Council Members' responsibility statement for the financial statements

The Association's Council Members are responsible for the preparation and fair presentation of the consolidated and separate financial statements, comprising the balance sheet at 31 March 2008 and the income statement and cash flow statement for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with Swaziland and International Financial Reporting Standards and in the manner required by the Swaziland Sugar Act.

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

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

The Council Members' have made an assessment of the Association's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the financial statements

The consolidated and separate financial statements set out on pages 22 to 77 were approved by the Council Members on 3 July 2008 and are signed on its behalf by:

President

Chief Executive

Report of the independent auditors

To the Members of the Swaziland Sugar Association

We have audited the consolidated and separate financial statements of the Swaziland Sugar Association, which comprise the balance sheet at 31 March 2008, and the income statement and cash flow statement for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 22 to 77.

Council Members' responsibility for the financial statements

The Association's Council Members are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Swaziland and International Financial Reporting Standards and in the manner required by the Swaziland Sugar Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Swaziland Sugar Association at 31 March 2008, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with Swaziland and International Financial Reporting Standards, and in the manner required by the Swaziland Sugar Act.

KPMG

KPMG CHARTERED Accounts (Swaziland)
Auditors
3 July 2008
Mbabane

Significant Accounting Policies

Reporting entity

Swaziland Sugar Association is an Association domiciled in Swaziland. The address of the Association's registered office is: Corner of Msakato & Dzeliwe Streets, P O Box 445, Mbabane H100, Swaziland. The consolidated and separate financial statements of the Association for the year ended 31 March 2008 comprise the Association and its subsidiaries (together referred to as the "Group") and the Group's interest in jointly controlled entities. The Group is primarily involved in selling sugar and molasses in Swaziland.

The financial statements were authorised for issue by Council on 3 July 2008.

Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the requirements of the Swaziland Sugar Act. The principal accounting policies are consistent with those of the previous year and have been applied consistently by the Group.

Basis of measurement

The consolidated and separate annual financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value; and
- available-for-sale financial assets are measured at fair value.

The methods used to measure fair value are discussed further below.

Functional and presentation currency

The consolidated and separate financial statements are presented in Emalangeni, which is the Association's functional currency. All financial information presented in Emalangeni has been rounded to the nearest one.

Use of estimates and judgements

The preparation of the consolidated and separate financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the consolidated and separate financial statements are described in the following notes:

Significant Accounting Policies (continued)

Use of estimates and judgements (continued)

- provisions and contingencies
- valuation of financial instruments
- lease classification

Basis of consolidation

Subsidiaries

Subsidiaries are those entities, including special purpose entities, controlled by the Association. Control exists when the Association has power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The annual financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group annual financial statements incorporate the assets, liabilities and results of the operations of the Association and the following subsidiaries:

	2008	**2007**
	Control	*Control*
Swaziland Sugar Assets Limited	100%	100%
Sugar Assets (Mhlume) Limited	100%	100%
Sugar Holding Company Limited	100%	100%
Commodity Marketing Company Limited	100%	100%
Sugar Assets (Simunye) Limited	100%	100%

Joint venture

Joint ventures are those entities over whose activities the Group has joint control, established by a contractual agreement. The consolidated annual financial statements include the Group's share of total recognised gains and losses of the joint venture on an equity accounted basis, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds its interest in the joint venture, the Group's carrying amount is reduced to nil and recognition of future losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. The following is the joint venture of the Association:

	2008	**2007**
	Share	*Share*
Sociedade Terminal de Acucar De Maputo LDA ("STAM")	25%	25%

Transactions eliminated on consolidation

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated annual financial statements. Unrealised gains arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Significant Accounting Policies (continued)

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Emalangeni at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit or loss. Non-monetary assets and liabilities that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Emalangeni at foreign exchange rates ruling at the date the fair value was determined.

Financial instruments

Financial assets carried on the balance sheet include cash and bank balances, securities and accounts receivable. All financial assets are carried at anticipated net realisable value. An estimate is made of doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

Financial liabilities carried on the balance sheet include bank overdrafts, borrowings and accounts payable. All financial liabilities are carried at the anticipated settlement amount.

Unless otherwise stated, the carrying values of these financial assets and liabilities approximate their fair value.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through the profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts and call loans that are payable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expenses is discussed below.

Held- to-maturity

If the Group has the positive intent and ability to hold debt security to maturity, then they are classified as held to maturity. Held to maturity investments are measured at amortised cost using the effective interest method, less impairment losses.

Significant Accounting Policies (continued)

Financial instruments (continued)

Available-fo-sale financial assets

The Group accounts for available-for-sale financial instruments by recognising them initially at fair value plus transaction costs directly attributable to the acquisition and subsequently by measuring them at fair value and changes therein, other than impairment losses, are recognised directly to equity. When an instrument is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Financial assets at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investment and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in profit or loss as part of foreign currency gains and losses.

Significant Accounting Policies (continued)

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available for sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share the similar risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets ("cash generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Significant Accounting Policies (continued)

Impairment (continued)

Interest bearing borrowings

Interest bearing borrowings are recognised initially at cost less distributable transactions costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis

Trade and other payables

Trade and other payables are stated at amortised cost, using the effective interest method.

Trade and other receivables

Trade and other receivables are stated at amortised cost less impairment losses, using the effective interest method.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss when they are due.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Income tax

Income tax comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Significant Accounting Policies (continued)

Inventories

Inventories of sugar and molasses on hand at the year end are valued at net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated volume rebates and discounts. Other stocks are valued at the lower of cost and net realisable value, on a first in - first out basis.

Investments

Investments are shown at cost less impairment losses.

Investments in Italian Government bonds held to maturity are stated at amortised cost less impairment losses. A sinking fund has been established to account for the discount on the cost of such investments compared to the maturity value of the investments. The discount is released to income over the life of the bonds.

Leases

Leased assets

Leases of plant and equipment under which the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are recognised in the balance sheet by recording an asset and liability equal to the present value of minimum lease payments at the inception of the lease. Capitalised leased assets are depreciated in accordance with the depreciation policy noted below, with the depreciation period being the lower of the estimated useful life of the asset or the lease term where appropriate. Lease liabilities are reduced by repayments of principal, whilst the finance charge component of the lease payment is charged directly to profit or loss.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability.

Lease payments

Payments made under operating leases are recognised in the profit or loss on a straight line basis over the term of lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made.

Finance income and expense

Finance income comprises interest income on funds invested and foreign currency gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, foreign currency losses, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

All interest and other costs other than those noted under the capitalisation of borrowing costs accounting policy below, incurred in connection with borrowings, are expensed as incurred as part of finance expense.

Foreign currency gains and losses are reported on a net basis.

Significant Accounting Policies (continued)

Revenue

Sugar and molasses sales

Revenue from the sale of sugar and molasses is recognised in the income statement when significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of strategic rebates, export rebates and discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of goods. No revenue is recognised if there is significant continuing management involvement with the goods.

Export sales

Export sales proceeds are translated at the rate ruling when the risk and rewards have passed to the buyer. The difference between the actual rates of exchange at transaction date and the rate at which the Association has obtained advances in foreign currencies for those sales or, where applicable, the rates of exchange actually realised after taking account of forward exchange contracts, is recognised in the income statement as a foreign currency gain or loss.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to acquisition of the asset. The cost of self constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is an integral to functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment.

Depreciation

Freehold land is not depreciated. Improvements to leasehold property are capitalised and depreciated over the period of the lease. Depreciation is calculated on a reducing balance basis, with the exception of the subsidiaries' assets, which are depreciated on a straight line basis, at rates considered appropriate to reduce the book value over their useful lives. Depreciation methods, useful lives and residual values are reassessed at the reporting date.

The estimated useful lives for the current and comparative periods are as follows:

Significant Accounting Policies (continued)

Property, plant and equipment

	Years
Buildings	25
Motor vehicles	5
Plant, machinery and equipment	10
Furniture and fittings	10
Computer equipment	3
Sugar Assets	
Bulk store	
Bulk store building	40
Bulk store equipment	20 - 40
Conditioning silo	
Conditioning building	40
Conditioning equipment	10 - 40
Molasses storage	
Molasses tanks	40
Molasses equipment	10 - 35
Bagging plant equipment	20
Bulk loading equipment	20
Front end loader equipment	15
VHP reclaim equipment	20

The residual value, depreciation method and useful lives are reassessed annually.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of replaced part is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Borrowing costs

Borrowing costs incurred in respect of assets which require more than one year to construct qualifying assets are capitalised up to the date that the assets are brought into use, and to the extent that the borrowing costs have been incurred to finance operations, they are expensed as incurred.

Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Significant Accounting Policies (continued)

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2008, and have not yet been applied in preparing these consolidated annual financial statements:

- Revised IAS 23 - *Borrowing costs,* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 will become mandatory for the Group's 2009 financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions the Group will apply the revised IAS 23 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date.
- Revised IAS 27 - Consolidated and separate Financial Statements, applicable to annual financial periods commencing on or after 1 January 2009
- Revised IAS 32 - Financial instruments: Presentation and IAS 1 Presentation of financial statements: Puttable financial instruments and obligations arising on liquidation, applicable to annual financial periods commencing on or after 1 January 2009
- Revised IAS 1 Presentation of financial statements, applicable to annual financial periods commencing on or after 1 January 2009
- IFRIC 14 - The limit on a defined benefit asset, minimum funding requirements and their interaction, applicable to annual financial periods commencing on or after 1 January 2008.

Determination of fair values

A number of the Group's accounting policies and disclosures require determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

Inventory

The fair value of sugar and molasses is determined based on the estimated selling prices for the next financial period less estimated volume rebate and discounts.

Derivatives

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

Income Statements

for the year ended 31 March 2008

	Notes	Group 2008 E	Group 2007 E	Association 2008 E	Association 2007 E
Revenue		**2 529 899 656**	2 022 073 158	**2 527 423 738**	2 012 073 158
Cost of sales		**(2 298 558 286)**	(1 775 513 462)	**(2 320 097 522)**	(1 786 390 315)
Gross profit		**231 341 370**	246 559 696	**207 326 216**	225 682 843
Distribution costs		**(82 851 926)**	(60 033 541)	**(82 851 926)**	(60 033 541)
Administrative expenses		**(35 973 666)**	(32 737 858)	**(35 396 772)**	(32 024 851)
Other expenses		**(1 105 807)**	(2 532 429)	**-**	-
Sugar export levy		**(25 679 004)**	(25 643 394)	**(25 679 004)**	(25 643 394)
Operating profit before financing costs	1	**85 730 967**	125 612 474	**63 398 514**	107 981 057
Finance income		**6 158 993**	4 729 914	**21 618 435**	16 434 311
Finance expenses		**(91 777 745)**	(130 139 104)	**(84 904 734)**	(124 212 084)
Net financing costs	2	**(85 618 752)**	(125 409 190)	**(63 286 299)**	(107 777 773)
Share of profit of joint venture	21	**-**	-	**-**	-
Profit before tax		**112 215**	203 284	**112 215**	203 284
Income tax expense	3	**112 215**	203 284	**112 215**	203 284
Profit for the year		**-**	-	**-**	-

Balance Sheets

as at 31 March 2008

	Notes	Group 2008 E	Group 2007 E	Association 2008 E	Association 2007 E
ASSETS					
Non current assets					
Property, plant and equipment	4	188 555 568	170 895 724	10 641 435	10 070 489
Unsecured loans receivable	5	784 512	1 036 903	784 512	1 036 903
Investments in subsidiaries	6	-	-	500	500
Investments in jointly controlled entities	6	27 272 540	28 218 777	27 272 540	28 218 777
Other investments	6	-	4 129 654	-	-
		216 612 620	204 281 058	38 698 987	39 326 669
Current assets					
Inventories	7	351 613 374	292 371 820	351 613 374	292 371 820
Trade and other receivables	8	173 757 254	93 777 374	173 751 808	93 771 928
Forward exchange contract asset	19	35 146 040	4 624 454	35 146 040	4 624 454
Unsecured loans receivable - due within one year	5	229 818	241 814	229 818	241 814
Cash and cash equivalents	13,3	165 053 860	72 289 229	164 902 511	67 524 211
Loans to subsidiaries	9	-	-	108 228 376	100 267 521
		725 800 346	463 304 691	833 871 927	558 801 748
Total assets		**942 412 966**	**667 585 749**	**872 570 914**	**598 128 417**
RESERVES AND LIABILITIES					
Non-distributable reserve	10	13 022	13 022	13 022	13 022
Cash flow hedge reserve	19	35 146 040	4 624 454	35 146 040	4 624 454
		35 159 062	4 637 476	35 159 062	4 637 476
Non-current liabilities					
Long term liabilities	11	63 989 597	48 985 114	22 677 568	-
Current liabilities					
Bank overdraft	13.3	602 139 743	445 120 258	600 805 308	444 579 843
Current portion of long-term liabilities	11	31 301 993	19 142 397	4 898 809	-
Trade and other payables	12	209 780 398	149 522 745	208 987 994	148 733 339
Taxation	13.2	42 173	177 759	42 173	177 759
		843 264 307	613 963 159	814 734 284	593 490 941
Total reserves and liabilities		**942 412 966**	**667 585 749**	**872 570 914**	**598 128 417**

Cash Flow Statements

for the year ended 31 March 2008

	Notes	Group 2008 E	Group 2007 E	Association 2008 E	Association 2007 E
Cash flow from operations					
Cash generated from operations	13.1	**43 039 217**	236 061 810	**12 296 649**	208 508 718
Interest received		**6 158 998**	4 729 914	**21 618 435**	16 434 311
Interest paid		**(91 777 750)**	(130 139 104)	**(84 904 734)**	(124 212 084)
Sugar levy paid		**(25 679 004)**	(25 643 394)	**(25 679 004)**	(25 643 394)
Taxation paid	13.2	**(247 801)**	(101 757)	**(247 801)**	(101 757)
Net cash(outflow)/ inflow from operations		**(68 506 340)**	84 907 469	**(76 916 455)**	74 995 794
Cash flows from investing activities					
Sinking fund investments matured		**5 883 093**	4 613 079	**-**	-
Acquisition of property, plant and equipment		**(26 815 087)**	(5 734 151)	**(2 049 769)**	(352 621)
Investment in joint venture		**-**	(14 260 779)	**-**	(14 260 779)
Proceeds on disposal of property, plant and equipment		**239 151**	-	**239 151**	-
Proceeds on disposal of investment		**-**	518 986	**-**	518 986
Net cash outflow from investing activities		**(20 692 843)**	(14 862 865)	**(1 810 618)**	(14 094 414)
Cash flows from financing activities					
Long term liabilities raised		**47 000 000**		**30 000 000**	-
Unsecured loans receivable repaid		**264 387**	266 384	**264 387**	266 384
Repayment of long term liabilities		**(22 320 056)**	(13 118 116)	**(2 423 623)**	-
Loans to subsidiary companies		**-**	-	**(7 960 856)**	(4 769 877)
Net cash inflow/(outflow) from financing activities		**24 944 331**	(12 851 732)	**19 879 908**	(4 503 493)
Net (decrease) /increase in cash and cash equivalents		**(64 254 852)**	57 192 872	**(58 847 165)**	56 397 887
Cash and cash equivalents at the beginning of the year		**(372 831 028)**	(430 023 900)	**(377 055 632)**	(433 453 519)
Cash and cash equivalents at the end of the year	13.3	**(437 085 880)**	(372 831 028)	**(435 902 797)**	(377 055 632)

Notes to the Financial Statements

for the year ended 31 March 2008

	Group 2008 E	Group 2007 E	Association 2008 E	Association 2007 E
1. Operating profit before financing after costs is arrived at after charging the following:				
Income				
Sundry income	**644 438**	16 500	**644 438**	16 500
Profit on currency realignment	**2 817 307**	2 201 668	**-**	150 876
Profit on sale of property and equipment	**58 111**	-	**58 111**	-
Expenses				
Loss on sale of property, plant and equipment	**-**	1 303	**-**	1303
Loss on currency realignment	**2 690 945**	5 023 882	**206 710**	-
Operating lease payments	**842 184**	765 615	**842 184**	765 615
Audit fees: current year	**536 309**	483 880	**504 809**	431 800
2. Net financing costs				
Finance income	**6 158 993**	4 729 914	**21 618 435**	16 434 311
Finance expense	**(91 777 745)**	(130 139 104)	**(84 904 734)**	(124 212 084)
	(85 618 752)	(125 409 190)	**(63 286 299)**	(107 777 773)
Included in net finance cost is: foreign exchange loss	**(4 426 039)**	(61 815 003)	**(4 426 039)**	(61 815 003)
3. Taxation				
Current year	**112 215**	203 284	**112 215**	203 284
Tax rate reconciliation				
Profit before taxation	**112 215**	203 284	**112 215**	203 284
Tax thereon at 30%	**33 665**	60 985	**33 665**	60 985
Non deductible expenses	**78 550**	142 299	**78 550**	142 299
	112 215	203 284	**112 215**	203 284

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

	Group		Association	
	2008	2007	**2008**	2007
	E	E	**E**	E
4. Property, plant and equipment				
Cost				
Freehold land and buildings	**12 398 035**	12 355 535	**12 398 035**	12 355 535
Leasehold land and buildings	**166 947**	166 947	**166 947**	166 947
Plant, machinery and computer equipment	**8 403 137**	7 585 202	**8 403 137**	7 585 202
Furniture and fittings	**1 521 234**	1 498 914	**1 521 234**	1 498 914
Motor vehicles	**2 385 463**	2 178 966	**1 875 205**	1 668 708
Conditioning silo buildings	**62 107 272**	62 107 272	**-**	-
Sugar store buildings	**77 722 219**	59 313 694	**-**	-
Molasses storage buildings	**1 371 928**	1 371 928	**-**	-
Conditioning silo equipment	**47 611 119**	47 430 665	**-**	-
Sugar store equipment	**37 252 468**	31 076 230	**-**	-
Molasses storage equipment	**22 457 501**	22 457 501	**-**	-
Work in progress	**314 469**	-	**314 469**	-
	273 711 792	247 542 854	**24 679 027**	23 275 306
Accumulated depreciation and impairment loss				
Freehold land and buildings	**7 510 550**	7 141 473	**7 510 550**	7 141 472
Leasehold land and buildings	**149 875**	147 949	**149 875**	147 949
Plant, machinery and computer equipment	**4 963 254**	4 455 120	**4 963 254**	4 455 120
Furniture and fittings	**629 950**	539 367	**629 950**	539 367
Motor vehicles	**886 014**	988 943	**783 963**	920 909
Conditioning silo buildings	**11 926 561**	10 508 677	**-**	-
Sugar store buildings	**14 583 493**	12 814 567	**-**	-
Molasses storage buildings	**1 317 096**	1 262 174	**-**	-
Conditioning silo equipment	**20 936 693**	18 698 606	**-**	-
Sugar store equipment	**13 641 504**	12 157 184	**-**	-
Molasses storage equipment	**8 611 234**	7 932 970	**-**	-
	85 156 224	76 647 030	**14 037 592**	13 204 817
Net book value				
Freehold land and buildings	**4 887 485**	5 214 062	**4 887 485**	5 214 063
Leasehold land and buildings	**17 072**	18 998	**17 072**	18 998
Plant, machinery and computer equipment	**3 439 883**	3 130 082	**3 439 883**	3 130 082
Furniture and fittings	**891 284**	959 547	**891 284**	959 547
Motor vehicles	**1 499 449**	1 190 023	**1 091 242**	747 799
Conditioning silo buildings	**50 180 711**	51 598 595	**-**	-
Sugar store buildings	**63 138 726**	46 499 027	**-**	-
Molasses storage buildings	**54 832**	109 754	**-**	-
Conditioning silo equipment	**26 674 426**	28 732 059	**-**	-
Sugar store equipment	**23 610 964**	18 919 046	**-**	-
Molasses storage equipment	**13 846 267**	14 524 531	**-**	-
Work in progress	**314 469**	-	**314 469**	-
	188 555 568	170 895 724	**10 641 435**	10 070 489

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

4. Property, plant and equipment (continued)

The transfer of freehold land at Mlawula, consisting of Portions 5 and 6 (portions of Portion 1) of Farm no 176 to Swaziland National Housing Board, has since been cancelled and ownership of the properties reverted to the Association. Freehold land at Mlawula consisting of Portion 10 of Farm 177, Lubombo District, is in the process of being transferred to the Association at cost. The land at Phuzumoya siding is let by the Trustees for the Swazi Nation to Swaziland Railway and sublet by Swaziland Railway to the Association. Both the lease and sublease expire on 31 December 2013. Swaziland Railway has entered into agreements with the Association to operate sidings at Phuzumoya and Mlawula. The agreements are for indefinite periods but may be terminated at six months notice by either party.

The sugar conditioning plant, molasses storage tanks and sugar warehouse at Ubombo are situated on land owned by Ubombo Sugar Limited and over which a subsidiary of the Association has been granted a servitude of right of use for a period of 100 years which commenced on 20 August 1994. Upon termination of the servitude Ubombo Sugar Limited has the option to purchase the plant at a price equal to the final cost of the plant, or to lease the plant at a rental to be agreed. The sugar conditioning plant, molasses storage tanks and sugar warehouse at Mhlume are situated on land sub-leased from Mhlume (Swaziland) Sugar Company Limited. The sub-lease endures until 8 September 2008. A subsidiary of the Association has the right to renew the sub-lease thereafter for a further period of twenty- five years. The warehouse and bagging plant at Simunye is situated on land to be sub-leased from the Royal Swaziland Sugar Corporation Limited. The sub-lease is still to be registered. Depreciation for the period has been charged as follows:

	Group		**Association**	
	2008	2007	**2008**	**2007**
	E	E	**E**	**E**
Direct cost of sales	**467 358**	466 766	**467 358**	466 766
Direct analysis of cane	**216 560**	173 481	**216 560**	173 481
Extension services	**281 014**	226 206	**281 014**	226 206
Administration	**332 496**	411 472	**332 852**	411 472
Operating expense	**7 676 775**	7 564 650	**-**	-
Total	**8 974 203**	8 842 575	**1 297 784**	1 277 925

Reconciliation of the opening carrying value and closing carrying amount

Association	**Opening net book value E**	**Additions E**	**Disposals E**	**Depre-ciation E**	**Closing net book value E**
Freehold land and buildings	5 214 063	42 500	-	(369 078)	4 887 485
Leasehold land and buildings	18 998	-	-	(1 926)	17 072
Motor vehicles	747 799	756 181	(165 991)	(246 747)	1 091 242
Furniture and fittings	959 547	35 500	(5 434)	(98 329)	891 284
Plant and equipment	3 130 082	901 120	(9 615)	(581 704)	3 439 883
Work in progress	-	314 469	-	-	314 469
	10 070 489	2 049 770	(181 040)	(1 297 784)	10 641 435

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

4. Property, plant and equipment (continued)

	Opening net book value E	Additions E	Disposals E	Depre-ciation E	Closing net book value E
Group					
Freehold land and buildings	5 214 062	42 500	-	(369 078)	4 887 484
Leasehold land and buildings	18 998	-	-	(1 926)	17 072
Plant and equipment	3 130 082	901 120	(9 615)	(581 704)	3 439 883
Furniture and fittings	959 547	35 500	(5 434)	(98 329)	891 284
Motor vehicles	1 190 023	756 181	(165 991)	(280 764)	1 499 449
Conditioning silo buildings	51 598 595	-	-	(1 417 884)	50 180 711
Sugar store buildings	46 499 027	18 408 625	-	(1 768 926)	63 138 726
Molasses storage buildings	109 754	-	-	(54 922)	54 832
Conditioning silo equipment	28 732 058	180 454	-	(2 238 086)	26 674 426
Sugar store equipment	18 919 046	6 176 238	-	(1 484 324)	23 610 960
Molasses storage equipment	14 524 532	-	-	(678 260)	13 846 272
Work in progress	-	314 469	-	-	314 469
	170 895 724	26 815 087	(181 040)	(8 974 203)	188 555 568

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

	Interest per annum	Group 2008 E	Group 2007 E	Association 2008 E	Association 2007 E
5. Unsecured loans receivable					
Ubombo Sugar Limited					
Repayable together with interest in nineteen equal annual instalments terminating 31 October 2008	10%	**-**	13 718	-	13 718
Repayable together with interest in eleven equal annual instalments terminating 1 January 2008	10%	**-**	2 372	**-**	2 372
Repayable together with interest in nineteen equal annual instalments terminating 30 April 2010	10%	**12 104**	15 433	**12 104**	15 433
		12 104	31 523	**12 104**	31 523
The Royal Swaziland Sugar Corporation Limited					
Repayable together with interest in eleven equal instalments terminating 1 September 2008	10%	**64 703**	77 377	**64 703**	77 377
Repayable together with interest in fifteen equal instalments terminating 1 June 2011	10%	**-**	17 069	**-**	17 069
Repayable together with interest in eleven equal annual instalments terminating 30 June 2016	10%	**187 645**	200 207	**187 645**	200 207
Balance carried forward		**252 348**	294 653	**252 348**	294 653

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

	Interest per annum	Group 2008 E	Group 2007 E	Association 2008 E	Association 2007 E
5. Unsecured loans receivable (continued)					
Balance brought forward		**252 348**	294 653	**252 348**	294 653
Repayable together with interest in eleven equal instalments terminating 1 November 2008	10%	**-**	1 410	**-**	1 410
Repayable together with interest in eleven equal instalments terminating 1 April 2009	10%	**123 657**	177 188	**123 657**	177 188
Repayable together with interest in eleven equal instalments terminating 1 February 2009	10%	**67 060**	128 023	**67 060**	128 023
Repayable together with interest in eleven equal instalments terminating 1 December 2009	10%	**79 984**	114 609	**79 984**	114 609
Repayable together with interest in eleven equal instalments terminating 1 December 2010	10%	**71 946**	91 706	**71 946**	91 706
Repayable together with interest in eleven equal instalments terminating 31 March 2016	10%	**157 395**	169 907	**157 395**	169 907
Repayable together with interest in eleven equal instalments terminating 31 March 2016	10%	**249 837**	269 698	**249 837**	269 698
		1 002 227	1 247 194	**1 002 227**	1 247 194
Total unsecured loans receivable		**1 014 331**	1 278 717	**1 014 331**	1 278 717
Current portion Deduct amounts due within one year disclosed as current assets		**(229 819)**	(241 814)	**(229 819)**	(241 814)
		784 512	1 036 903	**784 512**	1 036 903

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

	Group		Association	
	2008	2007	**2008**	**2007**
	E	E	**E**	**E**
6. Investments in subsidiary companies				
Shares in Swaziland Sugar Assets Limited - at cost		-	**100**	100
Shares in Sugar Assets (Mhlume) Limited - at cost		-	**100**	100
Shares in Sugar Assets (Simunye) Limited - at cost		-	**100**	100
Shares in Sugar Holding Company Limited - at cost		-	**100**	100
Shares in Commodity Marketing Company Limited – at cost		-	**100**	100
	-	-	**500**	500
Investments in jointly controlled entities				
Shares in Sociedade Terminal de Açucar de Maputo Limitada ("STAM")	**27 272 540**	28 218 777	**27 272 540**	28 218 777
Other Investments				
Italian Government Euro Bonds - at maturity value	**-**	4 435 653	**-**	-

A sinking fund has been established to account for the discount on the cost of the Italian Government Euro Bonds compared to the maturity values of these bonds. This discount will be released to income over the life of the bonds.

The subsidiary has provided a negative pledge over the Italian Government Euro bonds to secure the loan obtained from the European Investment Bank.

Deduct : Value of sinking fund	**-**	(305 999)	**-**	-
	-	4 129 654	**-**	-

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

	Group and Association 2008 E	2007 E
7. Inventories		
The following inventories were held by the Group:		
Measured at net realisable value		
Sugar stocks	**340 062 410**	283 909 139
Measured at cost		
Molasses stocks	**219 946**	185 885
Bags and liners	**11 331 018**	8 276 796
	351 613 374	292 371 820

	Group 2008 E	Group 2007 E	Association 2008 E	Association 2007 E
8. Trade and other receivables				
Trade receivables	**171 853 781**	92 175 297	**171 853 781**	89 483 220
Other receivables	**1 903 473**	1 602 077	**1 898 027**	4 288 708
	173 757 254	93 777 374	**173 751 808**	93 771 928
9. Loans to subsidiaries				
Loan to Swaziland Sugar Assets Limited	**-**	-	**22 777 010**	25 613 203
Loan to Sugar Assets (Simunye) Limited	**-**	-	**11 466 888**	(501 516)
Loan to Sugar Assets (Mhlume) Limited	**-**	-	**73 984 478**	75 155 834
	-	-	**108 228 376**	100 267 521

The loans attract interest at prime rate less 3% per annum, are unsecured and have no fixed terms of repayment.

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

	Group 2008 E	Group 2007 E	Association 2008 E	Association 2007 E
10. Non-distributable reserve				
Non distributable reserve	**13 022**	13 022	**13 022**	13 022
	13 022	13 022	**13 022**	13 022
11. Long term liabilities				
Loan from the European Investment Bank	**5 724 090**	8 631 540	**-**	-
Amounting to 4 500 000 Euros for the purpose of financing the construction of a bulk refined sugar conditioning plant. Swaziland Sugar Assets Limited will pay interest to the European Investment Bank on the outstanding balance of the loan at an annual rate of 3%. The loan will be repaid in ten equal annual instalments which commenced on 10 November 1999. Repayments will be funded out of Euro proceeds on maturities of the Italian Government Euro bonds which are due prior to the scheduled repayments of capital and interest.				
Less: Current portion transferred to current liabilities	**(5 724 090)**	(4 145 850)	**-**	-
	-	4 485 690		-
Loan from the European Investment Bank	**4 243 459**	6 395 971		-
Amounting to 3 000 000 Euros for the purposes of financing the construction of a bulk sugar conditioning tower, bagging and storage facility and warehouse. Sugar Assets (Mhlume) Limited will pay interest to the European Investment Bank on the outstanding balance of the loan at an annual rate of 3%. The loan will be repaid in nine equal annual instalments, which commenced on 1 December 2000.				
Less: Current portion transferred to current liabilities	**(4 243 459)**	(3 196 547)	**-**	-
	-	3 199 424	**-**	-
Balance carried forward	**-**	7 685 114	**-**	-

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

	Group 2008 E	Group 2007 E	Association 2008 E	Association 2007 E
11. Long term liabilities (continued)				
Balance brought forward	**-**	7 685 114	**-**	-
Loan from Nedbank (Swaziland) Limited	**27 576 377**	-	**27 576 377**	-
Amounting to E30 million for the purpose of financing the construction of the 4th tower at STAM. The loan will be repaid in monthly instalments of E681 279 commencing on 31 October 2007. Interest is calculated at a rate of prime less 1,75%.				
The loan is secured by an unlimited suretyship by Swaziland Sugar Association to meet the monthly repayment of the loan and cession of right over the assets financed.				
Less: current portion transferred to current liabilities	**(4 898 809)**	-	**(4 898 809)**	-
	22 677 568	-	**22 677 568**	-
Balance carried forward	**22 677 568**	7 685 114	**22 677 568**	-

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

	Group		Association	
	2008	2007	**2008**	2007
	E	E	**E**	E
11. Long term liabilities (continued)				
Balance brought forward	**22 677 568**	7 685 114	**22 677 568**	-
Loan from Standard Bank (Swaziland) Limited	**41 300 000**	53 100 000	**-**	-
Amounting to E59 million for the purpose of financing the Sugar Assets (Simunye) Limited loan owed to Swaziland Sugar Association. The loan will be repaid in ten six monthly instalments of E5,9 million commencing on 1 July 2006.				
Sugar Assets (Simunye) Limited will pay interest to Standard Bank (Swaziland) Limited on the outstanding balance of the loan at an annual rate of the prime rate less 1,48%.				
The loan is secured by an unlimited suretyship by Swaziland Sugar Association to meet the semi-annually repayment of the loan and a cession of right over the assets financed.				
Less: current portion transferred to current liabilities	**(11 800 000)**	(11 800 000)	**-**	-
	29 500 000	41 300 000	**-**	-
Balance carried forward	**52 177 568**	48 985 114	**22 677 568**	-

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

	Group		Association	
	2008	2007	**2008**	2007
	E	E	**E**	E
11. Long term liabilities (continued)				
Balance brought forward	**52 177 568**	48 985 114	**22 677 568**	-
Loan from Nedbank (Swaziland) Limited	**16 447 664**	-	**-**	-
Amounting to E17 million for the purpose of financing the upgrading of the sugar stores at Ubombo. The loan will be repaid in monthly instalments of E386 303 commencing on 31 January 2008. Interest is calculated at a rate of prime less 1,75%.				
The loan is secured by an unlimited suretyship by Swaziland Sugar Association to meet the monthly repayment of the loan and cession of right over the assets financed.				
Less: current portion transferred to current liabilities	**(4 635 635)**	-	**-**	-
	11 812 029	-	**-**	-
	63 989 597	48 985 114	**22 677 568**	-

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

	Current E	Within 2 years E	Within 3 years E	Thereafter E	Total E
11. Long term liabilities (continued)					
Debt repayment profile					
Group - 2008					
Short term borrowings					
Call loans	602 139 740	-	-	-	602 139 740
Long term liabilities					
European Investment Bank	9 967 549	-	-	-	9 967 549
Nedbank (Swaziland) Limited	9 534 444	9 534 444	9 534 444	15 420 709	44 024 041
Standard Bank (Swaziland) Limited	11 800 000	11 800 000	11 800 000	5 900 000	41 300 000
Loans other than call loans	31 301 993	21 334 444	21 334 444	21 320 709	95 291 590
	633 441 733	21 334 444	21 334 444	21 320 709	697 431 330
Group - 2007					
Short term borrowings					
Call loans	445 120 258	-	-	-	445 120 258
Long term liabilities					
European Investment Bank	7 342 397	7 685 114	-	-	15 027 511
Standard Bank (Swaziland) Limited	11 800 000	11 800 000	11 800 000	17 700 000	53 100 000
Loans other than call loans	19 142 397	19 485 114	11 800 000	17 700 000	68 127 511
	464 262 655	19 485 114	11 800 000	17 700 000	513 247 769

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

	Current E	Within 2 years E	Within 3 years E	Thereafter E	Total E
11. Long term liabilities (continued)					
Debt repayment profile					
Association - 2008					
Short term borrowings					
Call loans	600 805 308	-	-	-	600 805 308
Nedbank (Swaziland) Limited	4 898 809	4 898 809	4 898 809	12 879 950	27 576 377
	605 704 117	4 898 809	4 898 809	12 879 950	628 381 685
Association - 2007					
Short term borrowings					
Call loans	444 579 843	-	-	-	444 579 843
	444 579 843	-	-	-	444 579 843

	Group 2008 E	Group 2007 E	Association 2008 E	Association 2007 E
12. Trade and other payables				
Milling companies	**162 518 495**	105 427 171	**162 518 395**	105 426 771
Other creditors and accruals	**47 261 903**	44 095 574	**46 469 599**	43 306 568
	209 780 398	149 522 745	**208 987 994**	148 733 339

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

	Group 2008 E	Group 2007 E	Association 2008 E	Association 2007 E
13. Notes relating to the cash flow statements				
13.1 Reconciliation of profit before interest and tax to cash flows generated from operations:				
Profit before interest, tax and sugar export levy	**111 409 972**	151 256 133	**89 077 518**	133 624 716
Adjustment for non cash flow items:				
(Profit)/loss on disposal of property, plant and equipment	**(58 111)**	1 303	**(58 111)**	1 303
Amortisation of jointly controlled investment	**946 237**	608 533	**946 237**	608 533
Profit on disposal of investment	**-**	(455 835)	**-**	(455 835)
Depreciation	**8 974 206**	8 842 577	**1 297 784**	1 277 925
Unrealised foreign exchange loss on long term liabilities	**2 584 087**	5 023 882	**-**	-
Unrealised foreign exchange gain on investment	**(1 447 440)**	(2 050 792)	**-**	-
Transfer from Italian Government Euro Bonds sinking fund	**(405 853)**	(618 777)	**-**	-
	122 003 098	162 607 024	**91 263 428**	135 056 642
Adjustment for working capital changes:				
(Increase)/decrease in inventories	**(59 241 554)**	46 792 376	**(59 241 554)**	46 792 376
(Increase)/decrease in trade and other receivables	**(79 979 880)**	14 946 751	**(79 979 880)**	14 948 287
Increase in trade and other payables	**60 257 553**	11 715 659	**60 254 655**	11 711 413
	43 039 217	236 061 810	**12 296 649**	208 508 718

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

	Group 2008 E	Group 2007 E	Association 2008 E	Association 2007 E
13.2 Taxation paid				
Balance at 31 March 2007	**177 759**	76 232	**177 759**	76 232
Current year provision	**112 215**	203 284	**112 215**	203 284
Balance at 31 March 2008	**(42 173)**	(177 759)	**(42 173)**	(177 759)
	247 801	101 757	**247 801**	101 757
13.3 Cash and cash equivalents				
Bank balances and cash on hand	**165 053 860**	72 289 229	**164 902 511**	67 524 211
Bank overdrafts	**(602 139 740)**	(445 120 258)	**(600 805 308)**	(444 579 843)
	(437 085 880)	(372 831 029)	**(435 902 797)**	(377 055 632)
14. Lease commitments				
Future operating lease rentals of premises not provided for are as follows:				
Due within one year	**994 909**	904 462	**994 909**	904 462
Two to five years	**3 512 110**	4 206 569	**3 512 110**	4 206 569
	4 507 019	5 111 031	**4 507 019**	5 111 031

The Association has leased property, which it utilises as office. The lease period is for ten years, renewable. Lease instalments of E71 814 are payable monthly and are subject to an escalation clause of ten percent per annum, effective on the 1 July each year.

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

	Group and Association			
	2008		2007	
	US$	**EURO**	US$	EURO
15. Foreign currency				
The following balances are (payable) /receivable in foreign currency:				
Payable				
Included in trade payable:				
Sociedade Terminal de Maputo Limitada ("STAM")	**(105 317)**	**-**	(436 476)	-
	(105 317)	**-**	(436 476)	-
Included in long term liabilities				
Sugar Assets Limited	**-**	(450 000)	-	(900 000)
Sugar Assets (Mhlume) Limited	**-**	(333 600)	-	(666 900)
	-	(783 600)	-	(1 566 900)

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

	Group and Association				
	2008		2007		
	US$	**EURO**	US$	GBP	EURO
15. Foreign currency (continued)					
The following balances are (payable) /receivable in foreign currency:					
Included in bank balances					
Credit balances:					
Standard Bank Swaziland	**5 278 182**	**1 945 933**	1 242 152	-	-
Lombard	**-**	**-**	-	8 826	-
Foreign currency loans:					
Standard Bank foreign currency loans	**(1 832 761)**	**-**	-	-	-
First National Bank (Swaziland) Foreign currency loans	**(22 564)**	**-**	-	-	-
	3 422 857	**1 945 933**	1 242 152	8 826	-
Receivable					
Included in trade and other receivables	**1 695 699**	**6 689 578**	-	-	2 314 788
Included in investments					
Sugar Assets Limited	**-**	**462 500**	-	-	462 500

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

16. Retirement benefit information

The Group provides retirement benefits for all its permanent employees through a defined contribution fund known as the Swaziland Sugar Association Staff Provident Fund. In terms of the rules of the provident fund the employees contributes 5% - 6% and the employer contributes 11% - 12%. The Group contributed the following amount during the year:

	Group and Association	
	2008	2007
	E	E
Defined contributions	**1 474 388**	1 487 340

17. Financial instruments

Financial risk management

Overview

Financial assets of the Group include cash and cash equivalents, loans receivables, investments and trade and other receivables. Financial liabilities of the Group include loans and borrowings and trade and other payables. The Group enters into forward foreign exchange contracts and forward sugar pricing contracts in order to hedge its exposure to currency and pricing risks. The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included through these consolidated financial statements.

Council has overall responsibility for the establishment and oversight of the Group's risk management framework. Council has established an Audit Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to Council on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's financial risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee with the assistance of the internal auditors carries out the role of risk management. Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

17. Financial instruments (continued)
Financial risk management (continued)

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 43 (2007: 63) percent of the Group's revenue is attributable to sales transactions with 33 (2007: 34) customers, within the South African Customs Union ("SACU") market and 57 (2007: 37) percent of the Group's revenue is attributable from sales transactions with 23 (2007: 18) customers, within the regional and international markets. However, geographically the credit risk is mainly concentrated within the SACU market.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's credit terms are cash and where credit terms are extended, security is required. Purchase limits are established for each customer, in line with approved credit terms. These limits are reviewed regularly.

The majority of the Group's customers have been transacting with the Group for over five years, and losses have occurred infrequently. The Group requires bank guarantees in respect of trade and other receivables.

The Group provides an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Unsecured loans receivable
The Group limits its exposure to credit risk by only investing in secured investments and to a lesser extent unsecured investments. In the case of unsecured investments, such as unsecured loans receivable, the Group utilises the property associated with such an investment. Management does not expect any counterparty to fail to meet its obligations. Loans are receivable as follows:

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

17. Financial instruments (continued)
Financial risk management (continued)

Unsecured loans receivable (continued)

	Group and Association 2008	2007
Within one year of balance sheet date	**229 818**	241 814
More than one year and less than five years from balance sheet date	**441 562**	653 104
Five years or more from balance sheet date	**342 951**	383 799
	1 014 331	1 278 717

The interest rates and terms of repayment of loans receivable are disclosed in note 5 to the financial statements.

Guarantees
The Group's policy is to provide guarantees for loans extended only to its wholly-owned subsidiaries. At 31 March 2008, E67 715 213 was owing by the subsidiaries (2007: E68 127 511).

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and abnormal conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses zero based budgeting to establish its costs and periodically prepares management accounts and cash flow projections, which assists it in monitoring cash flow requirements. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. In addition, the Group maintains the following lines of credit:

E955 million (2007: E935 million) overdraft facility that is unsecured. Interest would be negotiated.

E95 million (2007: E68 million) in long term loans. Interest is payable at a rate linked to the prime rate.

Market risk
Market risk is the risk of changes in market prices, foreign exchange rates and interest rates which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage the exposure within acceptable parameters, while optimising the returns to the industry.

In order to manage market risk, the Group buys and sells derivatives in the ordinary course of business, and as such incurs financial liabilities. All such transactions are carried out within the guidelines set by the Finance Committee and approved by Council. Generally the Group seeks to manage volatility in profit or loss.

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

17. Financial instruments (continued)

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. These are primarily the Euro (€) and U.S. Dollars (USD) and to a lesser extent the Sterling (GBP).

The Group hedges most of its trade receivables denominated in foreign currency, by establishing forward exchange contracts against such sales. Where necessary, forward exchange contracts are rolled over at maturity. The Group has also hedged its foreign currency exposure in respect of borrowings by establishing a sinking fund investment. The Group entered into a transaction in terms of which a Euro denominated loan (refer note 11) was hedged through the purchase of Euro denominated Italian Government Zero Coupon Bonds (refer note 6). Both the loan and the bonds are stated in the financial statements at closing exchange rates at 31 March 2008.

Recognised assets and liabilities

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies and for which hedge accounting is applied are recognised as part of equity. Both the changes in fair value of the forward exchange contracts and the foreign exchange gains and losses relating to monetary items are recognised as part of net financing costs. The fair values of forward exchange contracts used as economic hedges of monetary assets and liabilities in foreign currencies at 31 March 2008 was E588 111 093 (2007: E357 997 972) recognised in fair value derivatives.

Amounts payable and receivable in foreign currency are set out in note 15 to the financial statements.

Forecasted transactions

The Group classifies its forward exchange contracts hedging forecasted transactions as cash flow hedges and measures them at fair value. The forward exchange contracts and forward exchange currency options at the end of the year were as follows:

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

17. Financial instruments (continued)

Forecasted transactions (continued)

	Group and Association	
	2008	2007
	US$	US$
Forward exchange cover		
Standard Bank Swaziland Limited	**2 075 593**	8 587 533
Nedbank (Swaziland) Limited	**11 469 600**	3 143 125
First National Bank (Swaziland) Limited	**45 127**	-
	13 590 320	11 730 658
Range forward cover		
Nedbank (Swaziland) Limited	**443 409**	5 539 929

	Euro	**Euro**
Forward exchange cover		
Standard Bank Swaziland Limited	**25 536 314**	5 863 608
Nedbank (Swaziland) Limited	**10 594 128**	18 514 970
	36 130 442	24 378 578

The principal amount of the Group's Euro bank loans, taken out by a subsidiary company, whose functional currency is Emalangeni, have been fully hedged using a sinking fund investment that matures at the same dates the loans are due for repayment.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group. This provides an economic hedge and no derivatives are entered into.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group's investment in STAM, a subsidiary based in Maputo, requires that transactions be paid for in foreign currencies. These are undertaken by buying foreign currencies at spot rates.

Interest rate risk

The Group adopts a policy of ensuring its exposure to changes in interest rates on borrowings is on a fixed rate basis, if this is going to be of financial benefit to the Group, otherwise interest rates are maintained as floating rates linked to prime rates.

The interest rates and terms of repayment of loans of the Group are disclosed in notes 5, 9 and 11 to the financial statements. Bank overdrafts bear interest at rates linked to the prime overdraft rate as applicable in Swaziland on a floating rate basis.

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

17. Financial instruments (continued)

Other market price risk
In order to mitigate the risk related to sugar prices in the regional market, the Price Risk Management Committee ("PRMC"), has a policy which enables it to enter into forward sugar sales pricing, on either the London Number 5 or New York Number 11.

Capital management
Council's policy is to maintain a sufficient working capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Council seeks to maintain a balance between the higher returns that might be possible with using long term funding as opposed to short term funding over long term projects. Short term funding is used to finance working capital. Council, for the subsidiary companies, seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. There were no changes in the Group's approach to capital management during the year. Neither the Association nor any of its subsidiaries are subject to externally imposed capital requirements.

Cash flow hedges

	Group		Association	
	2008	2007	**2008**	2007
	E	E	**E**	E
Net change in fair value of cash flow hedges transferred from equity finance income	**4 624 454**	728 374	**4 624 454**	728 374
	4 624 454	728 374	**4 624 454**	728 374

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

17. Financial instruments (continued)

	Group 2008 E	Group 2007 E	Association 2008 E	Association 2007 E
Finance income and expense				
Finance expense on financial liabilities				
Measured at amortised cost	**(87 351 706)**	(68 324 101)	**(75 262 993)**	(62 397 081)
Foreign exchange loss	**(4 426 039)**	(61 815 003)	**(9 641 741)**	(61 815 003)
Finance expenses	**(91 777 745)**	(130 139 104)	**(84 904 734)**	(124 212 084)
Finance income on financial assets				
Foreign exchange gain	**5 197 738**	-	**5 119 955**	**-**
Interest income on bank deposits	**961 255**	4 729 914	**555 412**	**3 969 891**
Interest income on loans originated by the Association	**-**	-	**15 943 068**	**12 464 420**
Finance income	**6 158 993**	4 729 914	**21 618 435**	**16 434 311**
Net finance costs	**(85 618 752)**	(125 409 190)	**(63 286 299)**	(107 777 773)

The above financial income and expenses include the following in respect of assets (liabilities) not at fair value through profit or loss:

	Group 2008 E	Group 2007 E	Association 2008 E	Association 2007 E
Total interest income on financial assets	**6 158 993**	4 729 914	**21 618 435**	**16 434 311**
Total interest expense on financial liabilities	**(91 777 745)**	(130 139 104)	**(84 904 734)**	(124 212 084)

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

17. Financial instruments (continued)

	Group		Association	
	2008	2007	**2008**	2007
	E	E	**E**	E
Recognised directly in equity				
Effective portion of changes in fair value of cash flow hedge	**35 146 040**	4 624 454	**35 146 040**	4 624 454
Fair value of cash flow hedges transferred to profit or loss	**(4 624 454)**	(728 374)	**(4 624 454)**	(728 374)
	30 521 586	3 896 080	**30 521 586**	3 896 080
Recognised in				
Hedging reserve	**35 146 040**	4 624 454	**35 146 040**	4 624 454
	35 146 040	4 624 454	**35 146 040**	4 624 454
Sinking fund investment				
Non-current investments				
Held-to-maturity investments	**-**	4 129 654	**-**	-
Current investments				
Derivatives used for hedging	**6 034 442**	4 765 018	**-**	-
	6 034 442	8 894 672	**-**	-

Held-to-maturity investments relate to sinking funds established to provide a natural hedge for a loan sourced in foreign currency. The investment matures on a yearly basis as the loan repayments become due.

The derivatives used for hedging represents an amount of Euro 462 500 (2007: Euro 462 500) that have matured from the investments which will be used to repay the foreign denominated loan.

Notes to the Financial Statements (continued)

for the year ended 31 March 2008

17. Financial instruments (continued)

	Group		Association	
	2008	2007	**2008**	2007
	E	E	**E**	E
Loans and borrowings				
This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.				
Non-current liabilities				
Unsecured bank loans	**68 989 597**	48 895 114	**22 677 568**	-
	68 989 597	48 895 114	**22 677 568**	-
Current liabilities				
Current portion of unsecured bank loans	**31 301 993**	19 142 397	**4 898 809**	5 282 551
Unsecured bank facility	**602 139 743**	445 120 258	**600 805 308**	444 579 843
	633 441 736	464 262 655	**605 704 117**	449 862 394