Tongaat Hulett

HIPPO VALLEY ESTATES LIMITED

2018 ANNUAL REPORT

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Notice to Shareholders

Notice is hereby given that the sixty-second Annual General Meeting of members of Hippo Valley Estates Limited will be held at Meikles Hotel, Harare, Zimbabwe at 12 noon on 26 September 2018 to conduct the following business:

1. To receive and consider the financial statements of the Group and Company for the year ended 31 March 2018;

2. To fix the remuneration of the Auditors for the past audit and to re-appoint Deloitte & Touche as Auditors for the ensuing year;

3. To elect Directors in place of Messrs N Kudenga, S L Slabbert and M H Munro who retire by rotation in terms of article 100 of the Articles of Association, and who, being eligible, offer themselves for re-election. Motions for re-election will be moved individually;

4. To elect Mr D L Marokane as a Director who, having been appointed during 2018, is required to retire in accordance with the Articles of Association and, being eligible, offers himself for re-election; and

5. To consider and, if deemed fit, to pass, with or without modification, the following resolution:

Ordinary Resolution

"Resolve as an ordinary resolution that the proposed fees, set out below, payable to non-executive Directors for their services as Directors on the Board and Board Committees for the period 1 April 2018 to 31 March 2019 be and are hereby approved".

	Existing quarterly fee US$	Proposed quarterly fee 1 April 2018 to 31 Mar 2019* US$
Hippo Valley Estates Limited Board:		
Chairman	6 174	6 174
Non-Executive Director	3 087	3 087
Audit and Compliance Committee:		
Chairman	3 087	3 087
Non-Executive Director	1 543	1 543

*60% paid as a Fixed/Retainer Fee and 40% as an Attendance Fee per meeting.

A member entitled to attend, speak and vote at the meeting may appoint any other person or persons (none of whom need to be a shareholder), as a proxy or proxies to attend, speak and vote at the Annual General Meeting in such shareholder's stead. A proxy form is enclosed for use by shareholders which should be lodged, duly completed, at the registered office of the Company not less than 48 hours before the start of the Annual General Meeting.

By order of the Board

B Shava
Company Secretary

21 August 2018

Directorate, Management and Administration

Directorate		Board attendance (4 meetings)	Audit Committee attendance (4 meetings)
D L Marokane	Non-executive Chairman	-	-
S D Mtsambiwa	Chief Executive Officer	4	-
L R Bruce*	Independent Non-Executive Director	4	4
S G Nhari	Non-Executive Director	4	-
J E Chibwe	Finance Director	4	-
N Kudenga*	Independent Non-Executive Director	3	4
J P Maposa	Independent Non-Executive Director	3	-
M H Munro	Non-Executive Director	3	-
S L Slabbert*	Non-Executive Director	4	4
P H Staude	Non-Executive Director	3	-

* Member of the Audit Committee

Management and Administration

Senior Management

Mill Manager	C A S Kubara
Human Resources Manager	K Gwamura
Senior Medical Officer	T A Mukwewa (Dr)
Finance Operations Manager and Company Secretary	B Shava

Transfer Secretaries
First Transfer Secretaries (Private) Limited
1 Armagh Road
Eastlea
Harare

Independent Auditors
Deloitte & Touche
Cnr Josiah Tongogara St & 9th Avenue
Bulawayo

Bankers
Standard Chartered Bank Zimbabwe Limited
Barclays Bank Zimbabwe Limited
African Banking Corporation of Zimbabwe Limited (BancABC)
CBZ Bank Limited
Central Africa Building Society (CABS)
Stanbic Bank Zimbabwe Limited

Legal Practitioners
Scanlen and Holderness
CABS Centre
74 Jason Moyo Avenue
Harare

Estate and Registered Office
Hippo Valley Estates
P.O. Box 1
Chiredzi

Telephone : +263 231 231 5151/6
Mobile : +263 779 559 966
Email : companysecretary@hippo.co.zw

Consolidated Financial Summary

	Year ended 31.03.18 US$'000	Year ended 31.03.17 US$'000
Revenue	136 994	148 489
Operating profit	16 961	13 434
Profit before tax	14 908	9 975
Profit for the year	11 034	7 674
Cash generated from operations	23 514	38 006
Net cash inflow from operating activities	26 814	33 155
Capital expenditure	(22 588)	(6 825)
Earnings per share (US cents)	5.72	3.98
Net asset value	304 002	289 223
Net asset value per share (US cents)	157	150
Market capitalization at year end	324 275	75 278
Price per share at year end (US cents)	168	39

CHAIRMAN'S STATEMENT AND CHIEF EXECUTIVE'S REVIEW

HIGHLIGHTS

- Revenue of $137,0 million (2017: $148,5 million)
- Operating profit of $17,0 million (2017: $13,4 million)
- Profit for the year of $11,0 million (2017: $7,7 million)
- Operating cash flow (after working capital) of $32,3 million (2017: $37,9 million)
- Sugar production of 197 000 tons (2017: 229 000 tons)

INTRODUCTION

The Company achieved an operating profit of $17,0 million for the year ended 31 March 2018 compared to $13,4 million in the prior year. This was mainly due to the continued growth in local market sales, assisted by the refineries which increased availability of refined sugar for the industrial market. Low dam levels during peak growing periods limited irrigation, which affected cane yields, resulting in reduced sugar production of 197 000 tons (2017: 229 000 tons). Higher standing cane valuations at year end reflect the improvement in the cane crop to be harvested, which benefitted from optimum irrigation following the satisfactory 2017/18 rainy season supported by the recently completed Tugwi-Mukosi dam. Replanting of cane roots was accelerated following completion of the dam, which further enhanced the standing cane valuation. The challenging economic conditions which persisted during the period under review were counter balanced by the transition in the leadership of the Government towards the end of 2017 which created a more positive local and international sentiment towards the country.

OPERATING REVIEW

Sugar production in the year ended 31 March 2018 decreased to 197 217 tons (2017: 228 683 tons), a 14% volume reduction, largely due to the lower yields and poorer quality of the cane. A total of 1 534 405 tons (2017: 1 729 703 tons) of cane was crushed during the season. Cane deliveries from the Company amounted to 875 305 tons, a 15% decrease from the 1 028 973 tons delivered in the previous year. The decrease in sugarcane production was due to the decline in both the area harvested and the average cane yield from 12 137 hectares at 84,78 tons per hectare in the previous year to 11 222 hectares at 78,00 tons per hectare. The yield reduction was due to the effects of the limited irrigation during the period April to early December 2016, a result of the severe drought which was in its second successive season.

The A2 model farmers in the Hippo Valley Mill Group delivered 433 071 tons of cane during the season (2016/17: 455 961 tons), representing a decrease of 5%, whilst the Mkwasine private farmers delivered 226 029 tons (2016/17: 244 769 tons), an 8% decrease. Total A2 model farmer cane deliveries to the industry sugar mills amounted to 1 075 740 tons in the current season compared to 1 138 184 tons delivered in 2016/17, an overall decrease of 5%. This was due to the decrease in total area harvested by A2 model farmers to 15 770 hectares (2016/17: 15 956 hectares) coupled with a 4% decrease in the average yield to 68 tons from 71 tons per hectare in the previous year.

Cane plough out and replanting programmes were accelerated during the year following guaranteed water supply from the recently commissioned Tugwi-Mukosi dam. A total of 2 841 hectares (2017: 866 hectares) were replanted for the year ended 31 March 2018, in order to restore cane yields to optimal levels in the shortest time possible. The momentum established in previous years to reduce costs was maintained throughout the current reporting period.

The 2017/18 milling season ran for a total of 200 days having commenced on 30 May and closed on 16 December 2017. Factory efficiency parameters of Extraction and Boiling House recovery were better than the previous year, resulting in an increase in Overall Recovery to 88,18% compared to 87,18% achieved in the previous season. The cane-to-sugar ratio decreased marginal from 7,56 : 1 achieved in the previous year to 7,81 : 1

MARKETING

There was a marked increase in the total industry volume of local market sugar sales arising from a favourable sales mix on the back of low imports and an increased off-take by one major industrial customer. As a result, total industry sales of 334 000 tons (2017: 301 000 tons) were realised in the local market, an increase of 11%. The timely intervention by Government to protect the industry against competition from dumped world market imports continued to yield positive results in addition to providing job security in the industry. Total industry exports to the US and regional markets decreased to 58 000 tons (2017: 153 000) a decrease of 95 000 tons due to decreased production and increased local market sales. The favourable sales mix achieved in the domestic market resulted in an average mill door price for the season of $626/ton (2017: $578/ton), an 8,3% overall increase.

SAFETY AND SUSTAINABILITY

Safety and Sustainability improvement initiatives continue to be implemented on an on-going basis to ensure a safe working environment for all employees. A total of 2 Lost Time Injuries were recorded during the year, compared to 4 recorded during the previous year, resulting in a Lost Time Injury Frequency Rate of 0,019 (2016/17: 0,038).

INDUSTRIAL RELATIONS

The industrial relations environment stabilised towards the end of the year following the resolution of a long outstanding wage dispute, which had gone through arbitration and the High Court. Despite the difficult and challenging economic environment, the Company continues to develop and implement mutually beneficial and collaborative initiatives to improve the quality of life of its employees.

FINANCIAL RESULTS

Revenue for the year amounted to $137,0 million (2017: $148,5 million), a decrease of 8% mainly due to the 14% decrease in sugar production. Operating profit increased to $17,0 million (2017: $13,4 million), a 27% increase due to improved margins on the back of the favourable sales mix, combined with a positive swing in standing cane valuation arising from an improvement in the cane age and expected yield of the sugar cane crop to be harvested in the 2018/19 year.

Operating cash flow (after working capital movements) was $32,3 million (2017: $37,9 million), a decrease of $5,6 million in line with the reduction in revenue. Cash generated from operations amounted to $23,5 million (2017: $38,0 million), while working capital increased by $12,9 million compared to a $3,1 million decrease in the prior year. Overall, after taking into account capital expenditure and root replanting costs totalling $22,6 million (2017: $6,8 million), a total net cash inflow of $4,9 million (2017: $27,1 million) was realised.

The Company's net debt at 31 March 2018 amounted to $3,1 million which was a 61% improvement on the prior year level of $7,9 million. A total of $3,0 million (2017: $4,4 million) was incurred in finance costs commensurate with the level of borrowings, all of which were unsecured, at an average interest rate of 7,97% (2017: 7,57%).

An attributable profit of 5,72 US cents per share was achieved for the year compared to 3,98 US cents per share realised in the prior year.

DIVIDENDS

With the renewed expectation of an imminent turnaround in the economy coupled with the anticipated increase in sugar production on the back of the improved water situation, the Directors have decided to declare a dividend (No 46) of 2 cents per share for the year ended 31 March 2018. The dividend is payable on or about 1 November 2018 to Shareholders registered in the books of the Company at the close of business on 1 October 2018.

SUSTAINABLE RURAL COMMUNITIES

Private farmers continue to make a significant contribution towards the overall performance of the industry. During the 2017/18 season, private farmers replanted 1 226 hectares (2016/17: 681 hectares) of sugar cane following the improved availability of irrigation water. During the past season, total private farmer cane deliveries to the two sugar mills amounted to 1 075 740 tons (2017: 1 138 184 tons) from 895 active farmers who employ approximately 8 000 workers directly.

The Company continues to pro-actively engage with all its stakeholders with a view to creating successful communities on a sustainable basis. As part of the Company's ongoing community empowerment drive under its Socio Economic Development programme, a total of $2,7 million (2016/17: $1,8 million) was spent on various community development initiatives.

LOOKING AHEAD

Increasing returns by growing sugar production from available milling capacity and developing key markets and product offerings.

As the industry increases its sugar production, utilising available total milling capacity of some 640 000 tons per annum, it will be better positioned to benefit from the opportunities arising from evolving access into regional deficit markets which are expected to grow in per capita sugar consumption in the short to medium term as well as growth in the local market.

The industry as a whole continues to expand its sugar cane production and supply to the sugar mills, contributing significantly to the socio-economic well-being of the communities surrounding its operations. Given normal growing conditions and crop improvements underway, sugar production is projected to be between 433 000 and 483 000 tons in 2018/19, increasing to between 500 000 tons and 560 000 tons by 2019/20.

The Company continues to prioritise the reduction of its cost base, building on the successes of previous years. Cost reduction initiatives are focused on bought-in goods, services, logistics, marketing and manpower costs across all the business areas. Given the high fixed cost nature of sugar operations, unit costs of sugar production for the Company will reduce further with the benefit of future volume increases.

DIRECTORATE

Mr M H Munro stepped down as Chairman of the Board with effect from 15 May 2018 but remains a member of the Board. Mr Munro had served the Company as Chairman for the past 5 years, a position he served with distinction. The Board would like to extend its profound appreciation to Mr Munro for his astute leadership and invaluable contribution to the Company in his capacity as Chairman.

APPRECIATION

The Board would like to express its sincere gratitude and appreciation to Hippo Valley management and employees for their relentless effort and commitment during the year under very challenging conditions.

D L Marokane
Chairman

S D Mtsambiwa
Chief Executive Officer

28 June 2018

INTRODUCTION

Hippo Valley Estates Limited (the Company) as a responsible corporate stakeholder in the community, is committed to the development of the South Eastern Lowveld, as such corporate social initiatives are undertaken with a socio-economic development emphasis through Public Private Partnerships (PPPs) and Public Private Community Partnerships (PPCPs). The key focus areas for corporate social investment are food security at household level, education, water, health and sanitation, infrastructure development and conservation, as well as sport, arts, and culture.

The Company strives to create value for all its stakeholders in a responsible and ethical manner. Its policies are enshrined in the principles of transparency, communication, and accountability as critical components of delivering on the expectations of the investment community, private farmers, local communities, governments, consumers, suppliers, and employees.

The Company continues to make progress in creating a safe working environment for its employees and to conduct its operations in a manner that ensures environmental sustainability. Its Safety, Healthy, Environmental and Sustainability (SHES) Management system is founded on the Zero Harm Principle which is designed to develop incremental improvements in sustainability performance towards established goals, through appropriately selected themes aimed at entrenching a safety mind-set in employees and surrounding communities.

SAFETY MANAGEMENT

Pursuant to its policy of ensuring the safety of its employees and the surrounding community, the Company has implemented the following strategies and programmes:

- A complete upgrade of the road safety signage on the Chiredzi to Triangle stretch of the Tanganda to Ngundu Highway.
- To manage the risk of employees falling from high working platforms, namely over-head crane gantry, special protected work platforms have been constructed for use by maintenance crews performing related work.
- To enhance management competency in handling occupational safety risk, four (4) safety leadership seminars facilitated by an external resource, Ignite Potential Solutions, were conducted for middle to senior managers.
- A behavioural diagnostic survey designed to provide a better insight into the underlying factors driving the current incident trends was undertaken by an external service expert and his recommendations have been implemented, which significantly contributed to the Company's accident prevention efforts.

2017/18 Achievements

The company recorded a Lost Time Injury Frequency Rate (LTIFR) of 0,019 during the year, compared to 0,038 which was recorded in 2016/17.

SHES Awards

In recognition of the various strategies being implemented to manage its SHE Risks/Impacts, the Company was awarded the following accolades by NSSA:

Period	Award	Position
2017	Provincial Safety and Health Award for Hippo Valley Mill	Gold
2017	Provincial Safety and Health Award for Hippo Valley Garage	Silver
2017	Sectorial Safety and Health Award for Hippo Valley Services	Silver
2017	Sectorial Safety and Health Award for Hippo Valley Garage	Silver

Environment Management

The Company is committed to sustainable use of natural resources and prevention of environmental damage through effective management of the risks associated with its operations, products, and services, particularly focusing on following:

1. **Land Use and Biodiversity**

   The Company operations are carried out on approximately 54 000 hectares of land, with a diversity of plant and animal life. In recognition of the underlying negative impact that the operations might have on environmental biodiversity and preservation of the natural ecosystems, the Company put in place offset conservation areas, occupying nearly 48% of the total land area. The balance of the land is used for cultivation, water storage dams, section roads, canals, and development for industrial and other purposes. All these land use activities are properly managed under the direction of the ISO 14001 Management System.

To minimise human/wildlife conflicts, the Company maintains game-park boundary fences and, in addition, crop guards are strategically positioned to prevent wild animals entering the planted areas. To combat poaching, strategic partnerships have been forged with surrounding communities to jointly manage wildlife resources. The Company also operates an anti-poaching unit. To monitor the effectiveness of the anti-poaching activities and ensure sustainable game hunting, annual game counts are conducted in partnership with Zimbabwe National Parks personnel, the most recent of which was conducted in September 2017.

An aerial picture showing a buffalo herd of approximately 380 in the Hippo Valley Game Park – pictured on 10 June 2017

In the 2017/18 financial year, the organisation used approximately 7 cords (equivalent to about 7 tons) of firewood for industrial purposes (start-up of mill boilers) and about 343 cords for domestic use, which was all harvested from Company managed gum-plantations through its Forestry and Wildlife unit. To ensure sustainability of the local forestry plantations and the natural veld, a total of 5 480 indigenous trees and 114 330 exotic trees were distributed for planting within the Estate and its surrounding communities, whose involvement was at household level to engender a culture of tree planting.

Children planting and taking care of tree-seedlings planted in a residential area

One of the new plantations on the Estate

2. **Soil Management**
   A total of 11,5 kilometres of drains were opened up to ensure good drainage within the cane fields and effectively manage/prevent soil salinization. To prevent soil erosion on opened-up field drains, the Company planted Vetiver grass, also known as the "Hedge against soil erosion" which has good soil binding roots. The Company will continue to plant and maintain this grass in erosion prone areas.

Newly planted Vetiver grass on a recently maintained field drain

3. **Water Management**
As the Company is located in a dry region, water is a critical and valuable resource given the heavy dependence of sugarcane agricultural activities on irrigation water. To ensure efficient utilisation and effective management of this key resource, the Company closely monitors water consumption and promotes water conservation irrigation methods in all its activities and amongst other key stakeholders. Annual irrigation canal maintenance is consistently carried out to minimise water losses during conveyance. To raise awareness of all agriculture employees and other key stakeholders on issues of environmental management as guided by the ISO 14001, in promoting sound irrigation techniques for water conservation, regularly educational training is conducted.

4. **Effluent Management**
The effluent produced from the Company's sugar production processes if disposed into the natural rivers may result in the destruction of local aquatic life. To manage the associated risk, the Company uses a significant volume of the waste water for irrigation purposes. In addition, effluent drains are maintained regularly to ensure that any waste water not used for irrigation purposes is channelled to effluent ponds to prevent it from flowing into rivers.

5. **Global Warming and Climate Change**
The evolving phenomenon of global warming and climate change is broad and complex. In recognition of this negative development, the Company is addressing three key imperatives in its drive to reduce the resultant carbon emissions, namely, energy security, economic productivity, and environmental impact. To remain competitive on a sustainable basis, the Company will implement measures to deal with potential energy shortages, rising costs of energy, climate change and related environmental concerns as part of its long-term business strategy, using the following dual approach:
   - An energy and carbon management programme in addressing mitigation and adaptation issues.
   - Investing in energy efficiencies and generation of renewables.

6. **Certification to NQA ISO 14001:2004**
The Company continues to maintain its certification to the NQA ISO 14001:2004. The current certificate expires in September 2018. With the current programmes in place and the continued management of the environmental aspects of SHES in an internationally acceptable manner, the Company is confident of retaining this certification. At the time of producing this report, the company was at an advanced stage of its preparation for certification to the revised standard (ISO 14001:2015), having undergone a Gap Analysis audit in October 2017.

7. **Legal Compliance Issues**
The company maintained all its Environmental Licences and did not suffer any penalties or fines by the Environmental Management Agency.

8. **Solid Waste**
The Company operations produce both hazardous and non-hazardous waste. Hazardous waste is being disposed of in lined landfill sites while domestic waste is disposed of in fenced and well managed domestic waste landfill site. The company aims at reducing the total amount of waste that is disposed at the landfill sites through various waste recycling or re-use initiatives. In line with these initiatives, 706 tons of waste (recyclable metal, paper, plastics, wood pallets, tyres and empty printer cartridges) were either sold or given to recycling companies during the year. A total of 6 327 tons of boiler ash was put in a disused gravel pit as part of the Company's rehabilitation measures. A total of 1 804 tons of used oil was also sold to recycling companies during the year. This brought the total of re-used/recycled waste to 8 837 tons, out of a total of 9 524 tons generated during the year, equivalent to 92,79% of the total waste.

9. **Atmospheric emissions**
The Company monitors its emissions from its boilers, incinerators, and fixed generators to minimise pollution from these sources and to ensure compliance with legal requirements. During the year, 4 out of the 8 emission permits were in the Blue (environmentally safe) band, 3 were in the Green (low environmental hazard) band while one was in the yellow (medium environmental hazard) band. The Company will

continue to monitor emissions to ensure that the level does not migrate to the red (high environmental hazard) band.

PROMOTING SUSTAINABLE AGRICULTURE

Private farmers continue to make a significant contribution to the overall industry sugar production, contributing 37% of cane supplied to mills in 2017/18 season with 1 075 740 tons of sugarcane delivered to the mills from 16 925 hectares at an average yield of 63,51 tons per hectare. Although cane production by A2 model farmers exceeded the target for 2017/18 of 1,038 million tonnes, there was still potential for these farmers to achieve in excess of 1,4 million tons through productivity enhancement. The 2017/18 production volume by private farmers was 9% below 2016/17, due to the effects of the El Nino induced drought in prior years, which impacted on plant population. Against a target of 1 960 hectares, only 1 226 hectares were ploughed-out and replanted due to non-availability of seed cane.

A2 model farmers production is expected to improve significantly on the back of a number of planned interventions which include among others, root stock rejuvenation through properly planned plough-out and replanting, seed cane varietal mix optimisation, irrigation drainage systems improvements. These interventions will be supported by appropriately structured sustainable funding models that match the different crop cycles.

HUMAN CAPITAL

Employee Base

The total workforce as at 31 March 2018 was 6 707, comprised of 4 248 full time permanent employees, 2 440 contract employees and 19 trainees as shown in the table below.

Full time (Permanent)	Contract	Trainees	Total
4 248	**2 440**	**19**	**6 707**

The average number of contract employees during the peak periods for irrigation and harvesting (September to October 2017) were higher than the March 2018 numbers as follows:

- September 2017 - 3 659
- October 2017 - 3 659
- November 2017 - 3 825

The numbers increased in the month of November compared to September and October due to increased harvesting activities towards the end of the season.

The Company has gender sensitive policies and continues to promote female representation at managerial levels. As at March 2018, the Company had 7 female employees in managerial positions, two of which are at executive level.

The Company has managed to maintain key skills at technical, professional, and managerial levels and has 173 holders of degrees and/or diplomas and 88 artisans as shown in the table below. During the year, the Company separated with 2 managerial employees due to retirement and resignation.

Specialized Skills

Category	No. of Employees	Average Age
Graduates and Diplomats	173	46
Artisans	88	44

Performance Management

The Company continues to apply a formalised performance management and succession process for managing talent. The performance management system is key in human capital development programmes and assists in training needs identification, strategic role assignments and secondments as part of talent development.

Training and Development

The Company continues to invest in needs based training to close existing performance gaps and/or for equipping employees and enabling them to function in higher roles. The company has nineteen apprentices at various stages of training. One manager attended a Leadership Development Programme run by the University of Stellenbosch. Performance tracking sessions are ongoing between managers and the twenty – seven graduates of the supervisor development programme who undertook the programme in 2015.

Social Services

The Company continues to prioritize employee welfare through provision of the following:

- Subsidized education at 9 schools on the Estate, with a combined enrolment of 4 240 pupils with 148 teachers.
- Hippo High School continues to produce good results at Advanced level over the years and below are some statistics of these good results:
  - 2016: 61 students out of 105 scored 10 points and above with a pass rate of 99,04%.
  - 2017: 54 students out of 134 scored 10 points and above with a pass rate of 91,08%.
  - At Ordinary level, the school achieved a 79,6% pass rate in 2017 against a 2016 pass rate of 56,9%.
- Cost effective health care through the Medical Centre and its peripheral clinics manned by 6 physicians. Employee wellness programmes that include after work sports are being promoted.
- Domestic energy through use of gel stoves and gel fuel internally manufactured within the group, where electricity is not provided as part of sustainability measures. Firewood harvested from established Company managed woodlots is used as a complement. The programme to migrate from use of firewood and gel to LP gas is currently being rolled out and will involve the distribution of gas cylinders and two plate gas stoves to 4 500 employee households.

HUMAN CAPITAL DEVELOPMENT

Tongaat Hulett has over the years invested in human capital development through sponsorships for disadvantaged bright students at secondary as well as at tertiary levels. The Company is currently sponsoring a third year medical student (Tinashe Chiremba) studying at the University of Zimbabwe.

INDUSTRIAL RELATIONS

The Company has, in the past, relied on formalized structures to enjoy a peaceful industrial relations environment and measures have been put in place to ensure the continued smooth functioning of these structures. The long outstanding wage dispute was finally resolved following the payment of the arbitral award of a wage increase backdated to April 2017.

Human Rights

The Company continues to implement measures, within its sphere of influence, that seek to uphold basic human rights. In addition, the Company policies prohibit child labour and forced labour at all its operations.

Labour Legislation

The Company was not adversely affected by amendments to the Labour Act (Chapter 28:01) made in August 2015.

Freedom of Association and Collective Bargaining

All Company employees have a right to freedom of association and currently four unions are formally registered for the industry and these are:-

- Zimbabwe Sugar Milling Industry Workers Union (ZISMIWU).
- Sugar Production and Milling Workers Union (SPMWUZ).
- Sugar Milling and Allied Workers Union (SMAWUZ).
- Zimbabwe Hotel and Catering Workers Union (ZHCWU).

Disciplinary and Grievance Procedures

The company has a registered Code of Conduct with clearly spelt out disciplinary and grievance procedures. Management continues to use the provisions of the code in managing transgressions.

Anti-bribery and Corruption

The Company continues to use the Tip Offs Anonymous platform and other internal security procedures to reduce cases of theft, bribery and corruption. Policies on hospitality and gifts are in place and annually, non-bargaining unit employees make business interests declarations to manage potential conflict.

HEALTH MANAGEMENT

The Company's thrust on sustainability requires the management of employees' health as part of several key business risks, aimed at reducing incidents of absenteeism, increased production costs and reduced productivity, with positive consequences on the livelihood of the surrounding communities.

Management of the Company's employee health risk is by a team of health professionals. Health care is accessed through the Medical Centre or the peripheral clinics. The service caters for Hippo employees, their dependants and the surrounding community which includes the A2 model farmers in the vicinity.

Key Stats for the Medical Centre during 2017/18:

Outpatients attendances	-	189 707
Number of admissions	-	4 349
Operations conducted	-	2 041
Deliveries conducted	-	380

Employees and their dependents make up 93% of patients attended to at the Medical Centre.

International Recognition

During the year, as part of annual workplace health programmes evaluation, the Global Business Coalition (GBC) on Health (New York) chose Hippo Valley Estates as one of the finalists in the Workplace and Workforce Engagement category in recognition of the Company's workplace Wellness and Disease management programme. Selected from entries submitted by 28 nations, the finalists for the awards underwent a rigorous evaluation process by an independent panel of internationally-respected judges with global health expertise, drawn from across the public, private and non-profit sectors. In March 2018, Hippo Valley was pronounced by the external panel as the Winner of the Business Action on Health Award for Workplace and Workforce Engagement.

Wellness

With health now recognised as being more than the absence of disease, the Company in recognition that wellness issues such as mental health, stress and Non Communicable Diseases (NCDs) contribute to the burden of disease among employees, is rolling out a robust wellness programme at all levels of the organisation. In this regard, the Company has implemented SANS 16001 as part of its strategic response to dealing with wellness issues that affect its employees thereby becoming the first company in Zimbabwe to implement SANS 16001:2013 Wellness and Disease Management System and managed to achieve certification. SANS 16001 is a Wellness and Disease Management System (WDMS) for managing non occupational ailments such as NCD's.

During the period under review, management of HIV/AIDS and other chronic conditions such as Diabetes Mellitus, Hypertension and Asthma was successfully integrated with all chronic conditions now being managed under one roof. Training in the WDMS is conducted across the estate and for all grades of employees from general employees to senior management.

Part of the wellness rollout has been the introduction of wellness sports expos where members of the community are encouraged to participate in sporting activities, where health awareness session would be conducted in addition to on-spot check-ups. This initiative has been conducted in partnership with several stakeholders who include the National Aids Council (NAC), Blood transfusion, Nyaradzo Group, Econet, First Mutual, among others.

Wellness Expo at Hippo Valley Estates

Substance abuse has been noted to be a significant issue especially in high schools. A Wellness workshop involving all headmasters in Chiredzi district was held to raise awareness and share strategies on tackling this serious social ill. Headmasters were encouraged to give opportunities to teachers that run Peer Education programs to train their pupils and give the Peer Educators opportunities to teach their peers.

Community Health

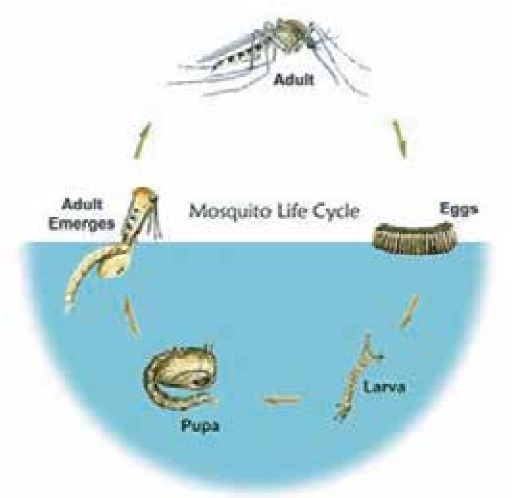
The Company has prioritized the management of HIV/AIDS following a risk assessment which revealed HIV/AIDS remains the biggest threat to the health of company employees. Notwithstanding the comprehensive program to manage HIV/AIDS implemented by the Company to date, HIV/AIDS will continue to be a significant threat for the foreseeable future.

Some of the highlights of the program include:

- More people knowing their HIV status.
- Fewer new infections over the past year.
- Almost all HIV positive employees are on anti-retroviral treatment.
- Male circumcision.

Public Health

Malaria is endemic in the Lowveld posing one of the biggest public health problems for the Company. The high temperatures make it an ideal breeding environment for the malaria vector, mosquitoes.



The 2017-2018 year saw the whole of Chiredzi district experiencing an outbreak situation with at least a four-fold increase in malaria cases. This followed the heavy rains Zimbabwe experienced in early 2018, which increased the pockets of stagnant water and consequently mosquito breeding sites. That coupled with inadequate comprehensive malaria control programs in surrounding areas worsened the burden of the disease.

	2017-18	2016-17
Malaria Slide Positive Cases - Employees PERM	503	137
Malaria Slide Positive Cases - Employees CONTRACT	629	78
Malaria Slide Positive Cases - Dependants	885	222
Malaria Slide Positive Cases - Others	335	101
Malaria Slide Positive Cases - TOTAL	2 352	538

The Company continues to offer employees and A2 model farmers assistance to control malaria through such interventions as drug prophylaxis, larviciding and Indoor Residual Spraying (IRS).

Occupational Health Risk Management

The Company operations carry a significant number of hazards such as noise, dust and chemicals which may adversely impact on employees. To manage this risk, the Company has instituted a number of interventions aimed at eliminating these hazards. These measures are complimented by medical surveillance programs which form a critical element of health risk management.

Noise Induced Hearing Loss (NIHL) continues to be the main occupationally related health risk for those employees working in high noise areas.

A comprehensive hearing protection programme is in place to manage this risk. One of the new initiatives is to identify employees at the highest risk of NIHL or with signs of early NIHL and to increase their level of protection and surveillance.

Those identified employees are being provided with Custom Made Hearing Protective Devices (CMHPD) with a roll out plan over a 3-year period starting with those at the highest risk.

Women's Health

Cervical cancer (Ca cervix) accounts for one-third of all cancer cases in Zimbabwe and is the leading cause of cancer death among Zimbabwean women. There were 2 474 new cases and 1 451 deaths in Zimbabwe for 2012 alone. Often it is difficult to manage due to late presentation. This high disease burden has been heavily influenced by the HIV epidemic. However, Ca cervix is preventable and curable when identified in its early stages through screening of healthy women.

The Maternal and Child Health department at Hippo Valley Estates introduced the cervical cancer screening programme known as VIA. VIA is a simple, cost effective and reliable screening method for the early detection of cancerous lesions on the cervix. Those found with lesions can then be referred for treatment at an early stage before spread of the disease. All HIV positive women are now screened twice a year. During 2017, 70% of all women within HVE's target population were screened thereby significantly reducing Ca Cervix within the local community.

ENTERPRISE DEVELOPMENT

The Company's Enterprise Development programme to support the socio-economic transformation of local communities through long term collaborative initiatives underpinned by commercially viable and sustainable variations of Public-Private and Community Partnerships (PPCPs) with key development partners and local communities/entrepreneurs, continued during the reporting period. Below are some of the major initiatives currently being implemented:

Sorghum Outgrower Project

Over the last 3 years, $350 000 worth of inputs were provided to an average of 1 200 peasant households for sorghum production and approximately $900 000 was realised by the farmers in sales revenue. The sorghum is used in the manufacture of stock feed which finds its way in the livestock beneficiation value chain in which the local farmers also participate.

Domestic Sugar Haulage

Thirteen local sugar transporters were awarded five-year contracts worth approximately $11,5 million per year to haul sugar across the country. Financing facilities worth approximately $3,8 million for acquisition of new and reconditioned sugar haulage trucks were arranged through local banks with the assistance of the Company. This initiative supports in excess of 400 direct jobs within the transport industry in Chiredzi.

Liquid Petroleum Gas (LPG)

A new investment in Chiredzi Town in modern LPG handling facilities worth approximately $450 000 was established with the assistance of the Company. Approximately 40 000 inhabitants of Chiredzi, including 14 000 Hippo Valley and Triangle employees will have access to an affordable, environmentally friendly, efficient and safe source of domestic energy. This will lead to environmental preservation of trees equivalent to approximately 2 500 tons of firewood per month, in addition to the creation of downstream LPG franchise retailing and employment opportunities for local youths.

Livestock Project

The Company has established three livestock centres at a cost of approximately $350 000 to cater for cattle sales, animal husbandry training, disease management and breed improvement. This is a significant milestone towards the commercialisation of communal livestock farming with potential to generate gross livestock sales revenue for the benefit of local communities, of up to $1,7 million per annum.

Natural Resources and Wildlife Based Projects

The Company has entered into a PPCP with Chiredzi Rural District Council and surrounding local communities for the sustainable management and harvesting of fish and wildlife in the Hippo Game Park and Mteri areas. The anticipated proceeds of approximately $450 000 per annum will be ploughed back towards community development projects with potential to create in excess of 40 direct jobs.

Support for Women Projects

In a deliberate move to support women in business, the Company has assisted the Women chapter of the Lowveld Indigenous Business Association of Zimbabwe to set up a protective clothing manufacturing company in Chiredzi with potential business to generate approximately $350 000 per annum and create at least 35 new jobs.

Local Capacity Building Initiatives

The Company is assisting up-coming local business people by facilitating access to critical management and financial skills, competitive financing facilities with local financial institutions as well as creating competitive markets for their products.

SOCIO ECONOMIC DEVELOPMENT

The key Socio-Economic Development strategies for Tongaat Hulett are directly targeted at food security at household level, health, water and sanitation, education, environment, infrastructure development and sport, arts and culture. Some activities include the scooping of dams, building of classroom blocks, construction of clinics, provision of safe drinking water, resuscitation of irrigation schemes, road maintenance and re-gravelling as well as construction of village foot-bridges across water bodies. During 2018 Hippo Valley together with Triangle spent a total of $1 189 747 (2017: $532 265) on Socio-economic development activities.

Health Initiatives

In a Public Private Partnership (PPP) between the Ministry of Health and Childcare, Chiredzi Rural District Council and as part of Tongaat Hulett operations in Zimbabwe, the company played a significant role in the construction of Gudo Clinic which was completed at a total value of $52 000 and was handed over to authorities at a ceremony held on 22 May 2018. Completion of this clinic greatly assist the Chief Gudo community who used to walk some 30 kms to access the nearest health centre at Save Centre, often having to cross the crocodile infested Save River .

Resident Minister for Masvingo Province, Honourable Josiah Hungwe, inspecting the facilities at Gudo Clinic.

Community Irrigation Schemes

The Company, in a Public Private Community Partnership Project with the Government of Zimbabwe through the Ministry of Agriculture, Mechanisation, and Irrigation Development, has assisted in the resuscitation of a number irrigation schemes in Masvingo Province which include Lauder Irrigation Scheme in Gutu, St Joseph Irrigation Scheme at Gudo and Tshovani and Chilonga Irrigation Schemes in Chiredzi District. Currently the Company is involved in the resuscitation of a defunct irrigation scheme at Lapachi in Mwenezi District which is key in addressing food security issues at household level. The project is expected to benefit about 80 families grossing some $115 200 per annum.

Cattle Feedlot & Multiplication Projects

The Company, in partnership with the Ministry of Agriculture, Mechanisation and Irrigation Development has established a cattle feedlot and cattle multiplication centre at Madzivire in Chivi District as a community empowerment initiative and to provide food security at household level. The project includes two boreholes with a solar powered pump and 10 000 litre water tanks. Some 800 fodder and fruit trees have been planted at the site. The programme compliments the Government initiatives to build the Command Livestock herd through Artificial Insemination programmes, which seek to improve the quality of communal herds.

Command Agriculture

The organisation is positioned to accelerate economic development in the Lowveld through its involvement in Command Agriculture and Command Livestock programmes run by government. It participated in a Command

Agriculture programme under which some 317 hectares of winter maize were grown at a cost of $395 653 of which the Company together with Triangle Limited contributed $179 782 while the government's input was $215 821. Some 1 395 tons were harvested at a yield of 4,4 tons per hectare. The project created employment of over 200 people from the surrounding communities.

Infrastructure Development Programmes
The Company has developed a partnership with the Department of Roads to upgrade road signage along the Ngundu-Chiredzi Highway to SADC standard signage at a cost of $54 000 as well as embarking on the initiative to make the Pelilendaba steep rise part of the highway safer for motorists through signage improvement. The Company has partnered Government of Zimbabwe in the upgrade of the Chiredzi-Zaka Road.

Emergency Response and Relief Aid
Following the floods experienced in Masvingo, which were declared a national disaster in March 2017, Tongaat Hulett Zimbabwe made donations to affected families and schools across the province which included food stuffs and blankets for 155 affected families and roofing materials for 16 schools at a cost of $121 883.

Investment in Education
In partnership with the Air Force of Zimbabwe, the Company as part of Tongaat Hulett Zimbabwe constructed 2 classroom blocks at Murongwe School in Mt Darwin, while schools in all the seven districts of Masvingo Province recently benefitted from a donation of roofing materials at a cost of some $25 000.

Directors' responsibilities in relation to financial statements

In terms of the Companies Act (Chapter 24:03), the Directors are responsible for ensuring that the Group keeps adequate accounting records and prepares financial statements that fairly present the financial position, results of operations and cash flows of the Group and that these are in accordance with International Financial Reporting Standards (IFRS). In preparing the accompanying financial statements, the Directors have complied with all the requirements of IFRS, the Companies Act (Chapter 24:03) and the relevant statutory instruments SI 33/99 and SI 62/96. The financial statements are the responsibility of the Directors and it is the responsibility of the Independent Auditors to express an opinion on them, based on their audit.

In preparing the financial statements, the Group has used appropriate accounting policies consistently supported by reasonable and prudent judgements and estimates, and has complied with all applicable accounting standards. The Directors are of the opinion that the financial statements fairly present the financial position and the financial performance of the Group as at 31 March 2018.

The Board is committed to providing timeous, relevant and meaningful reporting to all stakeholders. The reporting is provided in a format most relevant to the respective stakeholders and the nature of the information being reported.

Board of Directors

The Group has a unitary Board that comprises executive, non-executive and independent non-executive Directors. All the Directors bring to the Board a wide range of expertise as well as significant professional and commercial experience and in the case of independent non-executive Directors, independent perspectives and judgement.

The Board meets under the chairmanship of a non-executive Director, on a quarterly basis, to consider the results for the period, issues of strategic direction on policy, major acquisitions and disposals, approval of major capital expenditure and other matters having a material effect on the Group. A complete listing of matters reserved for decision by the Board has been agreed and is reviewed on a regular basis.

All Directors with the exception of the Chief Executive Officer are subject to retirement by rotation and re-election by shareholders at least once every three years in accordance with the Company's Articles of Association. Appointment of new Directors is approved by the Board as a whole. All Directors have access to the advice and services of the Company Secretary.

Remuneration Policy

The Board has not established a Remuneration Committee. However, the Board's policy on remuneration is outlined below.

In terms of its remuneration policy, the Group seeks to provide rewards and incentives for the remuneration of Directors performing executive duties, senior executives and employees that reflect performance aligned to the objectives of the Group.

The Directors are appointed to the Board to bring appropriate management, direction, skills and experience to the Group. They are, accordingly, remunerated on terms commensurate with market rates that recognise their responsibilities to shareholders for the performance of the Group. These rates are reviewed annually utilising independent consultants.

Audit Committee

The Audit Committee comprises of two independent non-executive Directors, including its Chairman and one non-executive Director. It is responsible for monitoring the adequacy of the Group's internal controls and reporting, including reviewing the audit plans of the Internal and External Auditors, ascertaining the extent to which the scope of the audits can be relied upon to detect weaknesses in internal controls, and ensuring that interim and year end financial reporting meet acceptable accounting standards. The Internal Audit function has been outsourced.

In addition to the executives and managers responsible for finance, the Internal and External Audit partners attend meetings of the Audit Committee. The Committee meets at least four times a year. The Internal and External Audit partners have unrestricted access to the Chairman of the Committee.

To enable the Directors to discharge their responsibilities, management sets standards and implements systems of internal control aimed at reducing the risk of error or loss in a cost-effective manner. On behalf of the Board, the Group's Internal Auditors independently appraise the Group's internal control systems and report their findings to the Audit Committee. The Audit Committee accounts to and makes recommendations to the Board for its activities and responsibilities.

Employment Policy

The Group is committed to creating a workplace in which individuals of ability and application can develop rewarding careers at all levels, regardless of their background, race or gender.

The Group's employment policy emphasizes opportunity for all and seeks to identify, develop and reward each employee who demonstrates the qualities of individual initiative, enterprise, hard work and loyalty in their job and is embraced by participative programmes designed to achieve appropriate communication and sharing of information between employer and employee.

These policies include appropriate training, recruitment targets and development programmes.

Safety and Sustainable Development

The Group strives to create wealth and to contribute to sustainable development by operating its business with due regard to economic, social, cultural and environmental issues. Safety and health issues are of special concern. The Group is providing anti-retroviral therapy to employees living with HIV/AIDS.

The Group is committed to addressing and impacting, in a systematic, comprehensive and professional manner, on environmental risks through developing effective management systems and employing the critical principles of forward planning, efficiency and wise resource utilisation.

Code of Corporate Practices and Conduct

The Group is committed to promoting the highest standards of ethical behaviour amongst all its employees. All employees are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in a manner which, in all reasonable circumstances, is above reproach. Furthermore, all non-bargaining employees are required to sign the Group's Code of Ethics in addition to making a business declaration of interest on an annual basis. All employees are aware of the Fraud Hotline system subscribed to by the Group.

In line with the Zimbabwe Stock Exchange Listing Requirements, the Group operates a "closed period" prior to the publication of year end financial results during which period Directors, officers and employees of the Group may not deal in the shares of the Company. Where appropriate, this is also extended to include other "sensitive" periods.

Risk Management and Internal Control

Effective management of risk is key to the Group's success. As the Board and management accept that they are responsible for internal control, a strong emphasis has been placed on identifying and appropriately managing key risks that threaten the achievement of Group objectives. Although this system is considered robust, it can only provide reasonable, but not absolute assurance that the Group's business objectives will be achieved within the risk tolerance levels defined by the Board.

An internal control system to manage significant risks has been established by the Board. This system, which is designed to manage rather than eliminate risk, includes risk management policies and operating guidelines on the identification, evaluation, management, monitoring and reporting of significant risks. The Board reviews all significant Group risks on a quarterly basis, including an assessment of the likelihood and impact of risks materialising, as well as risk mitigation initiatives and their effectiveness. The Board makes an annual overview of the effectiveness of risk management.

Working safely at heights

Directors' Report

The Directors have pleasure in submitting their report and the financial statements of the Group for the year ended 31 March 2018. The Group's Independent Auditors, Deloitte & Touche, have audited the financial statements and their report appears on pages 23 to 29.

Share Capital and Reserves

During the year there was no change in the authorised and issued share capital of the Company. At 31 March 2018 the number of authorised shares amounted to 200 million ordinary shares of which 193 020 564 were in issue.

The movement in the non-distributable reserve of the Group is as follows:

	31.03.18 US$'000	31.03.17 US$'000
Balance at the beginning of the year	127 653	127 692
Exchange gain/(loss) on translation of equity in foreign associated company net of tax	182	(39)
Balance at the end of the year	127 835	127 653

Group profit and loss account for the year ended 31 March 2018

	Year ended 31.03.18 US$'000	Year ended 31.03.17 US$'000
Profit before tax	14 908	9 975
Income tax expense	(3 874)	(2 301)
Profit for the year	11 034	7 674
Retained earnings brought forward	82 671	74 896
Actuarial (loss)/gain on post retirement provision	(151)	101
Retained earning carried forward	93 554	82 671

Sugar packing plant

Dividend

With the renewed expectation of an imminent turnaround in the economy coupled with the anticipated increase in sugar production on the back of the improved water situation, the Directors have decided to declare a dividend (No 46) of 2 cents per share for the year ended 31 March 2018 . The dividend is payable on or about 1 November 2018 to Shareholders registered in the books of the Company at the close of business on 1 October 2018.

Directorate

Mr D L Marokane was appointed a Director of the Company with effect from 1 May 2018. In terms of the Articles of Association, Mr D L Marokane retires from the Board at the next Annual General Meeting. Messrs N Kudenga, S L Slabbert and M H Munro retire by rotation. The retiring Directors, being eligible, offer themselves for re-election.

Mr M H Munro stepped down as Chairman of the Board with effect from 15 May 2018 but remains a member of the Board. Mr Munro had served the Company as Chairman for the past 5 years, a position he served with distinction. The Board would like to extend its profound appreciation to Mr Munro for his astute leadership and invaluable contribution to the Company in his capacity as Chairman.

Directors' Fees

At the Annual General Meeting held on 26 September 2017, the members approved the payment of Directors' fees for the year ended 31 March 2018 amounting to $12 348 per non-executive director and $24 696 for the Chairman.

Independent Auditors

The Independent Auditors, Messrs Deloitte & Touche, have notified their willingness to continue in office and a resolution for the purpose of fixing their remuneration for the past audit and re-appointing them until the conclusion of the next Annual General Meeting, will be submitted to members at the forthcoming Annual General Meeting.

Preparer of Financial Statements

The Group and Company financial statements have been prepared under the supervision of J E Chibwe and have been audited in terms of section 29(1) of the Companies Act (Chapter 24:03).

Approval of Financial Statements

The Group and Company financial statements for the year ended 31 March 2018 set out on pages 30 to 88 were approved by the Board of Directors on 15 May 2018 and signed on its behalf by Messrs D L Marokane and S D Mtsambiwa.

Directors' Note on going concern

The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going-concern basis in preparing the financial statements (refer also to note 27).

By order of the Board,

B Shava
Company Secretary
Chiredzi

15 May 2018

Infield cane haulage

Statistical Summary

The following statistical summary reflects the Group's performance during the season in comparison with the figures for the previous season:

	2017/18	2016/17
Total sugar production for the season (tons)	197 217	228 683
Molasses production (tons)	51 024	64 673
Average pol - all sugars (%)	99,43	99,20
Sugar cane		
Area planted at year end (hectares)		
Hippo Valley Estates Limited	12 708	12 603
Farmers	10 023	9 483
	22 731	22 086
Area cut for milling during the year (hectares)		
Hippo Valley Estates Limited	11 222	12 137
Farmers	9 345	9 613
	20 567	21 750
Sugar cane harvested for milling (tons)		
Hippo Valley Estates Limited	875 305	1 028 973
Farmers	659 100	700 730
Total cane milled at Hippo Valley Estates Limited	1 534 405	1 729 703
Yield per hectare of Hippo Valley Estates Limited cane milled (tons)	78,00	84,78
Mill performance		
Season started	30/05/17	17/05/16
Season completed	16/12/17	24/12/16
Number of crushing days	200	221
Throughput –tons cane per hour	336,14	348,92
Extraction (%)	97,06	96,96
Boiling house recovery (%)	90,85	89,91
Overall recovery (%)	88,18	87,18

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Hippo Valley Estates Limited

Opinion

We have audited the accompanying consolidated and company financial statements of Hippo Valley Estates Limited ("the Group") set out on pages 30 to 88, which comprise the consolidated and company statement of financial position as at 31 March 2018, and the consolidated and company statement of profit or loss and other comprehensive income, the consolidated and company statement of changes in equity and the consolidated and company statement of cash flows for the year then ended, and the notes to the consolidated financial statements, which include a summary of significant accounting policies.

In our opinion, the consolidated and company financial statements present fairly, in all material respects, the consolidated and company financial position of Hippo Valley Estates Limited as at 31 March 2018 and its consolidated and company financial performance and its consolidated and company cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Company Financial Statements section of our report. We are independent of the Group in accordance with the Zimbabwe Public Accountants and Auditors' Board's Code of Professional Conduct, which is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B), together with other ethical requirements that are relevant to our audit of the consolidated and company financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion, we draw your attention to note 27, which relates to the impact of the land acquisition on the Group.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements and the company statement of financial position and statement of profit or loss and other comprehensive income of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the consolidated financial statements:

Key Audit Matter

How the matter was addressed in the audit

1. Valuation of biological assets (IAS 41 & IAS 16)

Under IFRS, the Group is required to value its growing cane at fair value (IAS 41) and cane roots at cost (IAS 16).

As disclosed in note 6, the current year fair value gain arising from the valuation of biological assets was $8 052 885, which accounted for 47% of the operating profit.

As per the entity's accounting policy, there are a number of key estimates and associated assumptions made by management in determining cost or fair value which led to us deeming this as a Key Audit Matter. These include, but are not limited to the following categories of biological assets:

<u>**Cane roots:**</u>

As disclosed in note 4, the carrying value of cane roots amounted to $42 282 736. Cane roots are valued based on historical cost of planting and establishment which is depreciated over the estimated expected life of the cane roots. The historical cost is determined with reference to historical labour costs, agricultural costs and outsourced costs related to planting and establishment. The useful life of the cane roots was determined as 9 years based on critical judgments made by management.

In previous years the actual life of cane roots uprooted was less than nine years due to effects of droughts and a comprehensive replanting exercise. Management believe the prior year events to be isolated and that the useful life is estimated as reasonable and benchmarked against growers in the industry.

<u>**Growing cane:**</u>

As disclosed in note 6, the carrying value of the growing cane amounted to $40 916 208. The value of growing cane is based on the estimated sucrose content and realisable value of the sugar, for the following season less the estimated costs for harvesting, transport and over the weighbridge costs.

Significant management judgment is required in estimating the expected cane yield, the average maturity of the cane, the estimated sucrose content, exchange rates and the estimated realisable value of the sugar, for the various markets. Accordingly, the carrying value of growing cane is considered to be a key audit matter due to the significance of the balance to the financial statements as a whole,

In evaluating the cost and fair value of the cane roots and growing cane respectively, we reviewed the valuations done by management, with a particular focus on key estimates and the assumptions underlying those estimates, as noted below. Our procedures included, but were not limited to the following:

- Evaluating whether the valuation criteria used by management complies with the requirements of IAS 16, "Property, Plant and Equipment" and IAS 41 "Agriculture".
- Testing the design and implementation of controls with respect to the process of determining fair values for the biological assets, and cost of cane roots.
- Testing of key data inputs applied in the establishment of the cost of cane roots.
- Assessing and challenging the reasonability of management's assessment of the estimated expected life of the cane roots, by analysing the weather pattern and availability of irrigation water (this has a significant bearing on the life of the roots). We analysed the useful life determined by management against expected useful lives of cane in other farming regions as well as those stipulated by the Group based on historical information, in order to validate the estimated useful life of the cane roots.
- Assessing and challenging the reasonability of management's assessment of the expected life of the cane roots by comparing the estimated life of the cane roots to the cane roots plough out statistics and the average age of cane roots ploughed out during the year.
- Testing a selection of key data inputs underpinning the carrying value of growing cane, including estimated cane yields, mill operational efficiencies, estimated sucrose content, estimated sucrose prices, exchange rates within the Group's various markets, against appropriate supporting documentation, to assess the accuracy, reliability and completeness thereof.
- Performing sensitivity analyses on the valuation of growing cane, to evaluate the extent of impact on the fair value, of the estimated cane yield, and estimated sucrose content.

Key Audit Matter	How the matter was addressed in the audit

1. Valuation of biological assets (IAS 41 & IAS 16) (continued)

combined with the judgement associated with determining the carrying value.

The expected yield has increased from 77 tons per hectare in the prior year to 98 tons per hectare, on the basis of an improvement in the availability of water in the lowveld region.

- Compared the estimates of sucrose prices made by management in determining the value of growing cane with the realised sucrose prices on the various markets.
- We assessed the appropriateness of the disclosures with respect to the impact of the sensitivity of the various assumptions by ensuring that the information disclosed in the financial statements was in accordance with the results of the audit procedures, in particular the estimated yield and estimated sucrose price for growing cane.
- We assessed the reliability of management's forecasts used in the valuation of growing cane through a comparison of the actual results in the current year against previous forecasts made by the directors.

Based on our procedures we concluded that the assumptions used by management and estimates made with respect to the valuation of the cane roots and the realisable value of sugar to be extracted from the standing cane, were appropriate, where known ascertainable facts were available. However, certain other assumptions were based on factors outside the control of the company, as detailed in accounting policy note 19.1.

The disclosures in relation to the sensitivity of the assumptions are acceptable.

2. Recoverability and valuation of long outstanding receivables:

Included in trade and other receivables at year-end disclosed in note 7, are long outstanding receivables amounting to $5 604 418 that have not been impaired. Included in this balance is an amount of $562 499 long outstanding from Zimbabwe Revenue Authority arising from tax disputes on uncertain tax positions arising in prior years and an amount of $2 302 112 that relates to Mkwasine Estates out-grower farmers who will settle the amounts through future delivery of cane, with support of the group over the next three years. Hippo Valley is exposed to 50% of these balances due to its 50% share in this joint venture.

Based on this, the recoverability and valuation of long outstanding receivables is considered to be a key audit area due to the judgement arising from the considerations applied.

We independently made assessments of the recoverability of long outstanding receivables and performed various procedures, including, but not limited to the following:

- Obtained external confirmations of balances for a sample of debtors and reconciled the confirmed amounts to the balances in the ledger.
- Assessed the appropriateness of management's assumptions with respect to the timing of the receipt of funds from the debtors through independently estimating the period of recovery of the receivable based on historic payment patterns, and payment plans in place.

Key Audit Matter	How the matter was addressed in the audit
2. Recoverability and valuation of long outstanding receivables (continued)	
	• Ascertained the debtors' solvency and liquidity based on available market data (as applicable) and inspection of correspondence between the debtors and the Group. • We tested the controls related to management's methods and assumptions with regards to determining the value of long outstanding receivable balances. • Analysed subsequent receipts received after year-end (where applicable), as a means to establishing the recoverability of amounts at year end. • Evaluated management's plans and efforts at collecting the receivables, including their pursuit of legal action as a means of recovering outstanding balances, and evaluating the likelihood of success. • Reviewed impairment calculations and discounted cashflows where receipts from debtors will be recovered over a long period of time. • Enquiring of management and searching for any evidence of dispute between the Group and the third parties to ascertain whether or not the receivable balance was valid. Based on our procedures we consider management's key assumptions used in the valuation of long outstanding receivables to be within a reasonable range. However, the specific assumptions related to the recoverability of certain material receivables are detailed in note 7.

Key Audit Matter	How the matter was addressed in the audit

3. Property, plant and equipment impairment considerations

The carrying amount of the Group's Property, plant and equipment amounts to $221 809 020.

The annual impairment test was significant to our audit as management's assessment process is complex and dependent on the discounted cashflow model which is based on assumptions, such as forecast future cashflows, growth rates, discount rates and the continued flow of economic benefits from the use of the land.

Consequently, the impairment considerations are considered a key audit matter due to the complexities and judgement arising from the discounted cashflow assumptions.

Our audit procedures focused on the ability of the Group to continue to generate income utilising all the land available for its operations. Our procedures included:

- Reviewing any correspondence between the Group and the Ministry of Lands during the period.
- Challenging management's key assumptions used in the cashflow forecasts with reference to historical trading performance, market expectations and our understanding of the future utilisation of assets by the Group.
- Testing the mathematical accuracy of the discounted cashflow model and assessing the reliability of management's forecast through a review of actual performance against previous forecasts.

Based on our procedures, we noted no exceptions and consider management's key assumptions used in the discounted cashflow model to be reasonable.

4. Implementation of new IT systems

The change of the accounting package from Ellipse to SAP on 1 May 2017 and implementation of new supporting Mill and Agricultural department operating systems is significant to our audit as it pertains to changes made in the control environment. Our audit was not designed to provide assurance on the control environment however it sought to rely on the overall effectiveness of the controls environment within the Group.

As such, attention was placed on the significant changes made to this environment in the current year and an assessment of its impact on the control environment and therefore the financial statements.

As a result of the significant changes in the IT environment, the implementation of new IT systems has been considered a key audit matter.

Our audit procedures involved:

- Testing the accuracy of the take on balances as at 1 May 2017 when the change in accounting package occurred.
- Reviewed the work of the Internal Auditors on the implementation of new systems during the period.
- Engaged the services of IT specialists to review the IT environment and the changes made in the current period.

Based on our procedures, we noted no exceptions.

Other Information

The directors are responsible for the other information. The other information comprises the Directors’ Report and Statistical Summary, as required by the Companies Act (Chapter 24:03), which we obtained prior to the date of this auditor’s report and the Sustainability Report, which is expected to be made available to us after that date. The other information does not include the consolidated and company financial statements and our auditor’s report thereon.

Our opinion on the consolidated and company financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Company Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and company financial statements in accordance with International Financial Reporting Standards and the manner required by the Companies Act (Chapter 24:03) and the relevant statutory instruments (SI 33/99 and SI 62/96), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and company financial statements, the directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Consolidated and Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and company financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and company financial statements, including the disclosures, and whether the consolidated and company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and company financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In our opinion, these financial statements have been prepared in accordance with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant statutory instruments (SI 33/99 and SI 62/96).

DELOITTE & TOUCHE
Registered Auditor
Per : Tapiwa Chizana
Partner, Bulawayo
PAAB Practicing No. 0444
08 June 2018

Consolidated Statement of Financial Position

As at 31 March 2018

	Notes	31.03.18 US$'000	31.03.17 US$'000
ASSETS			
Non-current assets		228 888	220 217
Property, plant and equipment	4.3	221 809	215 864
Intangible assets	4.6	3 259	1 133
Investments in associate companies	5	3 820	3 220
Current assets		**125 125**	**109 683**
Biological assets	6	46 584	38 531
Inventories - stores		20 246	15 952
- sugar and by-products		2 598	5 873
Accounts receivable - trade	7	11 386	14 419
- other	7	21 685	15 771
Deferred plant maintenance costs	8	13 131	8 973
Current tax asset		262	-
Cash and cash equivalents		9 233	10 164
Total assets		**354 013**	**329 900**
EQUITY AND LIABILITIES			
Capital and reserves		236 831	225 766
Issued share capital	9.1	15 442	15 442
Non-distributable reserves	9.3	127 835	127 653
Retained earnings		93 554	82 671
Non-current liabilities		71 908	67 902
Deferred tax liabilities	10	67 171	63 457
Provisions	12.1	4 737	4 445
Current liabilities		45 274	36 232
Trade and other payables	11	27 048	12 759
Provisions	12.2	5 941	3 431
Borrowings	13	12 285	18 080
Current tax liability		-	1 962
Total equity and liabilities		**354 013**	**329 900**

Company results have not been shown here and in the notes to the financial statements for reasons explained in note 29.

D L Marokane
Chairman

S D Mtsambiwa
Chief Executive Officer

J E Chibwe
Registered Public Accountant number 02988

15 May 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2018

	Notes	31.03.18 US$'000	31.03.17 US$'000
Turnover			
Revenue		136 994	148 489
Fair value gain/(loss) on biological assets	6	8 053	(9 645)
		145 047	138 844
Operating profit	14	16 961	13 434
Net finance charges	15	(3 023)	(4 353)
		13 938	9 081
Share of associate companies' profit after tax	5	970	894
Profit before tax		14 908	9 975
Income tax expense	16	(3 874)	(2 301)
Profit for the year		11 034	7 674
Other comprehensive income, net of tax		31	62
Items that may be reclassified subsequently to profit or loss			
- Exchange gain/(loss) on translation of equity in foreign associated company		182	(39)
Items that will not be classified subsequently to profit or loss			
- Actuarial (losses)/gains on post retirement provision		(151)	101
Total comprehensive income for the year		11 065	7 736
Earnings per share (US cents)	17	5,72	3,98

Company results have not been shown here and in the notes to the financial statements for reasons explained in note 29.

Overhead crane at a rail loading zone

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Issued Share capital US$'000	Non-distributable reserves US$'000	Retained earnings US$'000	Total US$'000
Balance at 31 March 2016	15 442	127 692	74 896	218 030
Total comprehensive (loss)/income for the year	-	(39)	7 775	7 736
Profit for the year	-	-	7 674	7 674
Other comprehensive (loss)/income for the year	-	(39)	101	62
Balance at 31 March 2017	15 442	127 653	82 671	225 766
Total comprehensive income for the year		182	10 883	11 065
Profit for the year	-	-	11 034	11 034
Other comprehensive income/(loss) for the year	-	182	(151)	31
Balance at 31 March 2018	15 442	127 835	93 554	236 831

Company results have not been shown here and in the notes to the financial statements for reasons explained in note 29.

Cane fields

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Notes	Year ended 31.03.18 US$'000	Year ended 31.03.17 US$'000
Cash flows from operating activities			
Cash generated from operations	19.1	23 514	38 006
Changes in working capital	19.2	12 899	(3 067)
(Increase)/decrease in deferred plant maintenance costs		(4 158)	2 991
Net cash generated from operations		32 255	37 930
Net finance charges paid		(3 023)	(4 353)
Tax paid		(2 418)	(422)
Net cash inflow from operating activities		26 814	33 155
Cash flows from investing activities			
Additions to property, plant, equipment and intangible assets		(22 588)	(6 825)
- Other property, plant, equipment and intangible assets		(7 097)	(6 259)
- Cane roots		(15 491)	(566)
Proceeds on disposal of property, plant and equipment	19.3	-	161
Dividends received from associated companies		638	582
Net cash outflow from investing activities		(21 950)	(6 082)
Net cash inflow before financing activities		4 864	27 073
Cash flows from financing activities			
Proceeds from borrowings		36 142	50 499
Repayment of borrowings		(41 937)	(74 790)
Net cash outflow from financing activities		(5 795)	(24 291)
Movement in cash and cash equivalents			
Net cash and cash equivalents at beginning of year		10 164	7 382
Net cash inflow from operating activities		26 814	33 155
Net cash outflow from investing activities		(21 950)	(6 082)
Net cash outflow from financing activities		(5 795)	(24 291)
Cash and cash equivalents at end of year		9 233	10 164
Comprising of:		9 233	10 164
Cash at bank		9 225	10 156
Cash on hand		8	8

Company results have not been shown here and in the notes to the financial statements for reasons explained in note 29.

1. Statement of compliance and basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and the International Financial Reporting Interpretations Committee (IFRIC), interpretations. The financial statements are based on statutory records that are maintained under the historical cost convention except for the valuation at fair value at the end of each reporting period for certain assets. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the date of the transaction.

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, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

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 irectly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The group has adopted all the new or revised accounting pronouncements as issued by the IASB which were effective for the Group for the current financial year. The adoption of these standards had no recognition and measurement impact on the financial results.

The annual financial statements have been prepared in United States Dollars (US$), the Group's functional currency.

The principal accounting policies are set out below.

2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when 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.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or

does not have, the current ability to direct the relevant activities at the time that the decisions need to be made including voting patterns at previous shareholders' meetings.

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

2.1 Changes in Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. 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 Employee Benefits 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 Share-based Payment at the acquisition

date (see accounting policy note 16); 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.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a business combination transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, that if known, would have affected the amounts recognised at that date.

3.1 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described in note 4 below.

4. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of joint ventures are incoporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's net investment in the associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 (Impairment of Assets) as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount if the investment subsequently increases.

The Group discountinues the use of the

equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interest.

When the Group reduces its ownership interest in an associate or a joint venture but the group continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

5. Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have the joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with its IFRS applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statement only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

6. Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

6.1 Financial assets

Financial assets of the Group are classified as "loans and receivables" as they do not fall into the other financial asset categories as defined in IAS 39 Financial Assets: Recognition and Measurement".

6.1.1 Financial assets at amortised cost and the effective interest method

The financial assets of the Group are measured at amortised cost if both of the following conditions are met:

- the asset is held with the objective of collecting contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest rate method less any impairment (see note 6.1.3), with interest revenue recognised on an effective yield basis in interest received.

Subsequent to initial recognition, the Group is required to reclassify such instruments from amortised cost to fair value through profit or loss (FVTPL) if the objective of holding the asset changes so that the amortised cost criteria are no longer met.

The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortised cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortised cost.

6.1.2 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss.

For financial assets classified as FVTPL, the foreign exchange component is recognised in profit or loss.

For foreign currency denominated financial assets classified at amortised cost, the foreign exchange gains and losses are determined based on the amortised cost of the asset and are recognised in the 'operating profit' line item (note 14) in the statement of comprehensive income.

6.1.3 Impairment of financial assets at amortised cost

Financial assets that are measured at amortised cost, 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 financial asset have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, 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 of 21 days for sugar debtors and 30 days for other debtors, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, reflecting the impact of collateral and guarantees, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment 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.

6.1.4 Derecognition of financial assets

The Group derecognises a financial asset only 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 entity. 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.

6.2 Financial liabilities and equity instruments issued by the Group

6.2.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilites. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities of the Group are classified as 'other financial liabilities' as defined under IAS 39 "Financial Instruments: Recognition and Measurement".

6.2.2 Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

6.2.3 Foreign exchange gains and losses

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss. For foreign currency denominated debt instruments classified at amortised cost, the foreign exchange gains and losses are determined based on the amortised cost of the liability and are recognised in the 'operating profit' line item (note 14) in the statement of comprehensive income.

6.2.4 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

7. Revenue recognition

Revenue represents the net proceeds after VAT in respect of the Group's trading activities and comprises principally of raw and refined sugar sales and sales of other biological assets such as livestock and citrus fruits. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

7.1 Sale of goods

Sales are recognised when the 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.

7.2 Dividend and interest income

Dividend income from investments is recognized 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).

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.

7.3 Rental income

The Group's policy for recognition of revenue from operating leases is described in note 8.1 below.

8. Leasing

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.

8.1 The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

8.2 The Group as lessee

Assets held under finance leases are initially 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 consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance lease expenses are recognised immediately in 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 11 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

9. Property, plant, equipment and intangible assets

9.1 Freehold land and capital work in progress are not depreciated.

9.2 To the extent to which the carrying amounts exceed the residual values, all other assets are depreciated on a straight line basis so as to write-off the cost or valuation of such assets over their expected useful lives which generally are as follows:

Land improvements, irrigation canals, dams, roads and bridges	50 - 99 years
Sugar factory buildings and plant*	5 - 50 years
Buildings and permanent improvements	50 years
Estate electrification and railway line	35 - 45 years
Rolling stock, plant, equipment, furniture and fittings	8 -30 years
Tractors, trailers, dumpers and heavy equipment	8 -15 years
Motor vehicles	5 -10 years
Cane roots	10 years
IT software	4 - 20 years

*Depreciation on the sugar factory and buildings is based on the units of production when the capacity utilisation is below 80%. At utilisation levels exceeding 80%, the depreciation is charged as described above. This method of determining the depreciation charge was used in the current period since the capacity utilisation was approximately 62%. This was determined based on an installed capacity of 320 000 tons of sugar production per year.

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.

9.3 Cane roots are reclassified from growing crops to property, plant and equipment in the statement of financial position, root planting costs being capitalized to the cost of the roots and thereafter the roots depreciated over their estimated useful lives.

9.4 Following the adoption of the US$ as the reporting currency in January 2009, property, plant and equipment was valued by the Directors to the lower of value in use or depreciated replacement cost, with reference to the last independent market valuation carried out in January 2006. This became the deemed cost, subsequent to which all property, plant and equipment are recorded at cost, including refurbishment, less accumulated depreciation and any impairment losses. Interest and other costs incurred on major capital projects are capitalized until all the activities necessary to prepare assets for their intended use are substantially complete.

9.5 An item of property, plant and equipment is derecognised upon disposal or when no economic benefits are expected to arise from the continued use of the assets. The 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 the statement of comprehensive income (SOCI).

9.6 Intangible Assets

Intangible assets are measured initially at cost. Interest and other costs incurred on major projects are capitalised until all the activities necessary to prepare assets for their intended use are substantially complete. After initial recognition, an intangible asset is measured at cost less accumulated amortisation. An intangible asset with a finite useful life is amortised on the straight line basis over its expected useful life.

The estimated useful life is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. When an intangible asset is disposed of, the gain or loss on disposal is recognised in profit or loss.

10. Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows 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 for which the estimates of future cash flows have not been adjusted.

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 (or cash-generating unit) is reduced to its recoverable amount. An impairment is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment is treated as a revaluation decrease.

When an impairment subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase.

11. 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.

12. Inventories

12.1 Stores

Stores inventory is valued at the lower of weighted average cost and net realisable value (NRV). Cost comprises direct materials and freight costs that have been incurred in bringing the inventory to its present location and condition. NRV represents the estimated selling price less all estimated costs to sell off the individual inventory items or of the ultimate end product where the item is a raw material or consumable for which the NRV cannot be individually ascertained.

12.2 Sugar and by-products

Inventory of sugar and its by-products is valued at the lower of cost or NRV. Cost is determined by reference to the cost of production including all relevant production overheads and where applicable, the fair value component of biological assets. NRV represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

13. Taxation

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

13.1 Current 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 comprehensive income because of items of income or expenses that are taxable or deductable in other years and items that are not taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted by the end of the reporting period.

13.2 Deferred tax

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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in jointly controlled operations, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

13.3 Current and deferred tax for the year

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.

14. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity'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;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement

is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss monetary items.

15. Employee benefits

15.1 Retirement benefits

Provision is made for post-retirement medical aid benefits and gratuities payable on retirement and is based on the present value of those liabilities for services rendered to date as determined by independent actuaries. Service costs and the net interest expense or income is recognised in profit or loss. Actuarial gains and losses are recognised immediately in other comprehensive income. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

15.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cashflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

16. Share-based payment transactions of the acquiree in a business combination

When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Group's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with IFRS 2 Share-based Payment ("market-based measure") at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The excess of the market-based measure of the replacement awards over the market-based measure of the acquiree awards included in measuring the consideration transferred is recognised as remuneration cost for post-combination service.

However, when the acquiree awards expire as a consequence of a business combination and the Group replaces those awards when it does not have an obligation to do so, the replacement awards are measured at their market-based measure in accordance with IFRS 2. All of the market-based measure of the replacement awards is recognised as remuneration cost for post-combination service.

At the acquisition date, when the outstanding equity-settled share-based payment transactions held by the employees of an acquiree are not exchanged by the Group for its share-based payment transactions, the acquiree share-based payment transactions are measured at their market-based measure at the acquisition date. If the share-based payment transactions have vested by the acquisition date, they are included as part of the non-controlling interest in the acquiree. However, if the share-based payment transactions have not vested by the acquisition date, the market-based measure of the unvested share-based payment transactions is allocated to the non-controlling interest in the acquiree based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the share-based payment transaction. The balance is recognised as remuneration cost for post-combination service.

17. Agricultural activities

Agricultural activities comprise the growing of cane and milling it into sugar and the raising of livestock, which includes both cattle and sheep for purposes of disposal on the open market. They also include the growing of various fruits for sale on the open market.

17.1 Growing crops

Growing crops, comprising standing cane and fruit orchards is measured at fair value which is determined using unobservable inputs and is categorised as Level 3 under the fair value hierarchy. The key unobservable inputs used in determining fair value and a reconciliation of the change in fair value for the year is included in accounting policy note 19.1 and note 6 to the financial statements. The carrying value is determined as follows:

- standing cane at the estimated cane price and sucrose content less harvesting, transport and over the weighbridge costs; and
- fruit orchards at estimated future sales proceeds less harvesting and transport costs. Future sales proceeds and costs to sell are discounted to present values at valuation date using the weighted average cost of capital which was 7,67% at current year end (2017:7,50%).

17.2 Wild Life

Wild life management activities comprise the management of game animals with safari and hunting activities. Valuation is based on management's best estimate after taking into consideration the game population and trophy fees.

17.3 Agricultural produce

Agricultural produce comprises the harvested product of the Group's biological assets. This is measured at its fair value less estimated point of sale costs at the point of harvest. The consumption of the Group's agricultural produce is charged to production costs at fair value.

17.4 Changes in the fair value of biological assets are recognized in revenue in accordance with IAS 41 “Agriculture” which is also consistent with the treatment in prior years. Fair value of biological assets is determined as described in 19.1 below. The Group has provided an analysis of the change in the fair value of biological assets as encouraged by IAS 41 in note 6 to the consolidated financial statements.

18. 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.

18.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

18.2 Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

18.3 Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation recognised in accordance with IAS 18 Revenue.

19. Key sources of estimation uncertainty

In the application of the Group's Accounting policies, which are described above, the Directors of the company are required to make judgements, 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 revision and future periods if the revision affects both current and future periods.

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.

19.1 Biological assets valuation

Growing crops are required to be measured at fair value less harvesting, transport and over the weighbridge costs. In determining fair value an estimate is made of the yield of the standing cane as well as the estimated realisable value of the processed sugar. These estimates can vary from the actuals achieved. In the current year, the estimates have been arrived at after considering the following specific factors:

- It assumed that the growing crops will have sufficient water supply throughout the year, on the back of adequate dam water capacity.
- It is anticipated that the accelerated replanting program which began in early 2017 will contribute to the significant improvement in standing cane yields.
- The estimated realisable value of the processed sugar is calculated on the assumption that the company will be able to compete on the local, regional and international markets and be able to achieve its budgeted volumes, at certain budgeted selling prices, in the different markets.

A standing cane sensitivity analysis based on exposure to yield and the estimated realisable value of the processed sugar, has been included in note 6.1 to the consolidated financial statements.

Cane roots are valued based on total establishments costs amortised over the period of their productive life which is currently estimated at 9 years. The productive life of the cane roots is also dependent on the availability of reliable water supply as mentioned above.

Fruit orchards are measured at fair value less harvesting and transport costs. In determining fair value an estimate is made of the yield of fruit trees over the period of their productive life as well as the estimated sales price. These estimates can vary from the actuals achieved.

Livestock and game are measured at their fair value. In determining the fair value an estimate is made of their current market value. A discount factor is applied on the game to provide for embedded inefficiencies in the physical counting process, the mobility of game across established boundaries and the varying ages of the game. These estimates involve significant judgements and can vary from one period to another. The Directors have maintained the discount factor at 25% (2017: 25%).

19.2 Remaining useful lives and residual values of property, plant and equipment

Property, plant and equipment are depreciated over their useful lives taking into account residual values. The actual lives of the assets and residual values are assessed annually and are influenced by factors such as technological innovation, product life cycles and maintenance programmes. Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values.

19.3 Impairment of Property, Plant and Equipment (PPE) other than land

Determining whether PPE is impaired requires an estimation of the value in use of the cash-generating units to which PPE has been allocated. The value in use computation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The Directors carried out impairment tests on all categories of the Group's PPE as at 31 March 2018 and no impairment was identified.

19.4 Post-retirement benefit obligations

Post-retirement benefit obligations are provided for certain existing and former employees. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, the discount rate, the expected long-term rate of return of retirement plan assets, healthcare costs, inflation rates and salary increments.

Cane Reception Yard

Notes to the Consolidated Financial Statements

1. Country of incorporation and main activities

The Company and its wholly owned subsidiary, Chiredzi Township (Private) Limited, joint operations Zimbabwe Sugar Sales (Private) Limited (ZSS), Mkwasine Estates (Mkwasine) and the Tokwane Consortium are incorporated in Zimbabwe. Its parent and ultimate holding company is Tongaat Hulett Limited through its wholly owned subsidiary, Triangle Sugar Corporation Limited. The Company engages in the growing and milling of sugar cane and other farming operations. The subsidiary is engaged in the provision of water treatment services. ZSS, in which the Company has a 50% shareholding, is a sugar broking entity for the Company. Mkwasine is a consortium in which the Company has a 50% interest and provides administrative services to the private sugarcane farmers. The Tokwane Consortium is a consortium for the construction and maintenance of the Tokwane barrage and canal in which the Company has 32,56% interest.

2. Application of new and revised International Financial Reporting Standards (IFRS)

2.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements

In the currrent year, the Group has applied a number of new and revised IFRSs issued by the International Accounting Standard Board (IASB) that are mandatory effective for an accounting period that begins on or after 1 January 2017. The application of these amendments has not resulted in any material impact on the financial performance, or financial position of the Group.

Amendments to IAS 1 Disclosure Initiative	The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The Group's liabilities arising from financing activities consist of borrowings (note 13). A reconciliation between the opening and closing balances of these items is provided in note 13.2. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosure in note 13.2 the application of these amendments has had no impact on the Group's consolidated financial statements.
Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses	The Group has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilize deductible temporary difference. The application of these amendments has had no impact on the Group's consolidated financial statements as the Group already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

2.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements (continued)

Annual Improvements to IFRSs 2014-2016 Cycle	The Group has applied the amendments to IFRS 12 included in the Annual Improvements to IFRSs 2014-2016 Cycle for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted by the Group (see note 2.2). IFRS 12 states that the entity need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests. The application of these amendments has had no effect on the Group's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

Infield loading with a grab loader

2.2 New and revised IFRSs in issue, but not yet effective

The group has not applied the following new and revised IFRS that have been issued but not yet effective:

IFRS 9 Financial Instruments - classification and measurements	(Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted). IFRS 9 issued in November 2009 introduced new requirement for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include: a) Impairment requirements for financial assets; and b) Limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. Key requirements of IFRS 9: • All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset, that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss. • With regard to the measurement of financial liabilities designated as “at fair value through profit or loss”. IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a

2.2 New and revised IFRSs in issue, but not yet effective (continued)

financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanism currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components on non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 March 2018 on the basis of the facts and circumstances that exist at that date, the directors of the company have assessed the impact of IFRS 9 to the Group's consolidated financial statements as follows:

Classification and measurement:
Financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS 39.

Impairment:
Financial assets measured at amortised cost will be subject to the impairment provisions of IFRS 9. The Group expects to apply the simplified approach to recognize lifetime expected credit losses for its trade receivables as required or permitted by IFRS 9. In general, the directors anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for the respective items and is not expected to materially increase the amount of loss allowance recognized for these items.

2.2 New and revised IFRSs in issue, but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers	(Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted). In May 2014, 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 when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition. • Step 1: Identify the contract(s) with a customer. • Step 2: Identify the performance obligations in the contract. • Step 3: Determine the transaction price. • Step 4: Allocate the transaction price to the performance in the contract. • Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. An assessment of the potential impact of IFRS 15 on the various revenue streams is in the process of being finalised and will be completed prior to the release of the interim results.
IFRS 16 Leases	IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective. IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

2.2 New and revised IFRSs in issue, but not yet effective (continued)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date.

Subsequently , the lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Furthermore, extensive disclosures are required by IFRS 16.

A preliminary assessment indicates that no arrangements meeting the definition of a lease under IFRS 16, will require the Group to recognize a right-of-use asset and a corresponding liability in respect of the leases as any such arrangements are expected to qualify for low value or short-term leases having no significant impact on the amounts recognized in the Group's consolidated financial statements. The Directors will however continue to monitor changes in circumstances and assess their potential impact.

In cases where the Group is a lessor (for both operating and finance leases), the Directors of the Company do not anticipate that the application for IFRS 16 will have a significant impact on the amounts recognized in the Group's consolidated financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as

2.2 New and revised IFRSs in issue, but not yet effective (continued)

equity-settled had it not included the settlement feature.

3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:
   i. The original liability is derecognized;

   ii. The equity-settled share-based payment is recognized at the modification date fair value of the equity instruments granted to the extent that services have been rendered up to the modification date; and

   iii. Any difference between the carrying amount of the liability at the modification date and the amount recognized in equity should be recognized in profit or loss immediately.

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The Directors of the Company do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements as the Group does not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does no contain a business in a transaction with associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investor's interest in the new associate or joint venture.

The effective date of the amendments has yet to be set by IASB; however, earlier application of the amendments is permitted. The Directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

2.2 New and revised IFRSs in issue, but not yet effective (continued)

Amendments to IAS 40 Transfers of Investment Property	The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed on IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties). The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or retrospectively. Specific transition provisions apply. The Directors of the Company do not anticipate that the application of these amendments will have an impact on the Group's consolidated financial statements in future periods as it is not anticipated that the Group will have a change in use of any of its properties.
Annual Improvements to IFRSs 2014 - 2016 Cycle	The Annual improvements include amendments to IFRS 1 and IAS 28 which are not yet mandatorily effective for the Group. The package also includes amendments to IFRS 12 which is mandatorily effective for the Group in the current year—see note 2.1 for details of application. The amendments to IAS 28 clarify that the option for a venture capital organization and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture, and that election should be made at initial recognition of the associate or joint venture. In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurement applied by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture. The amendments apply retrospectively with earlier application permitted. Both the amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018. The Directors of the Company do not anticipate that the application of the amendments in the future will have any impact on the Group's consolidated financial statements as the Group is neither a first-time adopter of IFRS nor a venture capital organization. Furthermore, the Group does not have any associate or joint venture that is an investment entity.

2.2 New and revised IFRSs in issue, but not yet effective (continued)

IFRIC 22 Foreign Currency Transactions and Advance Consideration	IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue). The Interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration. The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application. The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements. This is because the Group already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

3 Interest in Consortia

3.1 Mkwasine Estates

The Group has a 50% interest in Mkwasine Estates (Mkwasine). Mkwasine engages in the provision of administrative services to sugarcane farmers at Mkwasine. The Group's share of Mkwasine's loss for the year ended 31 March 2018 amounted to US$518 696 (2017: US$595 455). 50% of the assets and liabilities of the consortium at 31 March 2018 are included in the statement of financial position under their respective headings as follows:

	31.03.18 US$'000	31.03.17 US$'000
Non-current assets	2	3
Agricultural, haulage and motor vehicles and implements	2	3
Current assets	4 306	3 131
Inventories	280	230
Accounts receivable	3 935	2 754
Cash and cash equivalents	91	147
Total assets	4 308	3 134
Current liabilities	(3 758)	(2 875)
Accounts payable	(3 758)	(2 875)
Net assets	550	259

3. Interest in Consortia (continued)

3.2 Zimbabwe Sugar Sales (Private) Limited

The Group has a 50% interest in Zimbabwe Sugar Sales (Private) Limited (ZSS). ZSS acts as a broker to the sugar millers, and all income and expenditure is for the millers' account. 50% of the assets and liabilities other than inventories, accounts receivable and accounts payable which are included in proportion to sugar produced by each miller at 31 March 2018 are included in the statement of financial position under their respective headings as follows:

	31.03.18 US$'000	31.03.17 US$'000
Non-current assets	81	78
Buildings, plant and equipment	49	36
Agricultural, haulage and motor vehicles and implements	32	42
Current assets	13 785	8 820
Inventories	631	287
Accounts receivable	6 043	4 852
Cash and cash equivalents	7 111	3 681
Total assets	13 866	8 898
Current liabilities	(5 593)	(5 203)
Accounts payable	(5 593)	(5 203)
Net assets	**8 273**	**3 695**

3.3 Tokwane Consortium

The Group has a 32,56% interest in the Tokwane Consortium whose financial year ends on 31 March. The Group's share of the value of the Tokwane Barrage and Canal amounting to US$1 198 343 (2017: US$1 225 116) is included in property, plant and equipment (note 4).

3.4 Chiredzi Township (Private) Limited

The Group has a 100% interest in the Chiredzi Township (Private) Limited (incorporated in Zimbabwe) which provides water treatment services. The subsidiary whose financial year ends on 31 December is controlled by the Group and is consolidated in these financial statements.

Power Plant turbine units

4. Property, Plant, Equipment and Intangible Assets

4.1 Cost - Property, plant and equipment

	Balance 31.03.16 US$'000	Additions US$'000	Disposals/ transfer US$'000	Balance 31.03.17 US$'000	Additions US$'000	Disposals/ transfer US$'000	Balance 31.03.18 US$'000
Freehold land	13 524	-	-	13 524	-	-	13 524
Permanent improvements	49 888	67	-	49 955	-	-	49 955
Cane roots	48 816	3 956	-	52 772	15 491	(12 499)	55 764
Irrigation canals, dams and equipment	24 512	-	-	24 512	864	-	25 376
Housing and buildings	62 371	-	-	62 371	45	863	63 279
Sugar factory buildings and plant	63 367	839	925	65 131	96	4	65 231
Other buildings, plant and equipment	5 776	237	5	6 018	73	109	6 200
Agricultural, haulage and motor vehicles and implements	30 876	301	(197)	30 980	1 342	(2)	32 320
Furniture, fittings and IT equipment	858	59	(49)	868	153	(462)	559
Capital work in progress	2 193	800	(976)	2 017	2 256	(1 108)	3 165
	302 181	6 259	(292)	308 148	20 320	(13 095)	315 373

4.2 Accumulated depreciation and impairment - Property, plant and equipment

	Balance 31.03.16 US$'000	Charge for the year US$'000	Disposals/ transfer US$'000	Balance 31.03.17 US$'000	Charge for the year US$'000	Disposals/ transfer US$'000	Balance 31.03.18 US$'000
Permanent improvements	8 072	1 707	-	9 779	750	-	10 529
Cane roots*	10 815	6 468	-	17 283	8 697	(12 499)	13 481
Irrigation canals, dams and equipment	3 692	470	-	4 162	474	-	4 636
Housing and buildings	15 770	1 582	-	17 352	1 084	-	18 436
Sugar factory buildings and plant	23 146	2 331	-	25 477	1 869	-	27 346
Other buildings, plant and equipment	1 340	101	(9)	1 432	49	-	1 481
Agricultural, haulage and motor vehicles and implements	14 250	2 208	(185)	16 273	1 196	(37)	17 432
Furniture, fittings and IT equipment	457	118	(49)	526	71	(374)	223
	77 542	14 985	(243)	92 284	14 190	(12 910)	93 564

*Included in the cane roots depreciation charge for the year is accelerated depreciation amounting to $5 030 609(2017: $2 264 989) relating to cane roots ploughed out before expiry of the standard 9 year ratoon cycle. This is as a result of the accelerated replanting program aimed at improving future cane yields.

4. Property, Plant, Equipment and Intangible Assets (continued)

4.3 Carrying amounts - property, plant and equipment

	31.03.18 US$'000	31.03.17 US$'000
Freehold	13 524	13 524
Permanent improvements	39 426	40 176
Cane roots	42 283	35 489
Irrigation canals, dams and equipment	20 740	20 350
Housing and buildings	44 843	45 019
Sugar factory buildings and plant	37 885	39 654
Other buildings, plant and equipment	4 719	4 586
Agricultural, haulage and motor vehicles and implements	14 888	14 707
Furniture, fittings and IT equipment	336	342
Capital work in progress	3 165	2 017
	221 809	**215 864**

In accordance with the requirements of International Accounting Standard 36 "Impairment of Assets", the Directors carried out impairment tests on all categories of the Group's property, plant and equipment as at 31 March 2018 and no impairment was identified.

4.4 Intangible assets

	Balance 31.03.16 US$'000	Additions US$'000	Disposals/ transfer US$'000	Balance 31.03.17 US$'000	Additions US$'000	Disposal/ transfer US$'000	Balance 31.03.18 US$'000
Capital work in progress	567	566	-	1 133	2 268	(3 401)	-
ERP System	-	-	-	-	-	3 401	3 401
	567	566	-	1 133	2 268	-	3 401

4.5 Accumulated amortisation - Intangible assets

	Balance 31.03.16 US$'000	Additions US$'000	Disposals/ transfer US$'000	Balance 31.03.17 US$'000	Charge for the year US$'000	Transfer US$'000	Balance 31.03.18 US$'000
ERP System	-	-	-	-	142	-	142
	-	-	-	-	142	-	142

4. Property, Plant, Equipment and Intangible Assets (continued)

4.6 Carrying amounts – Intangible assets

	31.03.18 US$'000	31.03.17 US$'000
Capital work in progress	-	1 133
ERP System	3 259	-
	3 259	**1 133**

4.7 Assets pledged as security

The Group does not have any property, plant and equipment pledged as security for any debts.

Newly planted cane field

5. Investments in Associate Companies

Name of associate company	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held	
			31.03.18	31.03.17
Tongaat Hulett (Botswana) (Proprietary) Limited (i)	Packer and distributor of sugar	Botswana	33.3%	33.3%
National Chemical Products Distillers Zimbabwe (Private) Limited (ii)	Conversion of molasses into alcohol	Zimbabwe	49%	49%

(i) The financial year-end is 31 March, and the associate company is equity accounted using the audited year-end accounts.

(ii) The financial year-end for National Chemical Products Distillers Zimbabwe (Private) Limited (NCPDZ) is 31 December. For the purpose of applying the equity method of accounting, the financial statements of NCPDZ for the year ended 31 December 2017 have been used, and appropriate adjustments have been made for the effects of transactions between that date and 31 March 2018 based on the unaudited management accounts.

Summarised financial information in respect of the associate companies is set out below:

	31.03.18 US$'000	31.03.17 US$'000
Total assets	11 434	10 375
Total liabilities	(750)	(1 198)
Net assets	10 684	9 177
Group's share of net assets of associate companies	3 820	3 220

	Year ended 31.03.18 US$'000	Year ended 31.03.17 US$'000
Total revenue	37 905	32 888
Total profit for the year	2 766	2 659
Group's share of after tax profit of associate companies	970	894

6. Biological assets

	Standing cane US$'000	Fruit orchards US$'000	Livestock and game US$'000	Total US$'000
Balance at 31 March 2016	43 228	682	4 266	48 176
Fair value (loss)/gain	(9 734)	(188)	277	(9 645)
- (Loss)/gain arising from physical growth	(5 538)	85	(366)	(5 819)
- (Loss)/gain arising from price changes	(4 196)	(273)	643	(3 826)
Balance at 31 March 2017	33 494	494	4 543	38 531
Fair value gain/(loss)	7 422	(82)	713	8 053
- Gain/(loss) arising from physical growth	6 614	(168)	1 778	8 224
- Gain/(loss) arising from price changes	808	86	(1 065)	(171)
Balance at 31 March 2018	40 916	412	5 256	46 584

Biological assets on hand at year end are as follows:

	31.03.18	31.03.17
Hectares under cane	12 708	12 603
Hectares under fruit orchards	14	11
Livestock population	984	1 111
Game population	5 110	3 522

6.1 Standing cane sensitivity analysis

The sensitivity analysis below have been determined based on exposure to yield and cane prices for standing cane held at the end of the reporting period. A 5% increase or decrease is used when reporting yield and cane price risk internally to key management personnel and represents management's assessment of the reasonably possible change in yield and cane prices.

If yield had been 5% higher/lower and all other variables held constant, the Group's profit for the year ended 31 March 2018 would have decreased/increased by US$2 045 810 (2017:US$1 674 698) and if the cane price had been 5% higher/lower and all other variables held constant, the Group's profit for the year ended 31 March 2017 would have decreased/increased by US$2 406 710 (2017:US$1 971 673). There is no impact on other comprehensive income.

Variable factor	% Movement	Impact on profit US$'000	
Price	(-5%)/+5%	(2 407)	2 407
Yield	(-5%)/+5%	(2 046)	2 046
Combined	(-5%)/+5%	(4 453)	4 453

7. Trade and other receivables

	31.03.18 US$'000	31.03.17 US$'000
Trade Receivables		
Sugar receivables	11 147	13 367
Molasses receivables	239	1 052
	11 386	14 419
Other Receivables		
Prepayments	2 378	1 180
VAT receivable	4 192	5 549
Staff receivables	77	194
Sundry (planters, game, safari and citrus)	16 151	10 209
Allowance for credit losses	(1 113)	(1 361)
	21 685	15 771
Total trade and other receivables	33 071	30 190

7.1 Trade receivables

Trade receivables disclosed above are classified as financial assets measured at amortised cost. All the amounts are classified as current assets. Fair value of trade and other receivables is disclosed in note 28.

The average credit period for sugar debtors is 28 days with the average credit period for other debtors being 30 days. No interest is charged on trade receivables which are overdue and no security is held on any of the receivables disclosed above. Before accepting any new customer, the Group uses an internal credit review system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically by management.

Trade receivables disclosed above include amounts (see below for aged analysis), that are past due date, at the end of the reporting period but against which the Group has not recognised an allowance for credit losses, because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances, nor does it have a legal right of offset against any amounts owed by the Group to the counter-party. The Directors consider that the carrying amount of accounts receivable approximates their fair value.

Ageing of receivables past due but not impaired:	31.03.18 US$'000	31.03.17 US$'000
Other trade receivables:		
31– 60 days	5	258
61 + days	146	145
Total	151	403
Average age (days) of past due accounts	111	66
Movement in the allowance for credit losses:		
Balance at the beginning of the year	1 361	749
Impairment recognized on receivables	148	628
Amounts recovered during the year	(396)	(16)
Balance at end of year	1 113	1 361
Ageing of receivables that have been impaired is as follows:		
120 + days	1 113	1 361

7. Trade and other receivables (continued)

7.2 Other receivables

With the exception of two specific receivables listed in (a) and (b) below, the effect of the time value of money on the other receivables is considered immaterial, consequently the receivables have not been discounted. As at the end of the current year, the entity has two specific receivable amounts that will be settled after 12 months. These receivables relate to water treatment costs recoverable from Chiredzi Town Council and cane costs overpayments recoverable from private farmers in respect of Division of Proceeds (DoP) adjustments for the periods 2014/15 and 2015/16. There are special credit terms tied to these two receivables and discounting has been deemed necessary given the period that will be taken to settle these in full.

a) Chiredzi Town Council

Included in Trade and other receivables is a long outstanding gross amount of $1 309 884 (2017: $1 331 684) receivable from Chiredzi Town Council to whom the Group provides water purification services. No provision has been made against this debtor, on the basis of an agreement entered into between the Council and the Company whereby:

- the amount will be settled within a period of three years;
- interest is charged at 5% per annum in arrears of the balance remaining outstanding as at 31 March of any given year.

The assumptions are based on management's assessment of the local entity's willingness and ability to timeously liquidate its assets to settle this debt under the agreed terms.

The calculations of the amount recoverable from Chiredzi Town Council were made using the following key parameters:

	31.03.18	**31.03.17**
Period of settlement	3 years	3 years
Discount rate*	2.67%	2.5%
	US$'000	US$'000
Gross amount (before discount element)	1 310	1 332
Less: Discount applied in the current year	(43)	(34)
Net receivable	1 267	1 298

*Being the difference between weighted average cost of capital and the 5% interest charged on the outstanding balance.

b) Private Farmers

Included in other receivables is a total gross amount of $5 236 992 (2017: $8 215 051) inclusive of the Company's 50% share of Mkwasine recoverable from private farmers for overpayments in respect of Division of Proceeds (DoP) for the periods 2014/15 and 2015/16. This amount is as a result of a retrospective adjustment to the DoP from an interim ratio of 82,65%:17,35% to 77%:23% in favour of outgrower farmers effected in the 2016/17 financial year. The adjustment follows a directive issued by the Ministry of Industry and Commerce on 23 November 2016 per recommendations of the independent consultant (Ernst & Young). No provision has been made against the outstanding balance owing by the private farmers as the Directors are of the view that the full amount outstanding as at 31 March 2018 is recoverable within the remaining 2 years.

7. Trade and other receivables (continued)

7.2 Other receivables (continued)

The calculations for the amount recoverable from private farmers were made using the following key parameters:

	31.03.18	31.03.17
Period of settlement	2 years	3 years
Discount rate	7,67%	7,5%
	US$'000	**US$'000**
Net receivable - Hippo Valley Farmers	2 999	4 511
Gross amount (before discount element)	3 368	5 234
Less: Discount applied in the current year	(369)	(723)
Net receivable—50% Company share of Mkwasine farmers	1 689	2 981
Gross amount (before discount element)	1 869	2 981
Less: Discount applied in current year	(180)	-
Total net receivable	4 688	7492

c) Revenue Authority

During the year, the Directors considered the recoverability of long outstanding amounts totalling $1 967 655 (2017: $732 526), which they believe are refundable from the Revenue Authority, a significant part of which is in respect of Input Value Added Tax claims. These amounts are subject to on-going negotiation and in some instances litigation. No provision has been made against these amounts, as the underlying matters are still subject to further deliberation or pending in court. These situations will be monitored closely, and adjustments made in future periods, if the conclusions reached indicate that such adjustments are appropriate.

7.3 Sale of receivables

Trade receivables at year end are disclosed net of a balance sold to a local financial institution. At year end, the Group sold the right to its trade receivables in return for cash payment from a local institution with no recourse. The costs of the transaction amounting to US$44 993 (2017:US$68 027) were written off as an expense during the year ended 31 March 2018.

	31.03.18 US$'000	31.03.17 US$'000
Sunsweet trade receivable	4 908	4 535
Allowance for impairment	-	-
Net amount sold	4 908	4 535

The trade receivables were sold net of related allowance for credit losses.

8. Deferred plant maintenance costs

This amount relates to actual costs incurred during the off-crop season in respect of plant maintenance. These costs are amortised to profit or loss during the course of the next milling season.

	31.03.18 US$'000	31.03.17 US$'000
Balance at the beginning of the year	8 973	11 964
Costs incurred during the year	13 131	8 973
Prior year cost amortised to statement of profit or loss	(8 973)	(11 964)
Balance at the end of the year	13 131	8 973

9. Capital and reserves

9.1 Authorised and issued share capital

The Company has an authorised share capital of 200 million shares with a nominal value of $0.08 each, of which 193 020 564 shares have been issued.

9.2 Unissued share capital

In terms of an ordinary resolution dated 22 August 1990, the Directors are authorised to issue or dispose of all or any of the unissued share capital of the Company for an indefinite period upon such terms and conditions and with such rights and privileges attached thereto as they may determine, subject to the limitations of the Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange.

9.3 Non-distributable reserve

	Foreign currency translation reserve US$'000	Other non-distributable reserve US$'000	Total US$'000
Balance at 31 March 2016	(1 112)	128 804	127 692
Exchange loss on translation of equity in foreign associated company net of tax	(39)	-	(39)
Deferred tax on post acquisition of foreign associate	(63)	-	(63)
Revaluation of original investment	(10)	-	(10)
Revaluation of opening post acquisition reserves	34	-	34
Balance at 31 March 2017	(1 151)	128 804	127 653
Exchange loss on translation of equity in foreign associate company net of tax	182	-	182
Deferred tax on post acquisition of foreign associate	(86)	-	(86)
Revaluation of original investment	18	-	18
Revaluation of opening post acquisition reserves	250	-	250
Balance at 31 March 2018	**(969)**	**128 804**	**127 835**

The other non-distributable reserve arose as the net effect of restatement of assets and liabilities previously denominated in Zimbabwe dollars on 1 January 2009.

10. Deferred tax liabilities

	31.03.18 US$'000	31.03.17 US$'000 Restated
Balance at the beginning of the year	63 457	64 653
Transfer (to)/from retained earnings arising from actuarial gain on post retirement provision	(52)	35
Transfer to capital reserve arising from exchange gain on translation of equity in foreign associate company	86	63
Debit/(credit) arising on originating temporary differences	3 680	(1 294)
Balance at the end of the year	67 171	63 457
Deferred tax comprises the tax effect of temporary differences arising from:		
Property, plant and equipment	52 451	50 946
Tax losses	(703)	-
Prepayments, provisions, deferred offcrop expenditure and exchange gain	2 950	2 197
Biological assets	11 995	9 922
Accumulated profit of foreign associate company	478	392
Balance at the end of the year	67 171	63 457

11. Trade and other payables

	31.03.18 US$'000	31.03.17 US$'000 Restated
Trade payables	13 974	8 212
Accrued liabilities	13 074	4 547
	27 048	12 759

Trade payables comprise amounts outstanding for trade purchases. The average credit period taken to settle trade purchases is 30 days. The majority of trade payables do not accrue interest. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The Directors consider that the carrying amount of accounts payable approximates their fair value.

12. Provisions

12.1 Post retirement provisions

	31.03.18 US$'000	31.03.17 US$'000
Balance at the beginning of the year	4 445	4 527
Debited to profit or loss	89	54
Debited/(credited) to equity	203	(136)
Balance at the end of the year	4 737	4 445

12.2 Leave pay and other provisions

	31.03.18 US$'000	31.03.17 US$'000
Balance at the beginning of the year	3 431	3 888
Increase /(decrease) during the year	2 510	(457)
Balance at the end of the year	5 941	3 431

12. Provisions (continued)

12.3 Provisions for decommissioning costs

The main resources of the Group are land and its sugar production facilities. The Directors have always pursued a policy of annual planned maintenance and renewal of the sugar production facilities. In addition to this, it is the policy of the Group to carry out sound and proven agricultural practices that do not result in the loss of the income generating capability of the land. Accordingly, it is the opinion of the Directors that the Group's resources are completely renewable and do not have a finite life. No provision has therefore been made for decommissioning costs as specified by International Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets" as this event is unlikely to occur.

13. Borrowings

Unsecured - at amortised cost	**31.03.18 US$'000**	**31.03.17 US$'000**
Loans from:		
- Standard Chartered Bank Zimbabwe Limited (i)	1 518	389
- Triangle Limited (ii)	10 622	17 691
- CBZ Bank Limited (iii)	145	-
	12 285	18 080
Short term	12 285	18 080
Long term	-	-
	12 285	18 080

13.1 Summary of borrowing arrangements

(i) The facility consists of short term renewable loans repayable within 180 days bearing interest of 7,5% per annum (2017: 6,75% per annum) and an overdraft portion renewable annually bearing interest of 7% per annum (2016: 7%).

(ii) The amount is repayable to a related party of the Group. Interest of 8% per annum (2017: 8% per annum) is charged on the outstanding loan balances at year end.

(iii) The overdraft facility is renewable annually and bears interest of 7,5% per annum (2017: 7,5% per annum).

13. Borrowings (continued)

13.2 Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes where applicable. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	31.03.17 US$'000	Financing cash flows (i)	Non cash changes	31.03.18 US$'000
Bank loans	389	1 274	-	1 663
Loans from related parties (note 23.1)	17 691	(7 069)	-	10 622
	18 080	(5 795)	-	12 285

(i) The cash flows from bank loans and loans from related parties make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

Open air sugar stacking

14. Operating Profit

	Year ended 31.03.18 US$'000	Year ended 31.03.17 US$'000 Restated
Turnover		
Revenue	136 994	148 489
Fair value gain/(loss) on biological assets	8 053	(9 645)
	145 047	138 844
Cost of sales	101 406	99 465
Agricultural and mill chemicals	5 063	4 490
Cane purchases	46 936	41 563
Depreciation and amortisation	13 599	14 005
Staff costs	29 176	23 223
Maintenance and other direct production costs	6 632	16 184
Administration costs	27 350	24 843
Audit fees - external	232	232
- internal	134	80
Depreciation and amortisation	733	980
Staff costs	16 562	12 484
Maintenance and other administration costs	9 689	11 067
Loss/(profit) on disposal of property, plant and equipment	185	(112)
Exchange (gain)/loss	(237)	348
Other sundry (income)/costs	(618)	866
Net operating costs	128 086	125 410
Operating profit	16 961	13 434

15. Net finance charges

Interest received	(16)	(89)
Interest paid –loans	3 039	4 442
	3 023	4 353

16. Income tax expense

16.1 Income tax expense

Normal tax	(194)	(3 594)
Movement in deferred taxation	(3 714)	1 195
Transfer to non-distributable reserve	86	63
Transfer (from)/to retained earnings	(52)	35
Charged to group statement of profit or loss	(3 874)	(2 301)

16. Income tax expense (continued)

	Year ended 31.03.18 US$'000	Year ended 31.03.17 US$'000
16.2 Reconciliation of tax rate	%	%
Gross tax rate	25,75	25,75
Tax effect of prior year tax underprovision	1,30	-
Tax effect of associate results reported net of tax	(1,68)	(2,31)
Tax effect of Income exempt from tax	(1,90)	(2,59)
Tax effect of expenses not deductible for tax purposes	2,51	2,22
Effective tax rate	25,98	23,07

16.3 Contingent Liability

The Company pays technical fees to Tongaat Hulett Ltd under a Technical Assistance Agreement approved by the Reserve Bank of Zimbabwe, for services rendered, which it claims as an allowable deduction in computing its taxable income, in terms of section 15(2)(a) of the Income Tax Act (Chapter 23:06). Following a tax review of the Company's financial years 2009/10 to 2014/15, the Zimbabwe Revenue Authority (ZIMRA) disallowed the technical fees, resulting in additional tax of $2 249 970 (excluding interest and penalties). The Company's position is that ZIMRA has incorrectly disallowed the technical fees and an objection to the resultant assessments has been lodged.

Consistent with the above, the Company has not recognised a tax expense or a liability, during the current year, in respect of the technical fees disallowance as the Directors, having been advised by legal counsel, are of the view that the Company's grounds of objection are strong enough to secure a reversal of the technical fees disallowance.

Subsequent to 31 March 2018, the Company paid the principal amount pending the determination of its objection, on a 'without prejudice' basis and without accepting liability, in order to take advantage of the provisions of the tax amnesty and effectively manage the associated tax risk. As a consequence of the foregoing, the principal amount paid has been recorded as a receivable, subsequent to year end.

	Year ended 31.03.18 US$'000	Year ended 31.03.17 US$'000
17. Earnings per share		
17.1 Earnings per share is calculated as shown below:		
Profit/(loss) for the year	11 034	7 674
Weighted average number of shares in issue (shares)	193 020 564	193 020 564
Earnings/(loss) per share (US cents)	5,72	3,98

18. Dividends

With the renewed expectation of an imminent turnaround in the economy coupled with the anticipated increase in sugar production on the back of the improved water situation, the Directors have decided to declare a dividend (No 46) of 2 cents per share for the year ended 31 March 2018. The dividend, amounting to $3 860 411 (2017: $0), is payable on or about 1 November 2018 to Shareholders registered in the books of the Company at the close of business on 1 October 2018.

19. Notes to the Group statement of cash flows

	Year ended 31.03.18 US$'000	Year ended 31.03.17 US$'000
19.1 Cash generated from operations		
Profit before tax	14 908	9 975
Depreciation and amortisation	14 332	14 985
Net movement in post retirement provisions	89	54
Gross movement in provisions	292	(82)
Movement attributable to reserves	(203)	136
Loss/(profit) on disposal of property, plant and equipment	185	(112)
Fair value (gain)/loss on biological assets	(8 053)	9 645
Net finance charges	3 023	4 353
Share of associate companies' profit	(970)	(894)
	23 514	38 006
19.2 Changes in working capital		
(Increase)/decrease in inventories	(1 019)	6 515
Increase in accounts receivables	(2 881)	(2 192)
Increase/(decrease) in accounts payable	14 289	(6 933)
Increase/(decrease) in leave pay and other provisions	2 510	(457)
	12 899	(3 067)
19.3 Proceeds on disposal of property, plant and equipment		
Carrying amount of property, plant and equipment disposed	185	49
(Loss)/profit on disposal of property, plant and equipment	(185)	112
	-	161
20. Director' emoluments		
In respect of services as Directors	94	91
In respect of managerial services	1 764	1 484
Audit committee fees	25	25
	1 883	1 600
21. Employee benefit expense		
Wages and salaries	40 007	30 630
Pension cost – defined contribution plans	3 983	3 679
Other employee benefits	1 748	1 398
	45 738	35 707

22. Borrowing powers

In terms of Article 89 of the Articles of Association as amended at the extraordinary general meeting held on 20 April 2002, the borrowing power of the Company is limited to a maximum amount equal to half the shareholders' funds comprising issued capital, share premium, non-distributable reserves and distributable reserves.

23. Related party transactions and balances

Sugar revenue which constitutes approximately 92% of the Group revenue is derived from sales made on behalf of the Group by Zimbabwe Sugar Sales (Private) Limited in which the Group has a 50% shareholding (note 3.2).

23.1 Balances between the Group and related parties as at 31 March are shown below:

	31.03.18 US$'000	31.03.17 US$'000
Trade accounts receivables/(payables):		
NCPDZ-Associate Company	358	97
Tongaat Hulett Botswana (Proprietary) Limited - Associate Company	27	-
Tongaat Hulett Limited (Tongaat Hulett) - Parent Company	(9 400)	(65)
Borrowings:		
Triangle Limited	10 622	17 691

23.2 Transactions between the Group and related parties are shown below:

	Year ended 31.03.18 US$'000	Year ended 31.03.17 US$'000
Triangle Limited		
- Sales	2 932	3 435
- Operating expenses	(993)	(1 909)
- Interest	(2 128)	(2 459)
- Directors' fees	59	64
	(130)	(869)
Tongaat Hulett		
- Technical services fees	2 753	2 970

Tongaat Hulett provides specialized technical services towards the maintenance of the mill and the agricultural units focused on production enhancement. In addition, Tongaat Hulett facilitates purchase of inputs from South Africa on behalf of the Group as part of the Group's initiative to derive synergistic benefits and internal economies of scale. These purchases are conducted at arms' length.

Sales to Associated Companies

	31.03.18 US$'000	31.03.17 US$'000
- NCPDZ	505	320
- Tongaat Hulett Botswana (Proprietary) Limited	3 102	-
	3 607	320

23.3 Compensation to key members of management

Short-term benefits	3 020	2 960
Post-employment benefits	293	245
	3 313	3 205

The remuneration of Directors and key executives is determined based on the remuneration policy detailed in the Corporate Governance statement.

24. Segmental reporting

IFRS 8 "Operating Segments"

The Group has two major operating segments, namely Agriculture and Milling. Other smaller segments which are individually immaterial are aggregated into the Gaming and other Farming Activities segment. Agriculture deals mainly with the planting, maintenance, harvesting and haulage of cane to the mill. Milling deals mainly with the crushing of cane and subsequent production of raw sugar. Other aggregated segments mainly deal with sugar packaging, game hunting and fishing, citrus fruits and cattle ranching. All these segments operate their activities in Chiredzi. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Segment information for the reportable segments for the year ended 31 March 2018 is as follows:

	Agriculture US$' 000	**Milling US$' 000**	**Gaming and other farming activities US$' 000**	**Total US$' 000**
Total segment revenue	61 993	136 375	1 533	199 901
Inter segment revenue	(54 571)	-	(283)	(54 854)
Fair value gain on biological assets	(7 422)	-	(631)	(8 053)
Revenue from external customers	-	136 375	619	136 994
EBITDA	27 141	4 269	(117)	31 293
Depreciation and amortisation	(11 940)	(2 321)	(71)	(14 332)
Operating profit/(loss)	15 201	1 948	(188)	16 961
Total non-current assets	142 157	41 384	41 527	225 068

'Reportable segments' for non-current assets are reconciled to total non-current assets as follows:

	US$'000
Segment non-current assets for reportable segments	225 068
Unallocated: Investments in associated companies	3 820
Total non-current assets per statement of financial position	228 888

Included in revenues arising from direct sales by the milling segment are revenues of approximately US$16 770 676 (2017: US$13 837 887) realised from sales to the Group's largest customer. No other single customer contributed 10% or more to the Group's revenue in 2018.

24. Segmental reporting (continued)

Segment information for the reportable segments for the year ended 31 March 2017 is as follows:

	Agriculture US$' 000	Milling US$' 000	Gaming and other farming activities US$' 000	Total US$' 000
Total segment revenue	52 303	147 755	1 048	201 106
Inter segment revenue	(62 037)	-	(225)	(62 262)
Fair value loss/(gain) on biological assets	9 734	-	(89)	9 645
Revenue from external customers	-	147 755	734	148 489
EBITDA	14 128	15 361	(1 070)	28 419
Depreciation and amortisation	(11 756)	(3 201)	(28)	(14 985)
Operating profit/(loss)	2 372	12 160	(1 098)	13 434
Total non-current assets	108 529	42 962	65 506	216 997

'Reportable segments' for non-current assets are reconciled to total non-current assets as follows:

	US$'000
Segment non-current asset for reportable segments	216 997
Unallocated: Investments in associated companies	3 220
Total non-current assets per statement of financial position	220 217

Current assets and total liabilites are not allocated to segments, as working capital and financing are driven by a central treasury function, which manages the cash position of the Group. Information provided regulary to the chief operating decision-maker does not separate these elements into different segments.

Sales between segments are carried out at arm's length. The revenue from external parties reported to the strategic steering committee is measured in a manner consistent with that in the statement of comprehensive income.

25. Directors' shareholdings

Ordinary shares held by Directors	Number of shares held 31.03.18	Number of shares held 31.03.17
Non-beneficial shareholding		
D L Marokane	-	-
S D Mtsambiwa	100	100
L R Bruce	100	100
S G Nhari	700	700
J E Chibwe	-	-
N Kudenga	-	-
J P Maposa	100	100
S L Slabbert	-	-
P H Staude	-	-
M H Munro	-	-
Total Directors' shareholding	1 000	1 000

26. Capital expenditure commitments

	31.03.18 US$'000	31.03.17 US$'000
Commitments for capital expenditure		
Contracted for	1 440	2 645
Authorized but not contracted for	2 566	98
	4 006	2 743

The capital expenditure will be financed from the Group's resources and existing facilities.

27. Land acquisition

As the full 4 979 hectares of Mkwasine arable land has been allocated to private farmers, focus continues to be on the restoration of cane production by the private farmers. This is being driven through the SusCo project facilitated by the Mkwasine consortium partners, Hippo Valley Estates Limited and Triangle Limited.

A total of 1 716 hectares land allocations whose offer letters were withdrawn is currently a matter before the courts, following an appeal by the acquiring authority against the decision of the Administrative Court. The Directors are confident that the court decision will be in favour of the Company.

Notwithstanding the dynamics of land ownership in Zimbabwe, the Directors are satisfied that future economic benefits from the use of land will continue to flow to the Group. As a consequence, the Directors believe that the preparation of the financial statements on a going concern basis is still appropriate.

28. Financial instruments

28.1 Group risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through an appropriate debt and equity balance. The Group's strategy remains relatively unchanged from 2017. The capital structure of the Group consists of debt, which includes borrowings disclosed in note 13, cash and cash equivalents and equity comprising issued share capital, non-distributable reserves and retained earnings as disclosed in the financial statements.

28.1.1 Gearing ratio

The Board reviews the capital structure on an ongoing basis depending on the emerging needs of the Group. The borrowing powers are detailed in note 22. The gearing ratio at end of year was 1,29% (2017:3,51%), calculated as shown below.

	31.03.18 US$'000	31.03.17 US$'00
Debt (i)	12 285	18 080
Cash and bank balances	(9 233)	(10 164)
Net debt	3 052	7 916
Equity (ii)	236 831	225 766
Net debt to equity ratio	1,29%	3,51%

28. Financial instruments (continued)

28.1 Group risk management (continued)

(i) Debt is defined as long-term and short-term borrowings, as described in note 13.
(ii) Equity includes all capital and reserves of the Group that are managed as capital.

28.2 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement and the bases for recognition of income and expenses), for each class of financial asset, financial liability and equity instrument are disclosed in significant accounting policy note 6 to the financial statements.

28.3 Categories of financial instruments

	31.03.18 US$'000	31.03.17 US$'000
Financial assets		
Amortised cost		
Cash and cash equivalents	9 233	10 164
Financial assets in trade and other receivables	26 501	23 461
Total trade and other receivables (note 7)	33 071	30 190
Less: Prepayments	(2 378)	(1 180)
VAT	(4 192)	(5 549)
	35 734	33 625
Financial liabilities		
Amortised cost		
Trade and other payables (note 11)	27 048	12 759
Borrowings (note 13)	12 285	18 080
	39 333	30 839

28.4 Fair value of financial instruments

28.4.1 Fair value of financial instruments measured at amortised cost

The carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

28.4.2 Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of other financial assets and other financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The Group currently does not hold any other forms of financial instruments.

28.5 Financial risk management objectives

The Board through the Audit Committee and in conjunction with relevant senior management manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk including currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk as well as ancillary risks such as political risk.

In a rapidly changing environment such as Zimbabwe, these risks are managed on an on-going basis. The Group does not enter into or trade in financial instruments for speculative purposes.

28. Financial instruments (continued)

28.6 Market risk
The Group's activities expose it primarily to financial risk of interest rates and changes in foreign currency exchange rates.

28.7 Interest rate risk management
The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rates and where possible borrowing at concessionary rates below that of inflation. Details of the interest rates on the Group's short term liabilities are provided in note 13.

28.7.1 Interest rate sensitivity analysis
The sensitivity analysis below has been determined based on the exposure to interest rates for financial liabilities held at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2018 would have decreased/increased by US$30 397 (2017: decreased/increased by US$44 418). There is no impact on other comprehensive income.

28.8 Foreign currency risk management
The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group does not use forward exchange contracts to hedge its foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Liabilities		Assets	
	31.03.18 US$'000	31.03.17 US$'000	31.03.18 US$'000	31.03.17 US$'000
South African Rand (ZAR)	3 937	3 326	-	-

28.8.1 Foreign currency sensitivity analysis
The Group is mainly exposed to the currencies of South Africa (ZAR) and the European Union (Euro).

The following table details the Group's sensitivity to a 10% increase and decrease in the US$ exchange rate against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as where the denomination of the loan is in a currency other than the US$. A positive number below indicates an increase in profit and other equity where the US$ strengthens by 10% against the relevant currency. For a 10% weakening of the US$ against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

28. Financial instruments (continued)

	ZAR impact	
	31.03.18 US$'000	**31.03.17 US$'000**
Change by 10%		
Statement of comprehensive income	394	333
Other equity	-	-

28.9 Other price risks

The Group does not have exposure to equity price risk as it does not hold shares in any listed securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade in these investments.

28.10 Credit risk management

Credit risk refers to 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 counterparties. This is managed by a separate marketing arm of the Sugar Industry - Zimbabwe Sugar Sales which largely sells to long established customers. The Group does not have any significant credit risk exposure.

28.11 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built a liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continually monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cane dropping into the cane carrier belt

28. Financial instruments (continued)

28.11 Liquidity currency risk management (continued)

28.11.1 Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

	Weighted average interest rate %	Less than 1 month US$'000	1 - 3 months US$'000	3 months to 1 year US$'000	1 - 5 years US$'000	Total US$'000
31.03.18						
Non-interest bearing	-	27 048	-	-	-	27 048
Fixed rate loans						
Triangle Limited	8	71	142	11 259	-	11 472
Standard Chartered Bank	7	9	1 536	-	-	1 545
CBZ Bank	7,5	1	147	-	-	148
		27 129	1 825	11 259	-	40 213

	Weighted average interest rate %	Less than 1 month US$'000	1 - 3 months US$'000	3 months to 1 year US$'000	1 - 5 years US$'000	Total US$'000
31.03.17						
Non-interest bearing	-	12 759	-	-	-	12 759
Fixed rate loans						
Triangle Limited	8	116	237	18 753	-	19 106
Standard Chartered Bank	6	2	4	391	-	397
		12 877	241	19 144	-	32 262

28. Financial instruments (continued)

28.11.2 Financial facilities

Unsecured loan facilities with various maturity dates through to 31 March 2018 and which may be extended by mutual agreement.

	31.03.18 US$'000	31.03.17 US$'000
Barclays Bank		
- amount used	-	-
- amount unused	8 000	8 000
	8 000	8 000
Standard Chartered Bank		
- amount used	1 518	389
- amount unused	5 682	14 611
	7 200	15 000
Triangle Limited		
- amount used	10 622	17 691
	10 622	17 691
CBZ Bank		
- amount used	145	-
- amount unused	7 355	7 500
	7 500	7 500
CABS		
- amount used	-	-
- amount unused	9 000	9 000
	9 000	9 000
Stanbic Bank		
- amount used	-	-
- amount unused	19 500	19 500
	19 500	19 500
Banc ABC		
- amount used	-	-
- amount unused	15 000	15 000
	15 000	15 000
Total facilities available	76 822	91 691
Analysed as follows:		
- total amount used	12 285	18 080
- total amount unused	64 537	73 611

29. Company information

The Company information has not all been shown in the notes to the financial statements as the difference in the balances of line items between the Group and the Company results is qualitatively immaterial and would result in duplication of a significant number of the notes. The Company statement of financial position, statement of profit or loss and other comprehensive income, cash flow statement and statement of changes in equity have been included on pages 85 to 88. Consequently the directors believe that the Group financial statements comply with the Companies Act (Chapter 24:03) in all material respects.

29.1 The Group financial statements differ from those of the Company on the following elements

		31.03.18			31.03.17		
		Group US$' 000	**Company US$' 000**	**Difference US$' 000**	**Group US$' 000**	**Company US$' 000**	**Difference US$' 000**
Net assets							
Investment in associate companies	(i)	3 820	1 718	2 102	3 220	1 718	1 502
Inventories - stores	(ii)	20 246	20 243	3	15 952	15 951	1
Accounts receivable - other	(iii)	21 685	21 718	(33)	15 771	15 799	(28)
Deferred tax liabilities	(iv)	(67 171)	(66 960)	(211)	(63 457)	(63 333)	(124)
Net difference				1 861			1 351
Equity							
Profit for the year	(v)	11 034	10 706	328	7 674	7 362	312
Retained earnings at beginning of the year	(vi)	82 671	80 750	1 921	74 896	73 287	1 609
Non-distributable reserves	(vii)	127 835	128 223	(388)	127 653	128 223	(570)
Net difference				1 861			1 351

Summary of the differences between Group and Company

Net Assets

(i) The difference is due to post acquisition profits from associates (Tongaat Hulett Botswana and NCPDZ).
(ii) The difference is due to Chiredzi Township Inventory.
(iii) The difference is due to Chiredzi Township debt for water purification charges.
(iv) The difference is due to deferred tax on foreign associate (Tongaat Hulett Botswana).

Equity

(v) The difference is due to the current year profits from associates (Tongaat Hulett Botswana and NCPDZ).
(vi) The difference is due to retained profits from associates (Tongaat Hulett Botswana and NCPDZ).
(vii) The difference is due to revaluation of original investment and post acquisition profits from associate(Tongaat Hulett Botswana and NCPDZ).

29. Company results (continued)

29.2 The Group statement of cash flows differs from that of the Company on the following elements

	Year ended 31.03.18 US$'000	Year ended 31.03.17 US$'000
Group cash generated from operations	23 514	38 006
Add Chiredzi Township loss	3	3
Add Tongaat Hulett Botswana dividend	638	582
Company cash generated from operations	**24 155**	**38 591**
Group changes in working capital	12 899	(3 067)
Stock movement	2	(1)
Creditors movement	(5)	(2)
Company changes in working capital	**12 896**	**(3 070)**

Bagasse carrier belt in the factory

Company Statement of Financial Position

As at 31 March 2018

	Notes	31.03.18 US$'000	31.03.17 US$'000
ASSETS			
Non-current assets		226 786	218 715
Property, plant and equipment	4.3	221 809	215 864
Intangible assets	4.6	3 259	1 133
Investments in associate companies	29.1	1 718	1 718
Current assets		125 155	109 710
Biological assets	6	46 584	38 531
Inventories - stores		20 243	15 951
- sugar		2 598	5 873
Accounts receivable - trade	7	11 386	14 419
- other	29.1	21 718	15 799
Deferred plant maintenance costs	8	13 131	8 973
Current tax asset		262	-
Cash and cash equivalents		9 233	10 164
Total assets		**351 941**	**328 425**
EQUITY AND LIABILITIES			
Capital and reserves		234 970	224 415
Issued capital	9.1	15 442	15 442
Non-distributable reserve	29.1	128 223	128 223
Retained earnings		91 305	80 750
Non-current liabilities		71 697	67 778
Deferred tax liabilities	29.1	66 960	63 333
Provisions	12.1	4 737	4 445
Current liabilities		45 274	36 232
Trade and other payables	11	27 048	12 759
Provisions	12.2	5 941	3 431
Short-term borrowings	13	12 285	18 080
Current tax liability		-	1 962
Total equity and liabilities		**351 941**	**328 425**

Company Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2018

	Notes	Year ended 31.03.18 US$'000	Year ended 31.03.17 US$'000
Turnover			
Revenue		136 994	148 489
Fair value gain/(loss) on biological assets	6	8 053	(9 645)
		145 047	138 844
Operating profit		16 964	13 434
Dividends received		638	582
Net finance charges	15	(3 023)	(4 353)
Profit before tax		14 579	9 663
Income tax expense		(3 873)	(2 301)
Profit for the year		10 706	7 362
Other comprehensive income, net of tax			
Items that will not be reclassified subsequently to profit or loss			
- Actuarial (loss)/gain on post retirement provision		(151)	101
Total comprehensive income for the year		**10 555**	**7 463**
Earnings per share (US cents)		5,55	3,81

Cane delivery to the cane reception yard

Company Statement of Changes in Equity

For the year ended 31 March 2018

	Issued Share capital US$'000	Non-distributable reserves US$'000	Retained earnings US$'000	Total US$'000
Balance at 31 March 2016	15 442	128 223	73 287	216 952
Total comprehensive (loss)/income for the year	-	-	7 463	7 463
Profit for the year	-	-	7 362	7 362
Other comprehensive (loss)/income for the year	-	-	101	101
Balance at 31 March 2017	15 442	128 223	80 750	224 415
Total comprehensive income for the year	-	-	10 555	10 555
Profit for the year	-	-	10 706	10 706
Other comprehensive (loss)/income for the year	-	-	(151)	(151)
Balance at 31 March 2018	15 442	128 223	91 305	234 970

Cane Grab—loader in operation

Company Statement of Cash Flows

For the year ended 31 March 2018

	Notes	Year ended 31.03.18 US$'000	Year ended 31.03.17 US$'000
Cash flows from operating activities			
Cash generated from operations	29.2	24 155	38 591
Changes in working capital	29.2	12 896	(3 070)
(Increase)/decrease in deferred plant maintenance costs		(4 158)	2 991
Net cash generated from operations		32 893	38 512
Net finance charges paid		(3 023)	(4 353)
Tax paid		(2 418)	(422)
Net cash inflow from operating activities		27 452	33 737
Cash flows from investing activities			
Additions to property, plant, equipment and intangible assets		(22 588)	(6 825)
- Other property, plant, equipment and intangible assets		(7 097)	(6 259)
- Cane roots		(15 491)	(566)
Proceeds on disposal of property, plant and equipment	19.3	-	161
Net cash outflow from investing activities		(22 588)	(6 664)
Net cash inflow before financing activities		4 864	27 073
Cash flows from financing activities			
Proceeds from borrowings		36 142	50 499
Repayment of borrowings		(41 937)	(74 790)
Net cash outflow from financing activities		(5 795)	(24 291)
Movement in cash and cash equivalents			
Net cash and cash equivalents at beginning of year		10 164	7 382
Net cash inflow from operating activities		27 452	33 737
Net cash outflow from investing activities		(22 588)	(6 664)
Net cash outflow from financing activities		(5 795)	(24 291)
Cash and cash equivalents at end of year		9 233	10 164
Comprising of:		9 233	10 164
Cash at bank		9 225	10 156
Cash on hand		8	8

Definition of Terms

Capital employed
Total capital and reserves plus long-term borrowings.

Current ratio
Current assets divided by current liabilities.

Gearing ratio
Interest bearing debt less cash and bank balances divided by total share capital and reserves.

Earnings per share
Profit for the year divided by the weighted average number of shares in issue at year-end.

Interest cover
Operating profit divided by interest payable.

Market capitalisation
Number of shares in issue at year-end multiplied by the closing price per share.

Net asset value
Total assets minus total liabilities excluding deferred taxation.

Net asset value per share
Net asset value divided by the number of shares in issue at year-end.

Net worth per share
Total capital and reserves divided by the number of shares in issue at year-end.

Operating profit
Profit before interest, dividends received, taxation and share of associate companies' profits.

Return on total capital and reserves
Profit for the year expressed as a percentage of total share capital and reserves.

Shareholders' funds
Issued share capital, share premium, capital reserve, revenue reserves and proposed dividend.

Total liabilities
Long-term borrowings and current liabilities excluding deferred taxation.

A centre-pivot cane field

Analysis of Shareholders

As at 31 March 2018

	Shareholders Number	Shareholders %	Shares Number	Shares %
Shareholders registered with Zimbabwean addresses	888	62,80	164 352 761	85,15
Shareholders registered with external addresses	526	37,20	28 667 803	14,85
	1 414	100,00	193 020 564	100.00
Shares held by:				
Individuals	922	65,21	9 549 187	4,95
Pension funds and insurance companies	205	14,49	56 384 870	29,21
Other corporate bodies	287	20,30	127 086 507	65,84
	1 414	100,00	193 020 564	100,00

Ten largest shareholders as at 31 March 2016

	Number of shares	%
1. Triangle Sugar Corporation Limited	97 124 027	50,32
2. Old Mutual Life Assurance Company Zimbabwe Limited	25 237 147	13,07
3. Tate & Lyle Holland B.V.	19 314 480	10,01
4. National Social Security Authority	11 268 323	5,84
5. Stanbic Nominees (Private) Limited –NNR	10 794 169	5,59
6. Old Mutual Zimbabwe Limited	3 193 259	1,65
7. Mining Industry Pension Fund	2 823 216	1,46
8. Standard Chartered Nominees (Private) Limited	1 568 040	0,81
9. Standard Chartered Nominees (Private) Limited -NNR	1 272 631	0,66
10. Anglo American Associated Companies Pension Fund	788 582	0,41
	173 383 874	89,82

Mill aerial view

Notes

Notes