



Abridged Group Financial Statements

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Council Members' Responsibility Statement

for the year ended 31 March 2012

The Association's Council Members are responsible for the preparation and fair presentation of the abridged consolidated and separate financial statements. These comprise the statements of financial position at 31 March 2012, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and selected notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Swaziland Sugar Act of 1967.

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.

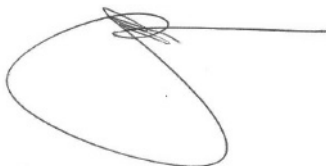
The Council Members' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

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 abridged consolidated and separate financial statements set out on pages 43-52 were approved by Council on 27 June 2012 and are signed on its behalf by:



President



Chief Executive Officer



Independent Auditor's Report on Abridged Group Financial Statements

To the members of the Swaziland Sugar Association

The accompanying abridged group financial statements of the Swaziland Sugar Association, which comprise the abridged group statement of financial position at 31 March 2012, and the related abridged group statements of comprehensive income changes in equity and cash flows for the year then ended and related notes, are derived from the group financial statements of the Swaziland Sugar Association for the year ended 31 March 2012. We expressed an unmodified opinion on those group financial statements in our auditor's report dated 27 June 2012.

The abridged group financial statements do not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the group financial statements of the Swaziland Sugar Association. Reading the abridged group financial statements, therefore, is not a substitute for reading the group financial statements.

Council's responsibility for the abridged group financial statements

The Council is responsible for the preparation of the abridged group financial statements on the basis described in note 1.

Auditor's responsibility

Our responsibility is to express an opinion on the abridged group financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810, Engagements to Report on Summary Financial Statements.

Opinion

In our opinion, the abridged group financial statements derived from the group financial statements of the Swaziland Sugar Association for the year ended 31 March 2012, are consistent, in all material respects, with those financial statements, on the basis described in Note 1.



KPMG Chartered Accountants (Swaziland)

Auditors

27 June 2012

Mbabane

Council Members' Report

for the year ended 31 March 2012

Business activities

The Association, which is established by an Act of Parliament, is involved in the purchasing and selling of sugar and molasses in Swaziland. The function of the Association under the Act is to also regulate the sugar industry.

General review of business operations and results

The state of affairs of the Association at 31 March 2012 and the results of its operations for the year then ended, are fully set out in these abridged group financial statements.

Results of operations

The Group recorded revenue of E3,1 billion (2011: E2,8 billion). The increase in revenue is mainly attributable to favourable selling prices and the weakening of the Rand/Lilangeni against export currencies. Distribution costs incurred during the year were E68,6 million (2011: E73,3 million). The decrease is in line with reduced sales volume as well as favourable freight rates.

Net financing costs, including foreign gains and losses, increased from E62,2 million in 2011 to E103,7 million. This is primarily a result of depreciation in the value of Lilangeni against export currencies. Foreign exchange losses incurred were E70,7 million compared to E24,1 million in the previous year.

Net cash flow hedges realised and transferred to the income statement relates to foreign gains that were recognised in equity in the previous financial year. SSA's policy is to apply hedge accounting in respect of forward exchange contracts outstanding at the year end and this income is released to the income statement as the underlying sale transactions occur.

Statement of financial position

The net book value of property, plant and equipment decreased from E189,6 million to E182,9 million in line with the depreciation charge for the year.

STAM decided that a portion of the investment be converted into a loan and be reimbursed to the shareholders. This portion of the investment is now being disclosed as a long term loan receivable. The current portion of this long term loan is E2,3 million.

Inventories increased from E196,2 million to E372,9 million as a result of increased closing stock quantities and better net realisable values compared to the previous year. Trade receivables increased by E86,2 million when compared with the previous year as a result of profit share income that was accrued for the year. Trade payables increased by E176,4 million as a result of amounts payable to the millers in the form of retained funds and amounts available for distribution.

Events subsequent to year end

No events occurred after the reporting date that would require adjustment to or additional disclosure in these abridged group financial statements.

Subsidiaries and joint-venture company

The Association has the following subsidiary companies:

Swaziland Sugar Assets Limited	100%
Sugar Assets (Mhlume) Limited	100%
Sugar Holding Company Limited	100%
Commodity Marketing Company Limited	100%
Sugar Assets (Simunye) Limited	100%



Council Members' Report (continued)

for the year ended 31 March 2012

The Association is involved in the following joint-venture company:

Sociedade Terminal de Açúcar De Maputo Lemitada 25%

Council

Members who were in office at the date of this report were as follows:

Mr N Jackson	President
Mr R Hulley	Vice President
Mr T Dlamini	Chairman

Mr E Ndzimandze

Mr B James

Mr E Nxumalo

Mr S Potts

Mr G White

Mr A Ngcobo

Mr J Hulley

Mr J Khumalo

Mr J Matimba

Mr A T Dlamini

Mr S Cleasby

Mr J Blumberg

Mr J M Sithebe

Mr G Scheepers

Mr S Geldenhuys

Mr M Mkhaliphi

Mr M Maziya

Mr M Mndzebele

Mr P Myeni

Mr J Shilubane

Resigned January 2012

Audit Committee

Members at the reporting date were as follows:

Mr J Hayter	(Resigned 13 March 2012)	Chairman
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Mr S Potts

Mr J Blumberg

Mr P Ginindza

Mr I Schei

Secretary

Mr B de Silva

Business address

Cnr Msakato & Dzeliwe Street

Mbabane

Postal address

P O Box 445

Mbabane

Statement of Comprehensive Income

for the year ended 31 March 2012

	Notes	Group		Association	
		2012 E	2011 E	2012 E	2011 E
Revenue	2	3 141 642 115	2 773 849 068	3 141 642 115	2 773 849 068
Cost of sales		(2 935 756 183)	(2 597 743 195)	(2 953 124 578)	(2 615 764 536)
Gross profit		205 885 932	176 105 873	188 517 537	158 084 532
Other income		4 489 968	175 159	4 489 968	175 159
Distribution costs		(68 615 928)	(73 316 361)	(68 615 928)	(73 316 361)
Administrative expenses		(47 739 836)	(40 708 135)	(46 883 426)	(39 881 424)
Operating profit before financing costs	3	94 020 136	62 256 536	77 508 151	45 061 906
Finance income		29 625 860	23 420 098	45 041 169	38 997 173
Finance expenses		(133 318 844)	(85 652 210)	(132 214 800)	(83 950 047)
Net financing costs		(103 692 984)	(62 232 112)	(87 173 631)	(44 952 874)
Share of profit of joint venture (net of tax)		7 368	84 608	-	-
(Loss)/profit before tax		(9 665 480)	109 032	(9 665 480)	109 032
Income tax expense		(481 404)	(109 032)	(481 404)	(109 032)
Loss for the year		(10 146 884)	-	(10 146 884)	-
Other comprehensive income					
Net cash flow hedges realised and transferred to profit and loss		10 146 884	-	10 146 884	-
Total comprehensive income for the year		-	-	-	-

The total comprehensive income of the group is attributed to the owners of the association.

Statement of Financial Position

at 31 March 2012

	Notes	Group		Association	
		2012 E	2011 E	2012 E	2011 E
ASSETS					
Non-current assets					
Property, plant and equipment	4	182 972 877	189 638 754	12 987 544	13 933 536
Unsecured loans receivable		293 106	373 143	293 106	373 143
Investment in subsidiaries		-	-	500	500
Jointly controlled entity		19 156 098	27 213 703	19 148 730	27 213 703
Loan due from jointly controlled entity		2 292 600	-	2 292 600	-
Total non-current assets		204 714 681	217 225 600	34 722 480	41 520 882
Current assets					
Loans to subsidiaries		-	-	166 883 791	161 279 155
Loans to jointly controlled entity		1 005 950	-	1 005 950	-
Unsecured loans receivable		72 369	76 678	72 369	76 678
Inventories	5	372 907 983	196 249 919	372 907 983	196 249 919
Trade and other receivables		192 526 063	106 354 490	192 526 063	106 354 490
Forward exchange contract asset		18 691 397	10 146 884	18 691 397	10 146 884
Cash and cash equivalents		96 787 212	36 072 482	96 787 212	36 072 482
Total current assets		681 990 974	348 900 453	848 874 765	510 179 608
Total assets		886 705 655	566 126 053	883 597 245	551 700 490
RESERVES AND LIABILITIES					
Non-distributable reserve		13 022	13 022	13 022	13 022
Cash flow hedge reserve		18 691 397	10 146 884	18 691 397	10 146 884
Total reserves and liabilities		18 704 419	10 159 906	18 704 419	10 159 906
Non-current liabilities					
Long term liabilities	6	250 000 000	6 013 378	250 000 000	3 179 920
Current liabilities					
Bank overdraft		343 005 103	190 021 673	343 005 103	190 021 673
Short term portion of fixed loan		-	250 000 000	-	250 000 000
Current portion of long-term liabilities	6	6 229 824	17 938 287	3 425 921	7 759 059
Trade and other payables		268 383 740	91 988 065	268 079 233	90 575 188
Taxation		382 569	4 744	382 569	4 744
Total current liabilities		618 001 236	549 952 769	614 892 826	538 360 664
Total liabilities		868 001 236	555 966 147	864 892 826	541 540 584
Total reserves and liabilities		886 705 655	566 126 053	883 597 245	551 700 490

Statement of Cash Flows

for the year ended 31 March 2012

Notes	Group		Association	
	2012 E	2011 E	2012 E	2011 E
Cash flows from operations				
Cash generated from operations	17 100 852	225 156 404	(7 082 443)	197 737 514
Net cash flow hedges realised and transferred to profit and loss	10 146 884	-	10 146 884	-
Interest received	29 625 860	23 420 098	45 041 169	38 997 173
Interest paid	(133 318 844)	(85 652 210)	(132 214 800)	(83 950 047)
Taxation paid	(103 579)	(145 703)	(103 579)	(145 703)
<i>Net cash flows from operations</i>	(76 548 827)	162 778 589	(84 212 769)	152 638 937
Cash flows from investing activities				
Acquisition of property, plant and equipment	(3 853 875)	(6 046 620)	(794 080)	(1 682 238)
Increase in loan due from jointly controlled entity	5 771 497	-	5 771 497	-
<i>Net cash flows from investing activities</i>	1 917 622	(6 046 620)	4 977 417	(1 682 238)
Cash flows from financing activities				
Unsecured loans receivable	84 346	107 396	84 346	107 396
Unsecured fixed term loan	250 000 000	-	250 000 000	-
Repayment of long term liabilities	(17 721 841)	(21 197 081)	(7 513 058)	(6 060 874)
Loans to subsidiary companies repaid	-	-	(5 604 636)	(9 360 937)
<i>Net cash flows from financing activities</i>	232 362 505	(21 089 685)	236 966 652	(15 314 415)
Net increase in cash and cash equivalents	157 731 300	135 642 284	157 731 300	135 642 284
Cash and cash equivalents at the beginning of the year	(403 949 191)	(539 591 475)	(403 949 191)	(539 591 475)
Cash and cash equivalents at the end of the year	(246 217 891)	(403 949 191)	(246 217 891)	(403 949 191)



Statement of Changes in Reserves

for the year ended 31 March 2012

	Non- Distributable Reserve E	Hedging reserve E	Total E
Group and Association 2012			
Balance at beginning of year	13 022	10 146 884	10 159 906
Net cash in fair value of cash flow hedges recognised during the year	-	(10 146 884)	(10 146 884)
Net change in fair value of cash flow hedges recognised during the year	-	18 691 397	18 691 397
Balance at end of year	13 022	18 691 397	18 704 419
Group and Association 2011			
Balance at beginning of year	13 022	-	13 022
Net change in fair value of cash flow hedges recognised during the year	-	10 146 884	10 146 884
Balance at end of year	13 022	10 146 884	10 159 906

Notes to the Abridged Audited Group Financial Statements

for the year ended 31 March 2012

1. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these abridged consolidated financial statements, and have been applied consistently by Group entities.

1.1 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 reporting 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. These foreign currency exchange differences are also recognised in profit or loss.

1.2 Inventories

Inventories of sugar and molasses on hand at year end are valued at the amounts distributable to the growers and millers in accordance with the final estimate. The final estimate which represents the amounts to be paid by the Association to growers and millers is considered to be the lower of cost and net realisable value and, is determined as the estimated selling price in the ordinary course of business, less estimated volume rebates, discounts, and point of sale costs.

Management's determination of the final estimate is based on the most reliable evidence available at reporting date.

Other stocks are valued at the lower of cost and net realisable value, on a first in - first out basis.

1.3 Revenue

i) Sugar and molasses sales

Revenue from the sale of sugar and molasses is recognised in the profit or loss 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.

ii) 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 profit or loss as a foreign currency gain or loss.

Notes to the Abridged Audited Group Financial Statements

for the year ended 31 March 2012 (continued)

	Group		Association	
	2012	2011	2012	2011
	E	E	E	E
2. Revenue				
Revenue comprises:				
Sugar sales	3 050 412 315	2 702 803 817	3 050 412 315	2 702 803 817
Molasses sales	91 229 800	71 045 251	91 229 800	71 045 251
	3 141 642 115	2 773 849 068	3 141 642 115	2 773 849 068
Sugar is sold in the South African Customs Union ("SACU"), and regional and international markets. Molasses is sold within the SACU market.				
3. Operating profit before financing costs is arrived at after charging the following:				
Income				
Sugar recoveries	3 440 481	-	3 440 481	-
Sundry income	1 049 487	175 159	1 049 487	175 159
Expenses				
Depreciation	10 519 752	10 278 169	1 740 072	1 658 562
Council's emoluments	-	-	-	-
Personnel expenses	28 112 630	25 324 953	28 112 630	25 324 953
Operating lease payments	1 127 896	1 027 081	1 127 896	1 027 081
Audit fees: Current year	127 994	189 763	127 994	189 763
Prior year	345 086	388 998	330 123	388 998

Notes to the Abridged Audited Group Financial Statements

for the year ended 31 March 2012 (continued)

4. Property, plant and equipment

Reconciliation of the opening carrying amount and closing carrying amount

	Opening carrying amount E	Additions E	Transfer E	Deprec- iation E	Closing carrying amount E
Association					
Freehold land and buildings	3 779 974	-	-	(364 419)	3 415 555
Leasehold land and buildings	11 294	-	-	(1 926)	9 368
Motor vehicles	635 112	268 028	-	(169 388)	733 752
Furniture and fittings	669 687	-	-	(66 994)	602 693
Plant and equipment	5 063 550	37 965	896 485	(1 137 345)	4 860 655
Capital work in progress	3 773 919	488 087	(896 485)	-	3 365 521
	13 933 536	794 080	-	(1 740 072)	12 987 544
Group					
Freehold land and buildings	3 779 974	-	-	(364 419)	3 415 555
Leasehold land and buildings	11 294	-	-	(1 926)	9 368
Plant and equipment	5 063 550	37 965	896 485	(1 137 345)	4 860 655
Furniture and fittings	669 687	-	-	(66 994)	602 693
Motor vehicles	941 275	268 030	-	(203 424)	1 005 881
Conditioning silo buildings	46 292 614	-	-	(1 530 410)	44 762 204
Sugar store buildings	64 824 510	1 047 344	1 801 857	(2 223 240)	65 450 471
Conditioning silo equipment	19 859 567	454 863	-	(2 309 414)	18 005 016
Sugar store equipment	30 237 364	1 252 342	292 200	(2 154 293)	29 627 613
Molasses storage equipment	11 991 475	-	-	(528 287)	11 463 188
Capital work in progress	5 967 444	793 331	(2 990 542)	-	3 770 233
	189 638 754	3 853 875	-	(10 519 752)	182 972 877

Notes to the Abridged Audited Group Financial Statements

for the year ended 31 March 2012 (continued)

	Group		Association	
	2012	2011	2012	2011
	E	E	E	E
5. Long term liabilities				
This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.				
Loan from Nedbank (Swaziland) Limited	3 425 921	10 938 979	3 425 921	10 938 979
Loan from Standard Bank Swaziland Limited	-	5 900 000	-	-
Loan from Nedbank (Swaziland) Limited	2 803 903	7 112 686	-	-
Public Service Pension Fund	250 000 000	-	-	-
Total liabilities	256 229 824	23 951 665	3 425 921	10 938 979
Current portion included in current liabilities	(6 229 824)	(17 938 287)	(3 425 921)	(7 759 059)
Non-current portion	250 000 000	6 013 378	-	3 179 920
Repayment profile				
Current	6 229 824	17 938 287	3 425 921	7 759 059
Within 2 years	250 000 000	6 013 378	-	3 179 920
More than 2 years	-	-	-	-
	256 229 824	23 951 665	3 425 921	10 938 979