 652	125 360	28 157
Statement of financial position							
Property, plant and equipment			**1 227 306**	1 205 855	1 219 133	1 235 658	1 264 658
Intangible asset			**67 902**	67 902	67 902	67 902	67 902
Cane roots			**195 392**	197 270	196 552	197 087	200 380
Deferred tax asset			**-**	-	-	-	4 233
Current assets			**939 318**	699 591	660 822	506 141	511 343
Net cash and bank balances			**72 261**	54 939	42 161	208 096	53 400
Borrowings			**(998 816)**	(918 000)	(973 174)	(1 136 603)	(1 150 181)
Deferred tax liability			**(120 292)**	(106 018)	(76 813)	(47 299)	(35 701)
Current liabilities			**(382 096)**	(272 043)	(230 193)	(202 986)	(181 645)
Net asset value			**1 000 975**	929 496	906 390	827 996	734 389
Profitability and asset management							
Operating margin		%	**17.3**	17.0	20.6	20.7	14.1
Return on net assets	1	%	**16.7**	15.9	17.0	16.7	9.2
Liquidity and borrowings							
Current ratio	2	times	**2.6**	2.8	3.1	3.5	3.1
Interest cover	3	times	**2.0**	2.2	2.2	2.0	1.4
Net debt : equity	4	%	**93**	93	103	112	149
Gearing	5	%	**48**	48	51	53	60
Earnings and dividends per share							
Earnings per share	6	K	**0.45**	0.39	0.43	0.40	0.09
Headline earnings per share	7	K	**0.45**	0.39	0.43	0.40	0.09
Dividend per share	8		**0.23**	0.20	0.22	0.20	0.07
Dividend cover	9	times	**1.9**	2.1	2.0	2.0	1.3
Dividend paid		K'000	**63 314**	68 379	65 847	32 923	27 542
Lusaka Stock Exchange (LuSE) statistics							
Ordinary shares in issue		000	**316 571**	316 571	316 571	316 571	316 571
Weighted average number of shares		000	**316 571**	316 571	316 571	316 571	316 571
Net asset value per share	10	K	**3.16**	2.94	2.86	2.62	2.32
Market price per share at year end		K	**6.00**	6.83	5.20	5.38	6.36
Dividend yield at year end	11	%	**3.8**	2.8	4.2	3.7	1.1
Price : headline earnings ratio	12	%	**13.4**	17.5	12.0	13.6	71.5

Notes to the Five Year Review

1. **Return on net assets**
Profit from operations expressed as a percentage of average net operating assets.

2. **Current ratio**
Current assets divided by current liabilities.

3. **Interest cover**
Profit from operations divided by net financing costs.

4. **Net debt : equity ratio**
Interest-bearing liabilities (net of cash and cash equivalents) divided by total equity.

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

6. **Earnings per share**
Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

7. **Headline earnings per share**
Headline earnings divided by the weighted average number of ordinary shares in issue.

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

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

10. **Net asset value per share**
Total assets less total liabilities divided by the number of shares in issue.

11. **Dividend yield at year end**
Dividends per share (interim: paid and declared: final: proposed) as a percentage of yearend market price.

12. **Price: headline earnings ratio at year end**
Year-end market price divided by headline earnings per share.

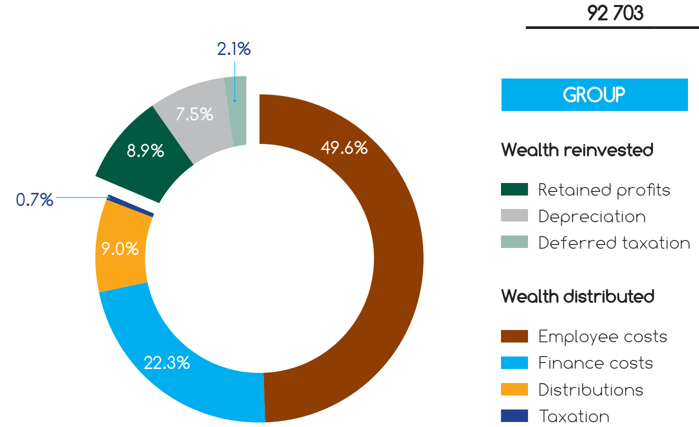
Value Added Statement

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

During the period under review, K734.4 million (2014: K687.4 million) was created. Of this amount, K599.1 million (2014: K542.7 million) was distributed to employees, providers of capital and to government. Of the wealth created, 50% (2014: 48%) was paid to employees.

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

	GROUP		COMPANY	
	2015 K'000	2014 K'000	**2015 K'000**	2014 K'000
Wealth created				
Revenue	**1 907 169**	1 778 172	**1 907 169**	1 778 172
Dividend income	**-**	-	**18 076**	18 985
Paid to growers for cane purchases	**(377 072)**	(332 353)	**(468 662)**	(421 566)
Manufacturing and distribution costs	**(795 673)**	(758 448)	**(754 627)**	(718 032)
	734 424	687 371	**701 956**	657 559
Wealth distributed				
To employees as salaries, wages and other benefits	**363 945**	328 699	**347 664**	313 548
To lenders of capital as interest	**163 900**	138 812	**167 930**	140 925
To shareholders as dividends	**66 323**	71 539	**63 314**	68 379
To government as taxation	**4 959**	3 650	**156**	252
	599 127	542 700	**579 064**	523 104
Wealth reinvested				
Retained profits	**65 332**	56 257	**56 545**	49 946
Depreciation	**54 802**	55 526	**51 550**	51 788
Deferred taxation	**15 163**	32 888	**14 797**	32 721
	734 424	687 371	**701 956**	657 559
Amounts paid to government for taxation excludes the following:				
Employees tax deducted from remuneration	**51 364**	47 984	**51 019**	47 709
Net VAT amount paid to government	**5 930**	6 269	**(4 748)**	(3 999)
Customs and excise duties	**11 432**	8 388	**11 432**	8 388
Withholding taxes collected on behalf of government	**23 977**	17 550	**23 977**	17 550
	92 703	80 191	**81 680**	69 648



Zambia Sugar Plc
(Incorporated in the Republic of Zambia)

Annual Financial Statements

For the year ended 31 March 2015

Financial Contents

Statement of Responsibility for the Annual Financial Statements

Section 164(6) of the Companies Act, 2000 (as amended) requires the directors to prepare financial statements for each financial year which give a true and fair view of the affairs of the group and the company and the profit or loss for that period.

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2000 (as amended). The independent external auditors, Messrs Deloitte & Touche, have audited the annual financial statements and their report is set out on page 37.

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

The annual financial statements are prepared on the going concern basis. Nothing has come to the attention of the directors to indicate that the company will not remain a going concern in the foreseeable future.

IN THE OPINION OF THE DIRECTORS:

- *the statements of profit or loss and other comprehensive income is drawn up so as to give a true and fair view of the profit of the group and the company for the financial year ended 31 March 2015;*
- *the statements of financial position is drawn up so as to give a true and fair view of the state of affairs of the group and the company as at 31 March 2015;*
- *there are reasonable grounds to believe that the group and the company will be able to pay debts as and when they fall due; and*
- *the annual financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies (amended) Act, 2000.*

The annual financial statements of the group and the company which were prepared on the going concern basis were approved by the board of directors on 6 May 2015 and are signed on its behalf by:

Fidelis M. Banda
Chairman

Rebecca M. L. Katowa
Managing Director

Independent Auditor's Report

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated and separate financial statements of Zambia Sugar Plc set out on pages 38 to 66, which comprise the statements of financial position as at 31 March 2015, the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2000 (as amended), and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Zambia Sugar Plc and its subsidiary as at 31 March 2015 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2000 (as amended).

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Companies Act, 2000 (as amended) requires that in carrying out our audit, we consider and report to you on the following matter:

We confirm that, in our opinion, the accounting and other records and registers have been properly kept in accordance with the Act.

Deloitte & Touche

Deloitte & Touche

Fellystons M. Nchimunya (M/PC 0000566)
Partner
Date: 6 May 2015

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 March 2015

	Notes	GROUP 2015 K'000	GROUP 2014 K'000	COMPANY 2015 K'000	COMPANY 2014 K'000
Revenue	5	**1 907 169**	1 778 172	**1 907 169**	1 778 172
Cost of sales		**(986 954)**	(952 755)	**(1 024 576)**	(986 694)
Gross profit		**920 215**	825 417	**882 593**	791 478
Other (losses)/gains		**(547)**	573	**(547)**	260
Distribution expenses		**(319 866)**	(297 051)	**(319 866)**	(297 051)
Administration expenses		**(269 999)**	(225 793)	**(264 851)**	(221 449)
Operating profit	6	**329 803**	303 146	**297 329**	273 238
Dividend income		**-**	-	**18 076**	18 985
Net financing (costs)/income	7	**(163 900)**	(138 812)	**(167 930)**	(140 925)
Interest paid		**(164 286)**	(139 114)	**(168 277)**	(141 162)
Interest received		**386**	302	**347**	237
Profit before taxation		**165 903**	164 334	**147 475**	151 298
Taxation	8	**(20 122)**	(36 538)	**(14 953)**	(32 973)
Profit for the year		**145 781**	127 796	**132 522**	118 325
Other comprehensive (loss)/income:					
Items that may be reclassified subsequently to profit or loss:					
Adjustments in respect of cash flow hedges		**(8 868)**	(36 836)	**(8 868)**	(36 836)
Taxation effect of cash flow hedges		**889**	3 684	**889**	3 684
Other comprehensive loss for the year, net of taxation		**(7 979)**	(33 152)	**(7 979)**	(33 152)
Total comprehensive income for the year		**137 802**	94 644	**124 543**	85 173
Profit for the year attributable to:					
Shareholders of Zambia Sugar Plc		**141 309**	123 735	**132 522**	118 325
Non-controlling interest		**4 472**	4 061	**-**	-
		145 781	127 796	**132 522**	118 325
Total comprehensive income for the year attributable to:					
Shareholders of Zambia Sugar Plc		**133 330**	90 583	**124 543**	85 173
Non-controlling interest		**4 472**	4 061	**-**	-
		137 802	94 644	**124 543**	85 173
Earnings per share (K per share)	9	**0.45**	0.39	**0.42**	0.37

Statements of Financial Position

as at 31 March 2015

	Notes	GROUP 2015 K'000	GROUP 2014 K'000	COMPANY 2015 K'000	COMPANY 2014 K'000
ASSETS					
Non-current assets		**1 490 600**	1 471 027	**1 460 734**	1 441 577
Property, plant and equipment	12	**1 227 306**	1 205 855	**1 136 231**	1 114 756
Intangible asset	13	**67 902**	67 902	**-**	-
Investment in subsidiary	14	**-**	-	**155 624**	155 624
Cane roots	15	**195 392**	197 270	**168 879**	171 197
Current assets		**1 017 202**	765 943	**947 979**	699 761
Inventories	16	**134 814**	140 989	**127 028**	130 960
Growing cane	17	**315 737**	279 130	**260 396**	228 416
Factory overhaul costs	18	**48 232**	45 279	**48 232**	45 279
Trade and other receivables	19	**382 434**	198 750	**379 668**	196 959
Derivative financial instruments	25	**936**	-	**936**	-
Current tax asset	8	**-**	529	**695**	638
Amounts due by related parties	24	**57 165**	34 914	**57 165**	34 914
Cash and bank balances		**77 884**	66 352	**73 859**	62 595
Total assets		**2 507 802**	2 236 970	**2 408 713**	2 141 338
EQUITY AND LIABILITIES					
Equity attributable to shareholders of Zambia Sugar Plc		**964 615**	894 599	**901 807**	840 578
Share capital and premium	20	**247 338**	247 338	**247 338**	247 338
Capital redemption reserve		**40**	40	**40**	40
Hedging reserve		**(37 055)**	(29 076)	**(37 055)**	(29 076)
Dividend reserve		**47 486**	34 823	**47 486**	34 823
Retained earnings		**706 806**	641 474	**643 998**	587 453
Non-controlling interest		**36 360**	34 897	**-**	-
Total equity		**1 000 975**	929 496	**901 807**	840 578
Non-current liabilities		**1 038 292**	1 024 018	**1 014 411**	1 000 503
Long-term borrowings	21	**918 000**	918 000	**918 000**	918 000
Deferred tax liability	22	**120 292**	106 018	**96 411**	82 503
Current liabilities		**468 535**	283 456	**492 495**	300 257
Trade and other payables	23	**168 834**	131 917	**167 349**	128 916
Current portion of long-term borrowings	21	**80 816**	-	**80 816**	-
Amounts due to related parties	24	**161 478**	100 044	**187 193**	119 846
Derivative financial instruments	25	**42 109**	32 308	**42 109**	32 308
Current tax liability	8	**270**	-	**-**	-
Bank overdraft		**5 623**	11 413	**5 623**	11 413
Provisions	26	**9 405**	7 774	**9 405**	7 774
Total liabilities		**1 506 827**	1 307 474	**1 506 906**	1 300 760
Total equity and liabilities		**2 507 802**	2 236 970	**2 408 713**	2 141 338

The responsibilities of the company's directors with regard to the preparation of the financial statements are set out on page 36.
The financial statements on pages 38 to 66 were approved and authorised for issue by the board of directors on 6 May 2015 and were signed on its behalf by:

Fidelis M. Banda
Chairman

Rebecca L. Katowa
Managing Director

Statements of Changes in Equity

for the year ended 31 March 2015

	Share capital and premium	Capital redemption reserve	Hedging reserve	Dividend reserve	Retained earnings	Attributable to shareholders of Zambia Sugar Plc	Non-controlling interest	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
GROUP								
Balance at 31 March 2013	247 338	40	4 076	43 054	577 887	872 395	33 996	906 391
Total comprehensive income for the year			(33 152)		123 735	90 583	4 061	94 644
Profit for the year					123 735	123 735	4 061	127 796
Cash flow hedges			(33 152)			(33 152)	-	(33 152)
Transfer to dividend reserve				60 148	(60 148)	-	-	-
Dividends paid				(68 379)		(68 379)	(3 160)	(71 539)
Balance at 31 March 2014	**247 338**	**40**	**(29 076)**	**34 823**	**641 474**	**894 599**	**34 897**	**929 496**
Total comprehensive income for the year			(7 979)	-	141 309	133 330	4 472	137 802
Profit for the year			-	-	141 309	141 309	4 472	145 781
Cash flow hedges			(7 979)	-	-	(7 979)	-	(7 979)
Transfer to dividend reserve			-	75 977	(75 977)	-	-	-
Dividends paid			-	(63 314)	-	(63 314)	(3 009)	(66 323)
Balance at 31 March 2015	**247 338**	**40**	**(37 055)**	**47 486**	**706 806**	**964 615**	**36 360**	**1 000 975**
COMPANY								
Balance at 31 March 2013	247 338	40	4 076	43 054	529 276	823 784	-	823 784
Total comprehensive income for the year			(33 152)		118 325	85 173	-	85 173
Profit for the year					118 325	118 325		118 325
Cash flow hedges			(33 152)			(33 152)	-	(33 152)
Transfer to dividend reserve				60 148	(60 148)	-	-	-
Dividends paid				(68 379)		(68 379)	-	(68 379)
Balance at 31 March 2014	**247 338**	**40**	**(29 076)**	**34 823**	**587 453**	**840 578**	**-**	**840 578**
Total comprehensive income for the year			(7 979)	-	132 522	124 543	-	124 543
Profit for the year			-	-	132 522	132 522	-	132 522
Cash flow hedges			(7 979)	-	-	(7 979)	-	(7 979)
Transfer to dividend reserve			-	75 977	75 977	-	-	-
Dividends paid			-	(63 314)	-	(63 314)	-	(63 314)
Balance at 31 March 2015	**247 338**	**40**	**(37 055)**	**47 486**	**643 998**	**901 807**	**-**	**901 807**

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

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

The dividend per share, calculated on a cash basis, amounts to K0.23 (2014: K0.20). The calculation is based on the dividends paid in the year of K63.3 million (2014: K68.4 million) divided by the weighted average number of ordinary shares in issue of 316 571 385 (2014: 316 571 385).

Statements of Cash Flow

as at 31 March 2015

	Notes	GROUP 2015 K'000	GROUP 2014 K'000	COMPANY 2015 K'000	COMPANY 2014 K'000
Cash flows from operating activities					
Operating profit		**329 803**	303 146	**297 329**	273 238
Adjustments for:					
Depreciation	12	**54 802**	55 526	**51 550**	51 788
Change in fair value of cane roots	15	**1 878**	(718)	**2 318**	(2 094)
Change in fair value of growing cane	17	**(36 607)**	(12 879)	**(31 980)**	(10 336)
Provisions raised during the year	26	**9 405**	7 774	**9 405**	7 774
Provisions utilised during the year	26	**(7 774)**	(6 541)	**(7 774)**	(6 541)
Factory overhaul costs expensed	18	**50 013**	53 980	**50 013**	53 980
Loss/(gain) on disposal of property, plant and equipment		**547**	(573)	**547**	(260)
Operating cash flows before movements in working capital		**402 067**	399 715	**371 408**	367 549
Working capital movements		**(73 562)**	(74 688)	**(67 401)**	(54 133)
Decrease in inventories		**6 175**	29 836	**3 932**	33 497
Factory overhaul costs incurred	18	**(52 966)**	(44 321)	**(52 966)**	(44 321)
Increase in net amounts due to related parties		**119 996**	5 667	**125 909**	23 243
Increase in trade and other receivables		**(183 684)**	(39 875)	**(182 709)**	(39 647)
Increase/(decrease) in trade and other payables		**36 917**	(25 995)	**38 433**	(26 905)
Cash generated from operations		**328 505**	325 027	**304 007**	313 416
Net financing costs	7	**163 900**	(138 812)	**167 930**	(140 925)
Income tax paid	8	**(4 160)**	(5 051)	**(213)**	(668)
Dividends paid to shareholders of Zambia Sugar Plc	10	**(63 314)**	(68 379)	**(63 314)**	(68 379)
Dividends paid to non-controlling shareholders		**(3 009)**	(3 160)	**-**	-
Net cash generated by operating activities		**94 122**	109 625	**72 550**	103 444
Cash flows from investing activities					
Payments for property, plant and equipment	12	**(77 136)**	(43 792)	**(73 908)**	(41 326)
Dividends received		**-**	-	**18 076**	18 985
Proceeds from disposal of property, plant and equipment		**336**	2 119	**336**	1 419
Net cash used in investing activities		**(76 800)**	(41 673)	**(55 496)**	(20 922)
Net cash inflows before financing activities		**17 322**	67 952	**17 054**	82 522
Cash flows from financing activities					
Net proceeds from borrowings	24	**-**	403 000	**-**	403 000
Repayment of borrowings	21	**-**	(458 174)	**-**	(458 174)
Net cash used in financing activities		**-**	(55 174)	**-**	(55 174)
Net increase in cash and cash equivalents		**17 322**	12 778	**17 054**	27 348
Net cash and cash equivalents at beginning of year		**54 939**	42 161	**51 182**	23 834
Net cash and cash equivalents at end of year		**72 261**	54 939	**68 236**	51 182
Comprising of:					
Cash and bank balances		**77 884**	66 352	**73 859**	62 595
Bank overdraft		**(5 623)**	(11 413)	**(5 623)**	(11 413)

1. GENERAL INFORMATION

Zambia Sugar Plc is a public limited company incorporated in Zambia. Its parent company is Illovo Sugar Limited and its ultimate holding company is Associated British Foods Plc. The addresses of its registered office and principal place of the business are disclosed under corporate information on page 68 of this annual report. The principal activities of the Company and its subsidiaries (the Group) are described in the Directors' report.

2. SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2000 (as amended), using the historical cost convention except for certain financial instruments and biological assets that are stated at fair value. All principal accounting policies have been applied on a basis consistent with those of the previous year, except for the application of the revised standards which have been described in note 3. The application of these standards has had no material impact on the financial statements.

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

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

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

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

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

The principal accounting policies are set out below:

2.1 Basis of consolidation

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

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

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

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

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

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

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

2.2 Business combinations

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that: deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively; liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

2.3 Revenue recognition

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

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

2.4 Leases

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

Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs (see note 2.6 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

2.5 Foreign currencies

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

In preparing the financial statements of the Company and its subsidiary, transactions in currencies other than the Company and its subsidiary's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for: exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings and exchange differences on transactions entered into in order to hedge certain foreign currency risks (see 2.18 below for hedging accounting policies).

2.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2.7 Retirement benefits

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

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

2.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

2.9 Property, plant and equipment

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

Freehold land is not depreciated.

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

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

2.10 Asset impairment review

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

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

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

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

2.11 Cane roots and growing cane

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

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

2.12 Factory overhaul costs

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

2.13 Intangible assets

Intangible assets acquired in a business combination

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

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

Derecognition of intangible assets

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

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Costs of inventory are determined using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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

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

2.16 Financial instruments

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

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

Financial assets

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

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

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

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

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

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

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

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

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

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

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

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

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

Derecognition of financial assets

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

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

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

Financial liabilities

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

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

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

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

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

Equity

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

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

2.17 Derivative financial instruments

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

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

Derivative financial instruments are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivative financial instruments embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

2.18 Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

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

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

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

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

2.19 Segmental analysis

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

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

The group is comprised of the following business segments:

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

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

IFRS 10, IFRS 12 and IAS 27 – Investment Entities

The amendments to IFRS 10 Consolidated Financial Statements define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. Consequential amendments have been made to IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements to introduce new disclosure requirements for investment entities. The application of this standard has no material impact on the consolidated financial statements, but has resulted in additional disclosure.

IAS 32 Financial Instruments: Offsetting Financial Assets and Financial Liabilities

The amendment prescribes rules for the offsetting of financial assets and financial liabilities. It specifies that a financial asset and a financial liability should be offset and the net amount reported when, and only when, an entity has a legally enforceable right to set off the amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The application of this standard has no material impact on the consolidated financial statements.

IAS 36 Impairment of Assets: Recoverable Amount Disclosure for Non-Financial assets

The amendments remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill, and other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. The new disclosures include the fair value hierarchy, key assumptions and valuation *techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurement. The application of this standard has no material impact on the consolidated financial statements.*

IAS 39 Financial Instruments: Novation of derivatives and hedge accounting

The amendments provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. The application of this standard has no material impact on the consolidated financial statements.

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

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

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

IFRS 2 Share-based Payment

The amendments change the definition of 'vesting condition' and 'market condition' and add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting conditions'. The amendment is effective for the year ending 31 March 2016.

IFRS 3 Business Combinations

The amendment clarifies that any contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date. The amendment is effective for the year ending 31 March 2016.

IFRS 9 Financial Instruments: Classification and Measurement

The standard introduces new requirements for classifying and measuring financial instruments. Under the new classification requirements, all financial assets will be recognised at either amortised cost or fair value as determined by the contractual cash flows of the assets. In terms of the new measurement requirements, changes in fair value of financial liabilities measured "at fair value through profit or loss" that are attributable to changes in credit risk of the liability will be recognised in other comprehensive income. The amendment will be effective for the year ending 31 March 2019.

IFRS 15 Revenue from Contracts with Customers

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

IAS 24 Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The amendment will be effective for the year ending 31 March 2016.

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

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

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

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

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4.1 Critical judgments in applying accounting policies

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

4.1.1 Impairment of assets

In making its judgment, management has assessed at each reporting date whether there is any indication that the group's tangible and intangible assets may be impaired. If any such indication exists, the recoverable amount of the asset is assessed in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use.

4.1.2 Impairment losses on trade receivables

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

4.2 Key sources of estimation uncertainty

In the process of applying the group's accounting policies, management has made the following key assumptions concerning the future and other key sources of uncertainty at the reporting date that have the most significant effect on the amounts recognised in the financial statements. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Property, plant and equipment residual values and useful lives

These assets are written down to their estimated residual values over their anticipated useful lives using the straight line basis. Management reviews the residual values annually considering market conditions and projected disposal values. In assessing useful lives, maintenance programmes and technological innovations are considered. The carrying value of property, plant and equipment is disclosed in note 12 to the financial statements.

Cane roots valuation

The escalated average costs of planting cane roots are adjusted for the remaining expected life. This requires an estimation by management of the average number of ratoons expected from the crop. The carrying value of cane roots is disclosed in note 15 to the financial statements.

Growing cane valuation

Growing cane is valued at the estimated sucrose content in cane at 31 March valued at the estimated sucrose price for the following season, less estimated costs for harvesting and transport. The estimated sucrose content requires management to assess the expected cane and sucrose yields for the following season considering weather conditions and harvesting programmes. In assessing the estimated sucrose price, management is required to assess into which markets the forthcoming crop will be sold and assess the domestic and export prices as well as related foreign currency exchange rates. The carrying value of growing cane is disclosed in note 17 to the financial statements.

Income taxes

At the time of preparing the annual financial statements, estimates are used to determine the income tax charge for the year. When the income tax computation is finalised and submitted to the Zambia Revenue Authority, any differences to the estimate will be recognised in profit or loss in the period in which such determination is made. There are no other key assumptions concerning the future, or key sources of estimation uncertainty at the reporting date, that management have assessed as having a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. REVENUE

Revenue represents proceeds receivable from the following primary business segments:

	GROUP		COMPANY	
	2015 K'000	2014 K'000	**2015 K'000**	2014 K'000
Sugar production	**1 399 350**	1 296 816	**1 490 940**	1 386 028
Cane growing	**507 819**	481 356	**416 229**	392 144
	1 907 169	1 778 172	**1 907 169**	1 778 172
From secondary business segments as follows:				
Local market	**1 012 665**	905 863	**1 012 665**	905 863
Export market	**894 504**	872 309	**894 504**	872 309
	1 907 169	1 778 172	**1 907 169**	1 778 172

6. OPERATING PROFIT

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

	GROUP		COMPANY	
	2015 K'000	2014 K'000	**2015 K'000**	2014 K'000
Auditors' remuneration	**1 362**	1 305	**1 103**	1 061
- Audit fees	**1 016**	949	**792**	740
- Fees for other services	**341**	293	**306**	267
- Other expenses	**5**	63	**5**	54
Charitable donations	**72**	124	**28**	101
Change in fair value of cane roots (see note 15)	**1 878**	(718)	**2 318**	(2 094)
Change in fair value of growing cane (see note 17)	**(36 607)**	(12 879)	**(31 980)**	(10 336)
Depreciation expense (see note 12)	**54 802**	55 526	**51 550**	51 788
Operating lease charges	**7 521**	6 502	**7 521**	6 502
- Property	**4 613**	4 423	**4 613**	4 423
- Plant and equipment	**2 908**	2 079	**2 908**	2 079
Directors' emoluments for services as directors	**1 196**	991	**1 180**	975
Employees remuneration expenses	**337 706**	290 598	**322 329**	277 875
Employer contributions to pension funds (see note 29)	**26 055**	22 314	**25 335**	21 705
Exchange loss (trading balances)	**24 143**	19 315	**24 143**	19 158
Factory overhaul costs expensed (see note 18)	**50 013**	53 980	**50 013**	53 980
Management fees (see note 24.1)	**30 482**	36 921	**30 482**	36 921

	GROUP		COMPANY	
	2015 K'000	2014 K'000	2015 K'000	2014 K'000

7. NET FINANCING COSTS

	GROUP 2015 K'000	GROUP 2014 K'000	COMPANY 2015 K'000	COMPANY 2014 K'000
Interest charged on:				
Long-term borrowings	151 623	129 392	151 623	129 392
Bank short-term facilities	11 805	9 661	11 802	9 660
Other	858	61	4 852	2 110
Total interest charged	164 286	139 114	168 277	141 162
Interest received on loans and deposits	(386)	(302)	(347)	(237)
	163 900	138 812	167 930	140 925

8. TAXATION

	GROUP 2015 K'000	GROUP 2014 K'000	COMPANY 2015 K'000	COMPANY 2014 K'000
Current tax				
- current year charge	4 590	3 752	204	252
- under/(over) provision in prior year	369	(102)	(48)	-
Deferred taxation				
- current year charge	14 520	32 879	14 154	32 712
- under provision in prior year	643	9	643	9
Total taxation charge	20 122	36 538	14 953	32 973
Included under current assets/(liabilities):				
Receivable/(payable) in respect of the previous year	529	(872)	638	222
Current tax charge	(4 590)	(3 752)	(204)	(252)
(Under)/over provision in prior year	(369)	102	48	-
	(4 430)	(4 522)	482	(30)
Paid during the year	4 160	5 051	213	668
Taxation (payable)/receivable	(270)	529	695	638
Asset	-	529	695	638
Liability	(270)	-	-	-
Reconciliation of taxation rate:	%	%	%	%
Company taxation rate applicable to agricultural entities	10.0	10.0	10.0	10.0
Increase/(decrease) in charge due to:				
- Overprovision in prior years	0.6	-	0.3	-
- Expenses disallowed for tax purposes	2.1	2.0	2.2	2.1
- Tax rate differential on non-farming income	0.6	0.3	0.1	0.1
- Derecognised accumulated tax losses [1]	(1.2)	10.0	(1.3)	10.9
- Dividends received	-	-	(1.2)	(1.3)
Effective rate of taxation	12.1	22.3	10.1	21.8

[1] The partial derecognition of accumulated tax losses in 2014 followed a reassessment of the extent to which it was probable that future taxable profits would be available against which these losses could be utilised, within the prescribed period of five years. In the current year tax losses derecognised in prior years were partially utilised against taxable profits. As at 31 March 2015, there is no untilised tax loss remaining.

9. EARNINGS PER SHARE

	GROUP		COMPANY	
	2015	2014	**2015**	2014
Earnings per share (K per share)	**0.45**	0.39	**0.42**	0.37
Headline earnings per share (K per share)	**0.45**	0.39	**0.42**	0.37
Number of shares	**Shares '000**	Shares '000	**Shares '000**	Shares '000
Weighted average number of ordinary shares for the purposes of earnings and headline earnings per share	**316 571**	316 571	**316 571**	316 571
Earnings	**K'000**	K'000	**K'000**	K'000
Earnings for the purposes of earnings per share (Profit attributable to shareholders of Zambia Sugar Plc)	**141 309**	123 735	**132 522**	**118 325**
Reconciliation of headline earnings				
Profit attributable to shareholders of Zambia Sugar Plc	**141 309**	123 735	**132 522**	**118 325**
Headline earnings for the year	**141 309**	123 735	**132 522**	**118 325**

10. DIVIDENDS PAID

	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
K0.12 per share (second interim 2013) - paid 24 June 2013		36 722		36 722
K0.02 per share (final 2013) - paid 17 September 2013		6 331		6 331
K0.08 per share (first interim 2014) - paid 09 December 2013		25 326		25 326
K0.10 per share (second interim 2014) - paid 27 June 2014	**31 657**		**31 657**	
K0.02 per share (final 2014) - paid 09 September 2014	**6 331**		**6 331**	
K0.08 per share (first interim 2015) - paid 24 November 2014	**25 326**		**25 326**	
	63 314	68 379	**63 314**	68 379
Dividends declared per share - second interim declared on 6 May 2015 (K)	**0.13**	0.10	**0.13**	0.10
Dividends proposed per share - final to be proposed at AGM (K)	**0.02**	0.02	**0.02**	0.02
Number of ordinary shares in issue ('000)	**316 571**	316 571	**316 571**	316 571

Notes To The Annual Financial Statements *(continued)*

11. SEGMENTAL ANALYSIS

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

11. SEGMENTAL ANALYSIS (CONTINUED)

	GROUP			COMPANY		
Year to 31 March 2014	Sugar production K'000	Cane growing K'000	TOTAL K'000	Sugar production K'000	Cane growing K'000	TOTAL K'000
Revenue	1 296 816	481 356	1 778 172	1 386 028	392 144	1 778 172
Profit from operations	239 282	63 864	303 146	238 970	34 268	273 238
Property, plant and equipment	853 618	352 237	1 205 855	853 618	261 138	1 114 756
Balance at beginning of year	865 927	353 206	1 219 133	865 927	260 448	1 126 375
Additions at cost	28 997	14 796	43 793	28 997	12 330	41 327
Depreciation charge for the year	(40 288)	(15 238)	(55 526)	(40 288)	(11 500)	(51 788)
Net book value of disposals	(1 018)	(527)	(1 545)	(1 018)	(140)	(1 158)
Intangible assets	-	67 902	67 902	-	-	-
Investment in subsidiary				-	155 624	155 624
Cane roots	-	197 270	197 270	-	171 197	171 197
Current assets	441 757	324 186	765 943	441 866	257 895	699 761
Inventories	111 329	29 660	140 989	111 329	19 631	130 960
Growing cane	-	279 130	279 130	-	228 416	228 416
Factory overhaul costs	45 279	-	45 279	45 279	-	45 279
Trade and other receivables	187 111	11 639	198 750	187 111	9 848	196 959
Current tax asset	529	-	529	638	-	638
Amounts due by related parties	34 914	-	34 914	34 914	-	34 914
Cash and cash equivalents	62 595	3 757	66 352	62 595	-	62 595
Current liabilities	252 728	30 728	283 456	272 531	27 726	300 257
Trade and other payables	103 133	28 784	131 917	103 134	25 782	128 916
Amounts due to related parties	100 044	-	100 044	119 846	-	119 846
Derivative financial instruments	32 308	-	32 308	32 308	-	32 308
Bank overdrafts	11 413	-	11 413	11 413	-	11 413
Provisions	5 830	1 944	7 774	5 830	1 944	7 774
Non-current liabilities	679 203	344 815	1 024 018	679 203	321 300	1 000 503
Long-term borrowings	596 700	321 300	918 000	596 700	321 300	918 000
Deferred tax liability	82 503	23 515	106 018	82 503	-	82 503
Net asset value	**363 444**	**566 052**	**929 496**	**343 750**	**496 823**	**840 578**

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Plant and machinery	Motor vehicles	Furniture and fittings	Capital work in progress	Total
	K'000	K'000	K'000	K'000	K'000	K'000
GROUP						
Cost						
Balance at 1 April 2013	548 204	878 080	77 464	14 125	13 978	1 531 851
Additions	-	-	-	-	43 793	43 793
Transfers	4 087	13 795	15 019	300	(33 201)	-
Disposals	(823)	(2 243)	(8 267)	-	-	(11 333)
Balance at 31 March 2014	**551 468**	**889 632**	**84 216**	**14 425**	**24 570**	**1 564 311**
Additions	-	-	-	-	77 136	77 136
Transfers	6 305	19 276	15 519	391	(41 491)	-
Disposals	-	-	(3 402)	-	-	(3 402)
Reclassification	-	5	(4)	(1)	-	-
Balance at 31 March 2015	**557 773**	**908 913**	**96 329**	**14 815**	**60 215**	**1 638 045**
Depreciation						
Balance at 1 April 2013	59 813	195 399	46 579	10 927	-	312 718
Charge for year	9 603	37 642	7 184	1 097	-	55 526
Disposals	(104)	(1 873)	(7 811)	-	-	(9 788)
Balance at 31 March 2014	**69 312**	**231 168**	**45 952**	**12 024**	**-**	**358 456**
Charge for year	9 641	36 150	7 978	1033	-	54 802
Disposals	-	-	(2 519)	-	-	(2 519)
Reclassification	-	(153)	(48)	201	-	-
Balance at 31 March 2015	**78 953**	**267 165**	**51 363**	**13 258**	**-**	**410 739**
Net carrying amount						
Balance at 31 March 2015	**478 820**	**641 748**	**44 966**	**1 557**	**60 215**	**1 227 306**
Balance at 31 March 2014	482 156	658 464	38 264	2 401	24 570	1 205 855

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

	Leasehold land and buildings	Plant and machinery	Motor vehicles	Furniture and fittings	Capital work in progress	Total
	K'000	K'000	K'000	K'000	K'000	K'000
COMPANY						
Cost						
Balance at 1 April 2013	465 598	857 419	76 247	13 433	12 512	1 425 209
Additions	-	-	-	-	41 327	41 327
Transfers	2 806	11 476	14 743	244	(29 269)	-
Disposals	(780)	(379)	(7 874)	-		(9 033)
Balance at 31 March 2014	**467 624**	**868 516**	**83 116**	**13 677**	**24 570**	**1 457 503**
Additions	-	-	-	-	73 908	73 908
Transfers	6 305	16 641	14 945	372	(38 263)	-
Disposals	-	-	(3 402)	-	-	(3 402)
Balance at 31 March 2015	**473 929**	**885 157**	**94 659**	**14 049**	**60 215**	**1 528 009**
Depreciation						
Balance at 1 April 2013	59 561	182 557	45 873	10 843	-	298 834
Charge for year	9 314	34 600	6 978	896	-	51 788
Disposals	(70)	(379)	(7 426)	-	-	(7 875)
Balance at 31 March 2014	**68 805**	**216 778**	**45 425**	**11 739**	**-**	**342 747**
Charge for year	9 380	33 417	7 935	818	-	51 550
Disposals	-	-	(2 519)	-	-	(2 519)
Balance at 31 March 2015	**78 185**	**250 195**	**50 841**	**12 557**		**391 778**
Net carrying amount						
Balance at 31 March 2015	**395 744**	**634 962**	**43 818**	**1 492**	**60 215**	**1 136 231**
Balance at 31 March 2014	**398 819**	**651 738**	**37 691**	**1 938**	**24 570**	**1 114 756**

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

In accordance with Section 193 of the Companies Act, 2000 (as amended) the Register of Land and Buildings is available for inspection by members and their duly authorised agents at the registered office of the company.

A comprehensive reclassification of assets was undertaken during the year to reflect assets in their correct asset categories. This has had no impact on the annual depreciation charge or on the calculation of capital allowances for tax purposes.

Leasehold Land

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

Within one year	**4 669**	2 994	**4 669**	2 994
More than one year but less than five years	**12 594**	11 976	**12 594**	11 976
More than five years	**22 325**	14 970	**22 325**	14 970
	39 588	29 940	**39 588**	29 940

13. INTANGIBLE ASSET

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

14. INVESTMENT IN SUBSIDIARY

The principal subsidiaries of Zambia Sugar Plc are as follows:	Issued capital K'000	Effective percentage holding %	Shares at cost K'000	Amounts due by subsidiary K'000	Amounts due to subsidiary K'000
2015					
Direct Investment					
Tukunka Agriculture Ltd	**10 000**	**100**	**-**	**-**	**-**
Indirect Investment					
Nanga Farms Plc	**487**	**85.73**	**155 624**	**-**	**26 539**
2014					
Direct Investment					
Tukunka Agriculture Ltd	10 000	100	-	-	-
Indirect Investment					
Nanga Farms Plc	487	85.73	155 624	-	20 257

15. CANE ROOTS

	GROUP		COMPANY	
	2015 K'000	2014 K'000	**2015 K'000**	2014 K'000
The fair value of cane roots is reconciled as follows:				
Carrying value at beginning of year	**197 270**	196 552	**171 197**	169 103
Change in fair value	**(1 878)**	718	**(2 318)**	2 094
Carrying value at end of year	**195 392**	197 270	**168 879**	171 197
Area under cane at 31 March (hectares)	**16 986**	16 792	**14 199**	13 999
Average expected life of cane roots at 31 March (years)	**7**	7	**7**	7

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

The inflation rates used in the valuation of the cane roots are as follows:	**8%**	9%	**8%**	9%
A 1% change in the inflation rate could increase or decrease the fair value of the cane roots by the following values:				

	GROUP		COMPANY	
	2015 K'000	2014 K'000	**2015 K'000**	2014 K'000
Fair value of cane roots	**1 375**	1 430	**1 204**	1 250

16. INVENTORIES

Maintenance stores	**78 090**	72 569	**74 281**	67 627
Provision for obsolescence	**(3 860)**	(3 535)	**(3 535)**	(3 535)
	74 230	69 034	**70 746**	64 092
Livestock	**4 302**	5 087		
Finished goods - sugar	**56 282**	66 868	**56 282**	66 868
	134 814	140 989	**127 028**	130 960

17. GROWING CANE

	GROUP		COMPANY	
	2015 K'000	2014 K'000	2015 K'000	2014 K'000
The fair value of growing cane is reconciled as follows:				
Carrying value at beginning of year	**279 130**	266 251	**228 416**	218 080
Change in fair value	**36 607**	12 879	**31 980**	10 336
Carrying value at end of year	**315 737**	279 130	**260 396**	228 416

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

The following assumptions have been used in the determination of the estimated sucrose tonnage at 31 March (see note 2.11):

	2016	2015	2016	2015
Expected area to harvest (hectares)	**16 909**	16 256	**14 125**	13 492
Estimated yield (tons cane per hectare)	**113.3**	120.2	**111.2**	118.0
Sucrose content in cane (%)	**14.58**	14.55	**14.58**	14.55
Average maturity of cane at 31 March (%)	**66.7**	66.7	**66.7**	66.7

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

	GROUP		COMPANY	
	2015 K'000	2014 K'000	2015 K'000	2014 K'000
Estimated sucrose content	**3 294**	3 477	**2 604**	2 847
Estimated sucrose price	**3 830**	2 798	**3 140**	2 291

18. FACTORY OVERHAUL COSTS

	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
Balance at beginning of year	**45 279**	54 938	**45 279**	54 938
Capitalised during the year	**52 966**	44 321	**52 966**	44 321
	98 245	99 259	**98 245**	99 259
Amortised during the year	**(50 013)**	(53 980)	**(50 013)**	(53 980)
Balance at end of year	**48 232**	45 279	**48 232**	45 279

19. TRADE AND OTHER RECEIVABLES

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

	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
Gross trade receivables	**305 536**	163 024	**305 536**	163 024
Allowance for doubtful debts	**(622)**	(879)	**(622)**	(879)
	304 914	162 145	**304 914**	162 145
Other receivables	**77 520**	36 605	**74 754**	34 814
Balance at end of year	**382 434**	198 750	**379 668**	196 959

Movement in the allowance for doubtful debts

	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
Balance at beginning of year	**879**	403	**879**	403
Amounts written off during the year	**(322)**	(26)	**(322)**	(26)
Amounts raised during the year	**65**	502	**65**	502
Balance at end of year	**622**	879	**622**	879

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

	GROUP		COMPANY	
	2015	2014	2015	2014
	K'000	K'000	K'000	K'000
20. SHARE CAPITAL AND PREMIUM				
Authorised:				
350 000 000 (2014: 350 000 000) ordinary shares of K0.01 each (2014: K0.01 each)	3 500	3 500	3 500	3 500
Issued and fully paid:				
316 571 385 (2014: 316 571 385) ordinary shares of K0.01 each (2014: K0.01 each)	3 166	3 166	3 166	3 166
Share premium	244 172	244 172	244 172	244 172
	247 338	247 338	247 338	247 338

21. LONG-TERM BORROWINGS

- Related parties (see note i)	998 816	918 000	998 816	918 000
Total borrowings	998 816	918 000	998 816	918 000
Less:				
Current portion - related parties (see notes ii)	(80 816)	-	(80 816)	-
Long-term portion	918 000	918 000	918 000	918 000
The amounts are due for repayment in the following years ending 31 March:				
2016	80 816	-	80 816	-
2017	515 000	515 000	515 000	515 000
2018	-	-	-	-
2019	403 000	403 000	403 000	403 000
	998 816	918 000	998 816	918 000

Summary of borrowing arrangements

(i) Loans from related parties are disclosed in Note 24.2.

(ii) This relates to interest on the related party borrowing and will be paid in early April 2015.

22. DEFERRED TAX LIABILITY

Balance at beginning of year	106 018	76 813	82 503	53 465
Charged to income:				
- Current year income statement charge	14 520	32 879	14 154	32 712
- Prior year income statement charge	643	9	643	9
- Current year other comprehensive income relief	(889)	(3 683)	(889)	(3 683)
Balance at end of year	120 292	106 018	96 411	82 503
Analysis of provision:				
Property, plant and equipment	63 920	63 370	54 664	54 762
Intangible asset	6 790	6 790	-	-
Factory overhaul costs	4 821	4 528	4 821	4 528
Growing cane and cane roots	50 965	47 343	42 780	39 665
Tax losses	-	(11 908)	-	(11 908)
Other	(6 204)	(4 105)	(5 854)	(4 544)
Balance at end of year	120 292	106 018	96 411	82 503

	GROUP		COMPANY	
	2015	2014	2015	2014
	K'000	K'000	K'000	K'000

23. TRADE AND OTHER PAYABLES

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

	Group 2015 K'000	Group 2014 K'000	Company 2015 K'000	Company 2014 K'000
Trade payables	159 514	121 197	158 184	119 358
Other payables	9 320	10 720	9 165	9 558
Balance at end of year	168 834	131 917	167 349	128 916

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

24. AMOUNTS DUE TO/(BY) RELATED PARTIES

The majority shareholding in Zambia Sugar Plc is held by Illovo Group Holdings Limited, incorporated in Mauritius (2014: Illovo Sugar Coöperatief U.A., incorporated in the Netherlands) a subsidiary of Illovo Sugar Limited, a company incorporated in the Republic of South Africa. Illovo Sugar Limited is listed on the Johannesburg Stock Exchange and is a subsidiary of Associated British Foods plc which holds 51.5% of the issued share capital. All related party transactions are conducted at arms length.

24.1 TRADING TRANSACTIONS

	Note	Group 2015 K'000	Group 2014 K'000	Company 2015 K'000	Company 2014 K'000
Amounts due by related parties					
Illovo Group Marketing Services Limited	1	-	31 886	-	31 886
Illovo Sugar Limited - Corporate Division	1	-	1 585	-	1 585
Mitra Sugar Limited	1	-	743	-	743
Illovo Sugar Malawi Limited	1	357	-	357	-
Illovo Group Holdings Limited	2	184	280	184	280
East African Supply (Pty) Limited	1	-	420	-	420
Kilombero Sugar Company Limited	1	284	-	284	-
Illovo Sugar (South Africa) Limited	1	56 324	-	56 324	-
Maragra Açúcar SA	1	16	-	16	-
		57 165	34 914	57 165	34 914
Amounts due to related parties					
Illovo Sugar Limited - Procurement Division	1	49 474	22 300	48 671	21 845
Illovo Sugar Limited - Corporate Division	1	4 289	2 421	4 289	2 421
Illovo Sugar Ireland	1	6 742	17 082	6 742	17 082
Illovo Group Marketing Services Limited	1	99 504	58 241	99 504	58 241
East African Supply (Pty) Limited	1	38	-	38	-
Illovo Sugar (South Africa) Limited	1	1 400	-	1 400	-
Ubombo Sugar Limited	1	31	-	10	-
Nanga Farms Plc	3	-	-	26 539	20 257
		161 478	100 044	187 193	119 846

24.1 TRADING TRANSACTIONS *(CONTINUED)*

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

Related party	Note	Transaction	GROUP 2015 K'000	GROUP 2014 K'000	COMPANY 2015 K'000	COMPANY 2014 K'000
Illovo Sugar Limited - Procurement Division	1	Imports of goods & services	**89 077**	86 769	**84 842**	83 142
Illovo Group Holdings Limited	2	Loan interest	**47 010**	87 193	**47 010**	87 193
Illovo Group Financial Services	1	Loan interest	**104 613**	-	**104 613**	-
Illovo Sugar Ireland	1	Management fee	**30 482**	36 921	**30 482**	36 921
Illovo Group Marketing Services Limited	1	Export agency commission	**19 910**	19 251	**19 910**	19 251
Illovo Sugar Malawi Limited	1	Cost recoveries	**410**	910	**410**	910
Kilombero Sugar Company Limited	1	Cost recoveries	**256**	154	**256**	154
Illovo Sugar (South Africa) Limited	1	Export sugar sales	**56 324**	-	**56 324**	-
			348 082	231 198	**343 847**	227 571

Notes

1 - Fellow subsidiary of Illovo Sugar Limited.
2 - Holding company of Zambia Sugar Plc.
3 - Subsidiary of Zambia Sugar Plc.

Mitra Sugar Limited acts as agent for Zambia Sugar Plc for the sale of its sugar to third-party customers in European markets. For the export services rendered Mitra Sugar charges a commission to Illovo Group Marketing Services Limited, which in turn is charged to Zambia Sugar Plc and is disclosed above.

The Company has a contract with Illovo Sugar Ireland for the supply of management services. Management fees are disclosed in note 6.

24.2 LOANS FROM RELATED PARTIES

	Years of repayment	Effective Interest rate (%)	GROUP 2015 K'000	GROUP 2014 K'000	COMPANY 2015 K'000	COMPANY 2014 K'000
Illovo Group Holdings Limited						
- Zambian Kwacha (see note i)	**2017**	14.70		515 000		515 000
- Zambian Kwacha (see note ii)	**2018**	18.84		403 000		403 000
Illovo Group Financing Services						
- Zambian Kwacha (see note iii)	**2017**	14.70	**555 232**		**555 232**	
- Zambian Kwacha (see note iv)	**2018**	18.84	**443 584**		**443 584**	
Total borrowings from related parties			**998 816**	918 000	**998 816**	918 000
Less:						
Current portion (see note v)			**(80 816)**	-	**(80 816)**	-
Long-term portion			**918 000**	918 000	**918 000**	918 000

(i) The loan from Illovo Group Holdings Limited (IGHL) for K515 million was unsecured and attracted interest at the ruling 91 day T-Bill rate at the beginning of each interest period plus a 4% margin. The interest rate was reset at the prevailing 91 day T-Bill rate on or before 30 June, 30 September, 31 December and 31 March. On 1 August 2015, the loan from IGHL was novated to Illovo Group Financing Services (IGFS). Therefore all rights and obligations of the loan were transferred to IGFS (see note iii).

(ii) The loan from IGHL for K403 million was unsecured and attracted interest at the ruling 182 day T-Bill rate at the beginning of each interest period plus a 2.25% margin. The interest rate was reset bi-annually at the prevailing 182 day T-Bill rate on or before 30 September and 31 March. On 1 August 2015, this loan from IGHL was novated to IGFS. Therefore all rights and obligations of the loan were transferred to IGFS (see note iv).

(iii) This loan is with IGFS (see note i above) and is unsecured and attracts interest at the ruling 91 day T-Bill rate at the beginning of each interest period plus a 4% margin. The interest rate is reset at the prevailing 91 day T-Bill rate on or before 30 June, 30 September, 31 December and 31 March. The loan is to be fully repaid by 31 March 2017.

(iv) This loan is with IGFS (see note ii above) and is unsecured and attracts interest at the ruling 182 day T-Bill rate plus a 2.25% margin. The interest rate is reset bi-annually at the prevailing 182 day T-Bill rate on or before 30 September and 31 March. The loan is to be fully repaid by 25 October 2018 or such other date as the parties may agree in writing.

(v) This relates to interest on the related party borrowings and will be paid in April 2015.

	GROUP		COMPANY	
	2015 K'000	2014 K'000	2015 K'000	2014 K'000

25. DERIVATIVE FINANCIAL INSTRUMENTS

Forward exchange contracts - designated as cash flow hedges	(41 173)	(32 308)	(41 173)	(32 308)
Comprising:				
Assets	936	-	936	-
Liabilities	(42 109)	(32 308)	(42 109)	(32 308)
	(41 173)	(32 308)	(41 173)	(32 308)

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

26. PROVISIONS

At beginning of year	7 774	6 541	7 774	6 541
Provisions made during the year	9 405	7 774	9 405	7 774
Utilised during the year	(7 774)	(6 541)	(7 774)	(6 541)
At end of year	9 405	7 774	9 405	7 774
Analysed as follows:				
Provision for leave pay	9 405	7 774	9 405	7 774

27. CAPITAL COMMITMENTS

Approved but not contracted	505 302	56 300	500 546	52 293
Contracted	9 818	8 295	9 742	8 295
	515 120	64 595	510 288	60 588

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

28. FINANCIAL RISK MANAGEMENT

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

Categories of financial instruments

	Fair value hierarchy				
Financial assets					
Loans and receivables	Level 3	517 483	277 364	510 692	273 136
Derivative financial instruments designated as cash flow hedges	Level 2	936	-	936	-
Financial liabilities					
Derivative financial instruments designated as cash flow hedges	Level 2	(42 109)	(32 308)	(42 109)	(32 308)
Financial liabilities measured at amortised cost	Level 3	1 334 751	1 161 374	1 358 981	1 178 175

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

Reconciliation to the statement of financial position

	Fair value hierarchy	GROUP 2015 K'000	GROUP 2014 K'000	COMPANY 2015 K'000	COMPANY 2014 K'000
Trade and other receivables	Level 3	382 434	176 098	379 668	175 627
Amounts due by related parties	Level 3	57 165	34 914	57 165	34 914
Cash and bank balances	Level 3	77 884	66 352	73 859	62 595
Loans and receivables		517 483	277 364	510 692	273 136
Long-term borrowings	Level 3	998 816	918 000	998 816	918 000
Trade and other payables	Level 3	168 834	131 917	167 349	128 916
Amounts due to related parties	Level 3	161 478	100 044	187 193	119 846
Bank overdraft	Level 3	5 623	11 413	5 623	11 413
Financial liabilities measured at amortised cost		1 334 751	1 161 374	1 358 981	1 178 175

28.1 LIQUIDITY RISK MANAGEMENT

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

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

	GROUP 2015 K'000	GROUP 2014 K'000
Local general banking facilities	148 500	148 500

28.2 INTEREST RATE RISK MANAGEMENT

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

The interest rate profile at 31 March 2015 is as follows:

	Floating rate		
	Less than one year	Greater than one year	Total borrowings
Borrowings (K'000)	81	918	999
% total borrowings	8%	92%	100%

The group has no fixed rate facilities.

Interest rate sensitivity

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

	GROUP 2015 K'000	GROUP 2014 K'000	COMPANY 2015 K'000	COMPANY 2014 K'000
If interest rates had been 50 basis points higher/lower and all other variables held constant, profit before tax for the year would decrease/increase by:	5 106	5 027	5 111	5 031

28.3 CURRENCY RISK MANAGEMENT

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

	ASSETS		LIABILITIES	
	2015 K'000	2014 K'000	2015 K'000	2014 K'000
Group				
US Dollars	106 385	5 548	102 667	53 390
SA Rands	55 203	4 461	56 713	29 353
Euros	1 513	32 613	7 252	23 746
Company				
US Dollars	106 385	5 548	102 667	53 390
SA Rands	55 203	4 461	55 889	29 808
Euros	1 513	32 613	7 252	23 746

Foreign currency sensitivity

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

10% foreign currency sensitivity

All figures in K'000

	US DOLLAR		SA RAND		EURO	
	2015	2014	2015	2014	2015	2014
Group						
Monetary assets	(10 639)	(555)	(5 530)	(446)	(151)	(3 261)
Monetary liabilities	10 267	5 339	5 671	2 980	725	2 375
	(372)	4 784	141	2 534	574	(886)
Company						
Monetary assets	(10 639)	(555)	(5 530)	(446)	(151)	(3 261)
Monetary liabilities	10 267	5 339	5 589	2 980	725	2 375
	(372)	4 784	59	2 534	574	(886)

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

	RATES AT 31 MARCH		AVERAGE FOR YEAR	
	2015	2014	2015	2014
Kwacha/Rand	0.62	0.58	0.58	0.55
Kwacha/US dollar	7.59	6.09	6.44	5.50
Kwacha/Euro	8.18	8.38	8.16	7.38

The group has entered into certain forward exchange contracts to cover forecast foreign currency proceeds not yet receivable. The contracts will be utilised for purposes of trade during the 2015 financial year.

	GROUP 2015			GROUP 2014		
	Foreign currency million	Average rate	Amount in K'million	Foreign currency million	Average rate	Amount in K'million
Foreign currency sold						
US Dollar	68.7	7.79	535.3	37.6	6.02	226.3
Euro	17.9	8.71	155.9	17.1	8.12	138.8

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

28.4 CREDIT RISK MANAGEMENT

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy customers. Trade receivables comprise a widespread customer base, and the company undertakes ongoing credit evaluations of the financial condition of their customers. At 31 March 2015, the group does not consider there to be any material credit risk that has not been insured or adequately provided for.

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

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

	GROUP		COMPANY	
	2015	2014	**2015**	2014
	K'000	K'000	**K'000**	K'000
Not past due	**242 271**	132 466	**242 271**	132 466
Past due by 30 days	**46 655**	26 309	**46 655**	26 309
Past due by 60 days	**13 670**	3 812	**13 670**	3 812
Past due by 90 days	**2 940**	227	**2 940**	227
Past due over 120 days	**-**	210	**-**	210
	305 536	163 024	**305 536**	163 024
less : allowance for doubtful debts	**(622)**	(879)	**(622)**	(879)
Total trade receivables	**304 914**	162 145	**304 914**	162 145

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

28.5 CAPITAL RISK MANAGEMENT

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

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

29. RETIREMENT BENEFITS

Defined contribution pension scheme

Zambia Sugar provides retirement benefits for its employees through a defined contribution pension scheme which was established on 1 May 2002. The employer's contribution is recognised as an expense in the year in which the related services are rendered by the employees. The group expensed an amount of K13.3 million (2014: K10.6 million) during the year in respect of this scheme.

The group also contributes to the National Pension Scheme Authority (NAPSA), a defined contribution scheme, for its eligible employees as required by law. Membership is compulsory and monthly contributions are made by both employer and employees. The employer's contribution is expensed in the year in which it arises. The group expensed an amount of K12.8 million (2014: K11.7 million) during the year in respect of this scheme.

30. CONTINGENT LIABILITIES

There is a contingent liability estimated at K0.975 million in respect of local industrial relations actions currently before the courts.

31. EVENTS AFTER THE REPORTING DATE

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

Notice of AGM

Notice is hereby given that the 53rd annual general meeting of the members of the company will be held at the Taj Pamodzi Hotel, Lusaka, Zambia on Thursday 13 August 2015 at 14:00hrs to transact the following business:

1. MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING

To receive and note the minutes of the 52nd Annual General Meeting held on 20 August 2014, duly approved by the chairman of the Company in accordance with section 160(2) of the Companies Act.

2. FINANCIAL STATEMENTS

To receive and consider the annual financial statements for the year ended 31 March 2015.

3. ORDINARY RESOLUTION NUMBER OF DIRECTORS

Pursuant to Section 206 of the Companies Act, to resolve that, until otherwise determined by the shareholders in general meeting, the maximum number of directors who may be appointed to the board be fixed at 12.

4. ELECTION OF DIRECTORS

i. To confirm the appointment of Mr Guy Hugh Williams, who was appointed as a non-executive director after the previous annual general meeting.

Curriculum Vitae of Mr GH Williams:

After qualifying as a chartered accountant and completing his articles of clerkship with Ernst & Young, Guy joined the Lonrho Sugar group as a finance manager in Malawi. Following the acquisition of Lonrho Sugar by Illovo Sugar Limited in 1997, Guy joined the Business Development department and has since held a number of management positions, including General Manager–Finance in Swaziland, General Manager–Operational Finance at Illovo's head office, Group Commercial Manager and Regional Director. He currently holds the position of Group Executive–Trade and Industry Affairs.

ii. To confirm the appointment of Ms Monica Katebe Musonda, who was appointed as an independent non-executive director after the previous annual general meeting.

Curriculum Vitae of Ms MK Musonda:

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

iii. To re-elect Messrs HK Mambwe, AR Mpungwe and MF Pousson who retire by rotation in terms of the Companies Act and who being eligible, offer themselves for re-election.

The motions for re-election will be moved individually. The curricula vitae of these directors are provided on page 6 of the Annual Report.

5. APPROVAL OF DIRECTORS' FEES

That unless otherwise determined by the company in general meeting, the annual fees payable by the company to directors for the year ending 31 March 2016 be revised to K155 000 (2014: K145 000), K161 000 (2014: K150 000) for committee members and K184 000 (2014: K172 000) for the board chairman and be approved with effect from 1 April 2015.

6. APPOINTMENT OF AUDITORS

To confirm the reappointment of the auditors, Deloitte & Touche, for the year ending 31 March 2016 and to authorise the directors to determine the auditors terms and remuneration.

7. DECLARATION OF FINAL DIVIDEND

That a final dividend of K0.02 (2014: K0.02) per share, for the year ended 31 March 2015, as recommended by the directors, be declared to all shareholders registered in the books of the company, at close of business on 5 September 2015 and payable on 8 September 2015.

8. OTHER BUSINESS

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

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. The proxy need not be a member of the Company. Proxy forms should be forwarded so as to reach the Company's registered office or the transfer secretaries not later than 10h00 on Wednesday 12 August 2015.

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

Corpserve Transfer Agents Limited
Plot No 3671, House No 6 Mweleshi Rd, Olympia Park, Lusaka, Zambia
Telephone: +260 211 256969/70
Facsimile : +260 211 256975
Email: corpservezambia@corpserve.com.zm

By order of the Board

Mwansa M. Mutimushi
Company Secretary
6 May 2015

Shareholder's Diary

Financial year end		March
Annual general meeting		August

REPORTS AND PROFIT STATEMENTS

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

DIVIDENDS

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

Shareholders are reminded to notify the transfer secretaries of any change in postal address, dividend payment mode and applicable bank account details for dividend payment.

Corporate Information

Secretary	:	Mwansa M Mutimushi
Business address and Registered office	:	Nakambala Estate, Mazabuka, Zambia
Postal address	:	P O Box 670240, Mazabuka, Zambia
Telephone	:	+260 21 3 231106
Fax	:	+260 21 3 230385
Email address	:	mmutimushi@zamsugar.zm
Website address	:	www.illovosugar.co.za
Transfer secretaries	:	Corpserve Transfer Agents Ltd Plot No 3671 House No 6 Mweleshi Rd, Olympia Park, Lusaka, Zambia.
Postal address	:	P O Box 37522, Lusaka, Zambia
Telephone	:	+260 21 1 256969, 256970
Fax	:	+260 21 1 256975
E-mail address	:	info@corpservezambia.com.zm
Auditors	:	Deloitte & Touche
Bankers	:	Barclays Bank of Zambia, Citibank Zambia, FNB Zambia, Stanbic Bank Zambia, Standard Chartered Bank Zambia, Zambia National Commercial Bank, Finance Bank.

Glossary of Terms

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

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

Notes

Zambia Sugar Plc | Form of Proxy

For the 53rd Annual General Meeting

I/We ____

(Name/s in block letters)

of ____(address)

Number of votes

(1 share = 1 vote)

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

do hereby appoint

1. ____________________ of ____________________ or failing him/her

2. ____________________ of ____________________ or failing him/her

3. the chairman of the meeting

as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the annual general meeting of the Company to be held at the Taj Pamodzi Hotel, Lusaka, Zambia on Thursday 13 August 2015 at 14:00hrs and at any adjournment thereof as follows:

		Mark with 'X' where applicable		
Resolution No.	**Agenda Item**	**For**	**Against**	**Abstain**
1.	Approval of the minutes of the previous meeting			
2.	Adoption of the audited 2015 annual financial statements			
3.	To fix the maximum number of directors			
4.	Election of directors			
	CONFIRMATION OF APPOINTMENT OF DIRECTORS			
4.1	GH Williams			
4.2	MK Musonda			
	RE-ELECTION OF DIRECTORS			
4.3	AR Mpungwe			
4.4	HK Mambwe			
4.5	MF Pousson			
5.	Approval of directors' fees			
6.	Re-appointment of Deloitte & Touche as auditors			
7.	Declaration of final dividend			

Signed at ____________________ on this ________ day of ____________________ 2015

Signature ____

Assisted by me (where applicable) (see note 3) ______________________________

Full name/s of signatory/ies if signing in a representative capacity (see note 4) ______________________

NOTES TO THE FORM OF PROXY

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company.
2. If this proxy form is returned without any indication as to how the proxy should vote, the proxy will be entitled to vote or abstain from voting as he/she thinks fit.
3. A minor must be assisted by his/her guardian.
4. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless the Company has already recorded that authority.
5. In order to be effective, proxy forms must reach the registered office of the Company or the transfer secretaries by no later than 10:00hrs on Wednesday 12, August 2015.
6. The delivery of the duly completed proxy form shall not preclude any member or his/her duly authorised representative from attending the meeting, speaking and voting instead of such duly appointed proxy.
7. If two or more proxies attended the meeting, then that person attending the meeting whose name appears first on the proxy form, and whose name is not deleted, shall be regarded as the validly appointed proxy.


This is more than just a cup of tea
it's about changing people's livelihoods
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GROUP

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