THE SWAZILAND SUGAR ASSOCIATION

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
for the year ended 31 March 2013

THE SWAZILAND SUGAR ASSOCIATION

GROUP FINANCIAL STATEMENTS
for the year ended 31 March 2013

Contents	**Page**

THE SWAZILAND SUGAR ASSOCIATION

COUNCIL MEMBERS' RESPONSIBILITY STATEMENT
for the year ended 31 March 2013

Council Members' responsibility statement for the consolidated financial statements

The Association's Council Members are responsible for the preparation and fair presentation of the consolidated and separate financial statements of The Swaziland Sugar Association, comprising the statements of financial position at 31 March 2013, the statements of comprehensive income, changes in reserves and cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Swaziland Sugar Act of 1967, as set out on pages 5 to 67.

The Council Members are also responsible for such internal control as the Council Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for 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 and its subsidiaries' ability to continue as going concerns and have no reason to believe the business' will not be a going concerns 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 as set out above were approved by the Council Members on 4 July 2013 and are signed on its behalf by:

J Hulley	Dr M S Matsebula
President	**Chief Executive Officer**

Independent Auditors' Report

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 statements of financial position at 31 March 2013, and the statements of comprehensive income, changes in reserves and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, and the Council Members' report, as set out on pages 5 to 67.

Council's responsibility for the financial statements

The Association's council members are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Swaziland Sugar Act of 1967, and for such internal control as the Council Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of The Swaziland Sugar Association at 31 March 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Swaziland Sugar Act of 1967.

KPMG Chartered Accountants (Swaziland)
Auditors

4 July 2013
Mbabane

COUNCIL MEMBERS' REPORT

for the year ended 31 March 2013

Council has pleasure in submitting their report together with the consolidated and separate financial statements of the Association for the financial year ended 31 March 2013.

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 2013 and the results of its operations for the year then ended, are fully set out in these financial statements.

Results of operations

The Group recorded revenue of E4.02 billion (2012: E3.14 billion). The increase in revenue is mainly attributable to favourable selling prices, the weakening of the Rand/Lilangeni against export currencies and increased sales volume. The cost of sales increased from E2.94 billion to E3.77 billion in line with increased sales volume. Profits that are made by the Association are distributed in full back to the millers and growers and form part of the cost of sales. Distribution costs incurred during the year were E62.19 million (2012: E68.62 million). The decrease is mainly as a result of favourable freight rates.

Net financing costs, including foreign gains and losses, increased from E147.29 million in 2012 to E162.38 million. This is primarily a result of the depreciation in the value of the Lilangeni against export currencies. Foreign exchange losses incurred were E82.32 million compared to E70.70 million in the previous year. Interest paid also increased from E62.65 million to E83.29 million as a result of increased sugar price payments and increased production when compared to the previous year.

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

Consolidated statement of financial position

The carrying value of property, plant and equipment decreased from E182.97 million to E176.96 million in line with the depreciation charge for the year.

During the previous year the quota holders of Sociedade Terminal de Açucar De Maputo Lemitada ("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 E1.01 million.

Inventories increased from E372.91 million to E657.14 million as a result of increased stock quantities on hand at year end coupled with better net realisable values compared to the previous year. Trade receivables increased by E68.06 million when compared with the previous year as a result of higher sales that occurred at the end of the financial year. Trade payables decreased by E22.51 million as a result of a reduction in millers' retentions at year end.

At year end the Association was in a net current liability position. Subsequent to year end management have renegotiated the terms of repayment of the Public Services Pension Fund loan. The loan is now repayable on 31 July 2015, an extension of 24 months. The re-classification of the loan from current to non-current would have the effect of returning the Association to a net current asset position at the date of this report.

COUNCIL MEMBERS' REPORT
for the year ended 31 March 2013 (continued)

Events subsequent to year end

No events occurred after the reporting date that would require adjustment to or additional disclosure in these 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%

The Association is involved in the following joint venture company:

Sociedade Terminal de Açucar De Maputo Lemitada	25%

Council

Council is the highest governing body of the Association. Council comprises an equal number of representatives from the Swaziland Millers Association and the Swaziland Cane Growers Association. The Chairperson is an independent non-executive member. Council members in office at the reporting date were as follows:

Mr R Hulley	President
Mr J Hulley	Vice President
Mr T Dlamini	Chairman
Mr N Jackson	
Mr E Ndzimandze	
Mr B James	
Mr E Nxumalo	Resigned: 30 September 2012
Mr S Potts	
Mr G White	
Mr A Ngcobo	Resigned: 30 September 2012
Mr J Khumalo	
Mr J Matimba	Resigned: 30 September 2012
Mr A T Dlamini	
Mr S Cleasby	Resigned: 31 December 2012
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	
Ms S M Magagula	Appointed: 30 September 2012
Mr G Williams	Appointed: 30 September 2012

COUNCIL MEMBERS' REPORT
for the year ended 31 March 2013 (continued)

Marketing Executive Committee

The Marketing Executive Committee ("MEC") is a sub-committee of Council and is responsible for the marketing of sugar and molasses. The committee is chaired by an independent non-executive member. MEC members in office at the reporting date were as follows:

Mr T Dlamini	Chairman
Mr G White	
Mr E Nxumalo	
Mr E Ndzimandze	
Mr J Hulley	
Mr P Ginindza	
Mr A T Dlamini	
Mr M Mkhaliphi	
Mr G Scheepers	
Mr S Geldenhuys	
Mr N Jackson	
Mr S Cleasby	Resigned: 31 December 2012
Mr J M Sithebe	
Mr J Blumberg	
Mr M Maziya	
Mr S Potts	
Mr R Hulley	
Mr G Williams	Appointed: 31 December 2012

Finance Committee

The Finance Committee is a sub-committee of Council and is responsible for overseeing the financial management of the Association. The committee is chaired by an executive member and its members at the reporting date were as follows:

Dr M Matsebula	Chairman
Mr S Potts	
Mr J Blumberg	
Mr P Ginindza	
Mr I Schei	
Mr A Ngcobo	
Mr J Gule	Resigned: 30 September 2012
Ms S M Magagula	Appointed: 30 September 2012

COUNCIL MEMBERS' REPORT
for the year ended 31 March 2013 (continued)

Audit committee

The Audit Committee is a sub-committee of Council. The Committee is responsible for overseeing the overall risks of the Association and ensuring that adequate controls are in place to mitigate identified risks. The committee is chaired by an independent non-executive member. Members of the Audit Committee at the reporting date were as follows:

Mr B Mhlongo	Chairman	appointed 27 June 2012
Mr S Potts		
Mr J Blumberg		
Mr P Ginindza		
Mr I Schei		

Secretary

Mr B de Silva

Business address	*Postal address*
Cnr Msakato & Dzeliwe Street	P O Box 445
Mbabane	Mbabane

THE SWAZILAND SUGAR ASSOCIATION

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 March 2013

		Group		Association	
	Notes	**2013**	2012	**2013**	2012
		E	E	**E**	E
Revenue	6	**4 020 171 682**	3 141 642 115	**4 020 171 682**	3 141 642 115
Cost of sales		**(3 764 484 944)**	(2 935 756 183)	**(3 781 675 285)**	(2 953 124 578)
Gross profit		**255 686 738**	205 885 932	**238 496 397**	188 517 537
Other income		**6 880 645**	4 489 968	**6 880 645**	4 489 968
Distribution costs		**(62 194 018)**	(68 615 928)	**(62 194 018)**	(68 615 928)
Administrative expenses		**(55 534 424)**	(47 739 836)	**(54 620 824)**	(46 883 426)
Operating profit before financing costs	7	**144 838 941**	94 020 136	**128 562 200**	77 508 151
Finance income		**40 615 226**	39 772 744	**55 540 656**	55 188 053
Finance expense		**(184 307 043)**	(133 318 844)	**(184 137 949)**	(132 214 800)
Net financing costs	8	**(143 691 817)**	(93 546 100)	**(128 597 293)**	(77 026 747)
Share of (loss) profit of joint venture (net of tax)		**(1 182 217)**	7 368	**-**	-
Profit before tax		**(35 093)**	481 404	**(35 093)**	481 404
Income tax expense	9	**35 093**	(481 404)	**35 093**	(481 404)
Profit for the year		**-**	-	**-**	-
Other comprehensive income					
Unrealised cash flow hedges	25	**3 615 522**	18 691 397	**3 615 522**	18 691 397
Total comprehensive income for the year		**3 615 522**	18 691 397	**3 615 522**	18 691 397

Profit for the year is attributable to members of the Association

Total comprehensive income of the group is attributed to the members of the Association.

THE SWAZILAND SUGAR ASSOCIATION

STATEMENTS OF FINANCIAL POSITION
at 31 March 2013

		Group		Association	
	Notes	**2013**	2012	**2013**	2012
		E	E	**E**	E
ASSETS					
Non-current assets					
Property, plant and equipment	10	**176 959 356**	182 972 875	**12 988 541**	12 987 544
Unsecured loans receivable	11	**213 499**	293 106	**213 499**	293 106
Investment in subsidiaries	12	**-**	-	**500**	500
Jointly controlled entity	12	**18 269 405**	19 156 098	**19 451 622**	19 148 730
Loan to jointly controlled entity	12	**-**	2 292 600	**-**	2 292 600
Total non-current assets		**195 442 260**	204 714 679	**32 654 162**	34 722 480
Current assets					
Loans to subsidiaries	15	**-**	-	**163 342 002**	166 883 791
Current portion of loan to jointly controlled entity	12	**1 007 881**	1 005 950	**1 007 881**	1 005 950
Unsecured loans receivable	11	**79 607**	72 369	**79 607**	72 369
Inventories	13	**657 141 535**	372 907 983	**657 141 535**	372 907 983
Trade and other receivables	14	**260 594 138**	192 526 063	**260 593 938**	192 526 063
Other financial assets	25	**3 615 522**	18 691 397	**3 615 522**	18 691 397
Cash and cash equivalents	19.3	**53 857 671**	96 787 212	**53 857 671**	96 787 212
Total current assets		**976 296 354**	681 990 974	**1 139 638 156**	848 874 765
Total assets		**1 171 738 614**	886 705 653	**1 172 292 318**	883 597 245
RESERVES AND LIABILITIES					
Non-distributable reserve	16	**13 022**	13 022	**13 022**	13 022
Cash flow hedge reserve	25	**3 615 522**	18 691 397	**3 615 522**	18 691 397
Total reserves and liabilities		**3 628 544**	18 704 419	**3 628 544**	18 704 419
Non-current liabilities					
Long term liabilities	17	**-**	250 000 000	**-**	250 000 000
Current liabilities					
Bank overdraft	19.3	**673 279 104**	343 005 103	**673 279 104**	343 005 103
Current portion of fixed loan	17	**250 000 000**	-	**250 000 000**	-
Current portion of long-term liabilities	17	**-**	6 229 824	**-**	3 425 921
Trade and other payables	18	**244 691 770**	268 383 738	**245 245 474**	268 079 233
Taxation	19.2	**139 196**	382 569	**139 196**	382 569
Total current liabilities		**1 168 110 070**	618 001 234	**1 168 663 774**	614 892 826
Total liabilities		**1 168 110 070**	868 001 234	**1 168 663 774**	864 892 826
Total reserves and liabilities		**1 171 738 614**	886 705 653	**1 172 292 318**	883 597 245

STATEMENTS OF CASH FLOWS
for the year ended 31 March 2013

	Notes	Group 2013 E	Group 2012 E	Association 2013 E	Association 2012 E
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	19.1	**(235 669 675)**	(20 717 935)	**(244 898 097)**	(44 901 230)
Interest received		**55 540 656**	39 772 744	**55 540 656**	55 188 053
Interest paid		**(184 137 949)**	(95 500 057)	**(184 137 949)**	(94 396 013)
Taxation paid	19.2	**(278 466)**	(103 579)	**(278 466)**	(103 579)
Net cash flows from operating activities		**(364 545 434)**	(76 548 827)	**(373 773 856)**	(84 212 769)
Cash flows from investing activities					
Increase in investment in jointly controlled entity		**(295 524)**	-	**(302 892)**	-
Acquisition of property, plant and equipment		**(4 810 908)**	(3 853 875)	**(1 920 810)**	(794 080)
Decrease in loan due from jointly controlled entity		**2 290 669**	5 771 497	**2 290 669**	5 771 497
Proceeds from the sale of property, plant and equipment		**315 110**	-	**315 110**	-
Net cash flows from investing activities		**(2 500 653)**	1 917 622	**382 077**	4 977 417
Cash flows from financing activities					
Decrease in unsecured loans receivable		**72 369**	84 346	**72 369**	84 346
Unsecured fixed term loan received		**-**	250 000 000	**-**	250 000 000
Repayment of long term liabilities		**(6 229 824)**	(17 721 841)	**(3 425 921)**	(7 513 058)
Loans to subsidiary companies repaid / (advanced)		**-**	-	**3 541 789**	(5 604 636)
Net cash flows from financing activities		**(6 157 455)**	232 362 505	**188 237**	236 966 652
Net (decrease)/increase in cash and cash equivalents		**(373 203 542)**	157 731 300	**(373 203 542)**	157 731 300
Cash and cash equivalents at the beginning of the year		**(246 217 891)**	(403 949 191)	**(246 217 891)**	(403 949 191)
Cash and cash equivalents at the end of the year	19.3	**(619 421 433)**	(246 217 891)	**(619 421 433)**	(246 217 891)

STATEMENTS OF CHANGES IN RESERVES
for the year ended 31 March 2013

	Non-distributable reserve E	Hedging reserve E	Total E
Group and Association 2013			
Balance at beginning of year	**13 022**	**18 691 397**	**18 704 419**
Cash flow hedges realised and reclassified to profit or loss	**-**	**(18 691 397)**	**(18 691 397)**
Unrealised cash flow hedge recognised in other comprehensive income	**-**	**3 615 522**	**3 615 522**
Balance at end of year	**13 022**	**3 615 522**	**3 628 544**
Group and Association 2012			
Balance at beginning of year	13 022	10 146 884	10 159 906
Cash flow hedges realised and reclassified to profit or loss	-	(10 146 884)	(10 146 884)
Unrealised cash flow hedge recognised in other comprehensive income	-	18 691 397	18 691 397
Balance at end of year	13 022	18 691 397	18 704 419

1. Reporting entity

The 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 as at and for the year ended 31 March 2013 cover the activities of 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 purchasing and selling sugar and molasses in Swaziland. Amounts realised from the sale of sugar and molasses stocks are distributed to growers and millers.

2. Basis of preparation

a) 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), 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.

b) Basis of measurement

The consolidated and separate financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

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

c) 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.

d) 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:

- note 28 : provisions and contingencies
- notes 11, 14, 15, 17, 18, 25 : valuation of financial instruments
- note 20 : lease classification
- note 13 : valuation of sugar and molasses stocks
- note 10 : useful lives and residual values

d) Change in accounting policies

There were no changes to accounting policies during the year under review.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013 (continued)

3. Significant accounting policies

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

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are those 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 financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated.

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

	2013 *Control*	**2012** *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 ventures

Joint ventures are those entities over whose activities the Group has joint control, established by a contractual agreement. The consolidated 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:

	2013 *Share*	**2012** *Share*
Sociedade Terminal De Açucar De Maputo Limatada ("STAM")	25%	25%

3. Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

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 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.

3.2 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 the reporting 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 that are measured at fair value in foreign currencies 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.

3.3 Financial instruments

Financial assets include cash and cash equivalents, trade and other receivables, forward exchange contract assets, loans to subsidiaries and unsecured loans receivable.

Financial liabilities include bank overdrafts, long-term liabilities and trade and other payables. All financial liabilities are recognised initially at fair value, in the case of a financial liability at fair value through profit or loss, plus any directly attributable transaction costs.

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

3. Significant accounting policies (continued)

3.3 Financial instruments (continued)

i) Non-derivative financial assets

A financial asset 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.

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.

Subsequent to initial recognition non-derivative financial assets are measured as described 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. Subsequent to initial recognition held to maturity investments are measured at amortised cost using the effective interest method, less impairment losses.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as a held for trading or is designated as such upon initial recognition. Financial assets are recognised initially at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit and loss are measured at fair value and changes therein are recognised in profit or loss.

3. Significant accounting policies (continued)

3.3 Financial instruments (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method less any impairment losses.

Loans and receivables comprise unsecured loans receivable, loans to subsidiaries, cash and cash equivalents and trade and other receivables.

ii) Non-derivative financial liabilities

The Group initially recognises a financial liability when it becomes party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: long term liabilities, bank overdrafts, and trade and other payables.

Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

3. Significant accounting policies (continued)

3.3 Financial instruments (continued)

iii) Derivative financial instruments (continued)

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability of a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

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. 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.

3. Significant accounting policies (continued)

3.4 Impairment

i) Non-derivative financial assets

A financial asset not measured at fair value through profit or loss 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, that can be estimated reliably. Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers and economic conditions that correlate with defaults.

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 financial asset's original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in 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, the reversal is recognised in profit or loss.

ii) 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.

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.

3. Significant accounting policies (continued)

3.5 Employee benefits

i) 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 in the periods during which services are rendered by employees.

ii) 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.

iii) Short term benefits

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

A liability is recognised for the amount expected to be paid under short term cash bonus plans, 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.

3. Significant accounting policies (continued)

3.6 Income tax

The income tax expense comprises current tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities is a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.7 Inventories

Inventories of sugar and molasses on hand at the 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.

3. Significant accounting policies (continued)

3.8 Investments

Investments are shown at cost less impairment losses in the Association's separate financial statements, and comprise investments in subsidiaries and jointly controlled entities.

3.9 Leases

i) 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 statement of financial position by recording an asset and liability equal to the lower of its fair value and 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.

ii) 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 statement of comprehensive income as an integral part of the total lease payments made.

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

3.10 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, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. 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.

3. Significant accounting policies (continued)

3.11 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.

3.12 Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated 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 and capitalised borrowing costs.

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 and are recognised in profit or loss.

3. Significant accounting policies (continued)

3.12 Property, plant and equipment (continued)

ii) 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 and on a straight line basis at the rate considered appropriate to reduce the carrying value of their useful lives. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if appropriate.

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

	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

iii) 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.

3. Significant accounting policies (continued)

3.13 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.

3.14 Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event that can be reliably measured 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.

4. New standards and interpretations not yet adopted

At the date of authorisation of the financial statements of The Swaziland Sugar Association for the year ended 31 March 2013, the following Standards and Interpretations were in issue but not yet effective:

Effective for the financial year commencing 1 April 2013

- IAS 1 amendment *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*
- IFRS 1 amendment *Government Loans*
- IFRS 7 amendment *Disclosures – Offsetting Financial Assets and Financial Liabilities*
- IFRS 10 *Consolidated Financial Statements*
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 10, IFRS 11 and IFRS 12 amendment Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- IFRS 13 Fair Value Measurement
- IAS 19 (amendments) Employee Benefits: Defined Benefit Plans
- IAS 27 Separate Financial Statements (2011)
- IAS 28 Investments in Associates and Joint Ventures (2011)

Effective for the financial year commencing 1 April 2014

- IAS 32 Offsetting Financial Assets and Financial Liabilities
- IFRS 10, IFRS 12 and IAS 27 amendment Investment entities

Effective for the financial year commencing 1 April 2015

- IFRS 9 Financial Instruments

* All Standards and Interpretations will be adopted at their effective date, except for those Standards and Interpretations that are not applicable to the entity.

4. New standards and interpretations not yet adopted (continued)

IFRS 1, IAS 12 amendment, IAS 19 amendment, IFRS 1 amendment for Government loans, and IFRIC 20 are not applicable to the business of the entity and will therefore have no impact on future financial statements.

The impact of the remaining statements on the financial statements has not yet been estimated.

5. 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.

Forward exchange contracts

The fair value of forward exchange contracts is based on their listed market price if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value is determined for disclosure purposes.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013 (continued)

	Group		Association	
	2013	2012	**2013**	2012
	E	E	**E**	E
6. Revenue				
Revenue comprises:				
- Sugar sales	**3 914 762 049**	3 050 412 315	**3 914 762 049**	3 050 412 315
- Molasses sales	**105 409 633**	91 229 800	**105 409 633**	91 229 800
	4 020 171 682	3 141 642 115	**4 020 171 682**	3 141 642 115

Sugar is sold into the South African Customs Union ("SACU"), regional and international markets. Molasses is sold within the SACU market. The percentage analysis of revenue by market is provided in note 23.

7. Operating profit before financing costs

Operating profit before financing costs is arrived at after charging (crediting) the following:

	Group 2013 E	Group 2012 E	Association 2013 E	Association 2012 E
Income:				
Sugar recoveries	**6 485 013**	3 440 481	**6 485 013**	3 440 481
Profit on sale of property, plant and equipment	**171 032**	-	**171 032**	-
Expenses:				
Auditors remuneration				
- Current year	**122 000**	127 994	**122 000**	127 994
- Prior year	**430 205**	345 086	**430 205**	330 123
Council emoluments	**-**	-	**-**	-
Depreciation	**10 680 347**	10 519 752	**1 775 735**	1 740 072
Lease expenses	**1 377 373**	1 127 896	**1 377 373**	1 127 896
Management fees				
- Computer related	**70 420**	56 108	**70 420**	56 108
Payroll costs	**20 345 184**	16 528 873	**20 345 184**	16 528 873

8. Net financing costs

	Group 2013 E	Group 2012 E	Association 2013 E	Association 2012 E
Included in net finance cost are:				
Unrealised foreign exchange gains	**18 691 397**	10 146 884	**18 691 397**	10 146 884
Realised foreign exchange losses	**(60 432 056)**	(37 818 787)	**(60 432 056)**	(37 818 787)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013 (continued)

		Group		Association	
		2013	2012	**2013**	2012
		E	E	**E**	E
9.	**Income tax expense**				
	Tax recognised in profit or loss				
	Current year charge	**(238 032)**	(127 984)	**(238 032)**	(127 984)
	Prior year over / (under) provision	**273 125**	(353 420)	**273 125**	(353 420)
		35 093	(481 404)	**35 093**	(481 404)
	Tax rate reconciliation				
	(Loss) / Profit before taxation	**(35 093)**	481 404	**(35 093)**	481 404
	Tax thereon at 30%	**10 528**	(144 421)	**10 528**	(144 421)
	Non deductible expenses	**(248 560)**	16 437	**(248 560)**	16 437
	Prior year over / under provision	**273 125**	(353 420)	**273 125**	(353 420)
		35 093	(481 404)	**35 093**	(481 404)
10.	**Property, plant and equipment**				
	Cost				
	Freehold land and buildings	**12 398 035**	12 398 035	**12 398 035**	12 398 035
	Leasehold land and buildings	**166 947**	166 947	**166 947**	166 947
	Plant, machinery and computer equipment	**13 845 319**	13 405 915	**13 845 319**	13 405 915
	Furniture and fittings	**1 563 466**	1 540 430	**1 563 466**	1 540 430
	Motor vehicles	**3 208 965**	2 586 156	**2 698 707**	2 075 896
	Conditioning silo buildings	**63 380 195**	62 612 107	**-**	-
	Sugar store buildings	**89 807 023**	88 719 649	-	-
	Molasses storage buildings	**1 371 928**	1 371 928	-	-
	Conditioning silo equipment	**48 065 982**	48 065 982	-	-
	Sugar store equipment	**52 682 171**	51 342 294	-	-
	Molasses storage equipment	**22 457 501**	22 457 501	-	-
	Capital work in progress	**3 412 954**	3 770 232	**3 313 483**	3 365 521
		312 360 486	308 437 176	**33 985 957**	32 952 744
	Accumulated depreciation				
	Freehold land and buildings	**(9 346 497)**	(8 982 480)	**(9 346 497)**	(8 982 480)
	Leasehold land and buildings	**(159 505)**	(157 579)	**(159 503)**	(157 579)
	Plant, machinery and computer equipment	**(9 519 449)**	(8 545 260)	**(9 519 447)**	(8 545 260)
	Furniture and fittings	**(999 753)**	(937 737)	**(999 753)**	(937 737)
	Motor vehicles	**(1 244 376)**	(1 580 276)	**(972 212)**	(1 342 144)
	Conditioning silo buildings	**(19 380 313)**	(17 849 903)	**-**	-
	Sugar store buildings	**(25 530 771)**	(23 255 410)	-	-
	Molasses storage buildings	**(1 371 928)**	(1 371 928)	-	-
	Conditioning silo equipment	**(32 381 751)**	(30 060 966)	-	-
	Sugar store equipment	**(23 944 185)**	(21 728 449)	-	-
	Molasses storage equipment	**(11 522 602)**	(10 994 313)	-	-
		(135 401 130)	(125 464 301)	**(20 997 412)**	(19 965 200)

10. Property, plant and equipment (continued)

	Group		Association	
	2013	2012	**2013**	2012
	E	E	**E**	E
Carrying amount				
Freehold land and buildings	**3 051 538**	3 415 555	**3 051 538**	3 415 555
Leasehold land and buildings	**7 442**	9 368	**7 442**	9 368
Plant, machinery and computer equipment	**4 325 870**	4 860 655	**4 325 870**	4 860 655
Furniture and fittings	**563 713**	602 693	**563 713**	602 693
Motor vehicles	**1 964 589**	1 005 880	**1 726 495**	733 752
Conditioning silo buildings	**43 999 882**	44 762 204	**-**	-
Sugar store buildings	**64 276 252**	65 464 239	**-**	-
Molasses storage buildings	**-**	-	**-**	-
Conditioning silo equipment	**15 684 231**	18 005 016	**-**	-
Sugar store equipment	**28 737 986**	29 613 845	**-**	-
Molasses storage equipment	**10 934 899**	11 463 188	**-**	-
Capital work in progress	**3 412 954**	3 770 232	**3 313 483**	3 365 521
	176 959 356	182 972 875	**12 988 541**	12 987 544

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 in Big Bend are situated on land owned by Ubombo Sugar Limited and over which a subsidiary of the Association has been granted 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 expired on 8 September 2008 and is in the process of being renewed. The 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 year has been charged as follows:

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013 (continued)

10. Property, plant and equipment (continued)

Allocation of depreciation

	Group		Association	
	2013	2012	**2013**	2012
	E	E	**E**	E
Direct cost of sales	**733 830**	483 967	**733 830**	483 967
Direct analysis of cane	**205 131**	233 651	**205 132**	233 651
Extension services	**262 066**	246 105	**262 066**	246 103
Administration	**574 706**	776 350	**574 707**	776 351
Operating expense	**8 904 614**	8 779 676	**-**	-
Total	**10 680 347**	10 519 749	**1 775 735**	1 740 072

Reconciliation of the opening and closing carrying amounts

Association

	Opening carrying amount	**Additions**	**Disposals**	**Transfer**	**Deprec-iation**	**Closing carrying amount**
	E	**E**	**E**	**E**	**E**	**E**
Freehold land and buildings	3 415 555	-	-	-	(364 017)	**3 051 538**
Leasehold land and buildings	9 368	-	-	-	(1 926)	**7 442**
Plant and equipment	4 860 655	7 600	-	431 804	(974 189)	**4 325 870**
Furniture and fittings	602 693	23 035	-	-	(62 015)	**563 713**
Motor vehicles	733 752	1 510 409	(144 078)	-	(373 588)	**1 726 495**
Capital work in progress	3 365 521	379 766	-	(431 804)	-	**3 313 483**
	12 987 544	1 920 810	(144 078)	-	(1 775 735)	**12 988 541**

10. Property, plant and equipment (continued)

	Opening carrying amount E	Additions E	Dispo-sals E	Transfer E	Deprec-iation E	Closing carrying amount E
Group						
Freehold land and buildings	3 415 555	-	-	-	(364 017)	**3 051 538**
Leasehold land and buildings	9 368	-	-	-	(1 926)	**7 442**
Plant and equipment	4 860 655	7 600	-	431 804	(974 189)	**4 325 870**
Furniture and fittings	602 693	23 035	-	-	(62 015)	**563 713**
Motor vehicles	1 005 880	1 510 409	(144 078)	-	(407 622)	**1 964 589**
Conditioning silo buildings	44 762 204	768 088	-	-	(1 530 410)	**43 999 882**
Sugar store buildings	65 464 239	1 087 374	-	-	(2 275 361)	**64 276 252**
Conditioning silo equipment	18 005 016	-	-	-	(2 320 785)	**15 684 231**
Sugar store equipment	29 613 845	1 034 636	-	305 240	(2 215 735)	**28 737 986**
Molasses storage equipment	11 463 188	-	-	-	(528 289)	**10 934 899**
Capital work in progress	3 770 232	379 766	-	(737 044)	-	**3 412 954**
	182 972 875	4 810 908	(144 078)	-	(10 680 349)	**176 959 356**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013 (continued)

		Group		Association	
		2013	2012	**2013**	2012
		E	E	**E**	E
11. Unsecured loans receivable	**Interest p.a.**				
The Royal Swaziland Sugar Corporation Limited					
Repayable together with interest in eleven equal annual instalments terminating 30 June 2016	10%	**103 283**	123 514	**103 283**	123 514
Repayable together with interest in eleven equal instalments terminating 31 March 2016	10%	**73 369**	93 520	**73 369**	93 520
Repayable together with interest in eleven equal instalments terminating 31 March 2016	10%	**116 454**	148 441	**116 454**	148 441
Total unsecured loans receivable		**293 106**	365 475	**293 106**	365 475
Less current portion due within one year disclosed as current assets		**(79 607)**	(72 369)	**(79 607)**	(72 369)
Non-current portion		**213 499**	293 106	**213 499**	293 106

Unsecured loans receivable are in respect of amounts receivable from millers. Refer above for terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013 (continued)

	Group		Association	
	2013	2012	**2013**	2012
	E	E	**E**	E
12. Investments in subsidiaries				
Shares at cost				
- Swaziland Sugar Assets Limited			**100**	100
- Sugar Assets (Mhlume) Limited			**100**	100
- Sugar Assets (Simunye) Limited			**100**	100
- Sugar Holding Company Limited			**100**	100
- Commodity Marketing Company Limited			**100**	100
			500	500
Jointly controlled entity				
Investment in jointly controlled entity				
Opening balance	**19 156 098**	27 213 703	**19 148 730**	27 213 703
Share of (loss) profit of equity accounted investment	**(1 182 217)**	7 368	**-**	-
Investment converted into long term loan	**-**	(9 070 047)	**-**	(9 070 047)
Reversal of impairment loss	**-**	1 005 074	**-**	1 005 074
Investment during the year	**295 524**	-	**302 892**	-
	18 269 405	19 156 098	**19 451 622**	19 148 730

The investment relates to shares in Sociedade Terminal De Açucar De Maputo Limitada (“STAM”). In the previous years, STAM was making losses, which resulted in the investment being impaired. This condition has changed and profits are now being realised. The quotaholders subsequently decided that a portion of the investment be converted into a loan and be reimbursed to the quotaholders. This portion of the investment is now being disclosed as a long term loan receivable. Refer to note 27 for analysis of the interest in joint venture.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013 (continued)

	Group		Association	
	2013	2012	**2013**	2012
	E	E	**E**	E
12. Investments in subsidiary companies (continued)				
Long term loan to jointly controlled entity				
Loan to Sociedade Terminal De Açucar De Maputo Limitada ("STAM")				
Opening balance	**2 292 600**	1 005 950	**2 292 600**	1 005 950
Investment converted into non-current loan	**-**	9 070 047	**-**	9 070 047
Loan repaid	**(1 284 719)**	(6 777 447)	**(1 284 719)**	(6 777 447)
	1 007 881	3 298 550	**1 007 881**	3 298 550
Less current portion of loan	**(1 007 881)**	(1 005 950)	**(1 007 881)**	(1 005 950)
	-	2 292 600	**-**	2 292 600
The repayment of the loan is analysed as follows:				
Within 1 year	**1 007 881**	1 005 950	**1 007 881**	1 005 950
Between 2 – 5 years	**-**	2 292 600	**-**	2 292 600
More than 5 years	**-**	-	**-**	-
	1 007 881	3 298 550	**1 007 881**	3 298 550

The loan receivable from STAM was to fund the refurbishment of the infrastructure. It has no fixed repayment terms and does not attract interest.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013 (continued)

	Group		Association	
	2013	2012	**2013**	2012
	E	E	**E**	E
13. Inventories				
The following inventories were held by the Group:				
Sugar and molasses stocks	**647 615 718**	366 001 088	**647 615 718**	366 001 088
Bags and liners	**9 525 817**	6 906 895	**9 525 817**	6 906 895
	657 141 535	372 907 983	**657 141 535**	372 907 983

There is a negative pledge over inventory. Refer to note 23.

14. Trade and other receivables				
Trade receivables	**258 948 345**	191 544 866	**258 948 345**	191 544 866
Other receivables	**1 645 793**	981 197	**1 645 593**	981 197
	260 594 138	192 526 063	**260 593 938**	192 526 063

There is a negative pledge over trade receivables. The Group's exposure to credit risk; currency risks; and impairment losses related to trade and other receivables is disclosed in note 23.

15. Loans to subsidiaries				
Loan to Swaziland Sugar Assets Limited	**-**	-	**46 086 463**	43 792 889
Loan to Sugar Assets (Mhlume) Limited	**-**	-	**68 624 322**	50 576 290
Loan to Sugar Assets (Simunye) Limited	**-**	-	**48 631 217**	72 514 612
	-	-	**163 342 002**	166 883 791

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013 (continued)

	Group		Association	
	2013	2012	**2013**	2012
	E	E	**E**	E
16. Non-distributable reserve				
Non distributable reserve	**13 022**	13 022	**13 022**	13 022

The non-distributable reserve is in respect of the debentures that have matured, but not been held by the holders.

17. 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. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 23.

	Group 2013 E	Group 2012 E	Association 2013 E	Association 2012 E
Loan from Nedbank (Swaziland) Limited	-	3 425 921	-	3 425 921

Amounting to E30 million for the purpose of financing the construction of the 4th silo at STAM. The loan was being repaid in monthly instalments of E647 536 commencing on 31 October 2007. Interest was calculated at a rate of prime less 1.75%.

The loan was settled during the year.

The loan was secured by an unlimited suretyship by The Swaziland Sugar Association and cession of right over the assets financed.

	Group 2013 E	Group 2012 E	Association 2013 E	Association 2012 E
Less: current portion transferred to current liabilities	-	(3 425 921)	-	(3 425 921)
Non-current portion	-	-	-	-
Balance carried forward	-	-	-	-

	Group		Association	
	2013	2012	**2013**	2012
	E	E	**E**	E
17. Long term liabilities (continued)				
Balance brought forward		-	-	-
Loan from Nedbank (Swaziland) Limited	-	2 803 903	-	-
Amounting to E17 million for the purpose of financing the upgrading of the sugar stores at Ubombo. The loan was being repaid in monthly instalments of E363 863 commencing on 31 January 2008. Interest was calculated at a rate of prime less 1.75%.				
The loan was settled during the year.				
The loan was secured by an unlimited suretyship by Swaziland Sugar Association and cession of right over the assets financed.				
Less: current portion transferred to current liabilities	-	(2 803 903)	-	-
Non-current portion	-	-	-	-
Fixed loan from Public Services Pension Fund	**250 000 000**	250 000 000	**250 000 000**	250 000 000
Amounting to E250 million, the loan will be repaid in full on 31 July 2013. Interest is negotiated on a yearly basis and is linked to the prime lending rate. The loan is unsecured.				
Less: current portion transferred to current liabilities	**(250 000 000)**	-	**(250 000 000)**	-
Non-current portion	-	250 000 000	-	250 000 000
Total non-current portion	-	250 000 000	-	250 000 000

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013 (continued)

	Current E	Within 2 years E	Within 3 years E	After 3 years E	Total 2013 E
17. Long term liabilities (continued)					
Debt repayment profile					
Group - 2013					
Short term borrowings					
Bank overdraft	**673 279 104**	-	-	-	**673 279 104**
Public Services Pension Fund	**250 000 000**	-	-	-	**250 000 000**
	923 279 104	-	-	-	**923 279 104**
Group – 2012					
Short term borrowings					
Bank overdraft	343 005 103	-	-	-	343 005 103
Long term liabilities					
Nedbank (Swaziland) Limited	6 229 824	-	-	-	6 229 824
Public Services Pension Fund	-	250 000 000	-	-	250 000 000
	349 234 927	250 000 000	-	-	599 234 927

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013 (continued)

	Current E	Within 2 years E	Within 3 years E	After 3 years E	Total E
17. Long term liabilities (continued)					
Debt repayment profile					
Association - 2013					
Short term borrowings					
Bank overdraft	**673 279 104**	**-**	**-**	**-**	**673 279 104**
Public Services Pension Fund	**250 000 000**	**-**	**-**	**-**	**250 000 000**
	923 279 104	**-**	**-**	**-**	**923 279 104**
Association - 2012					
Short term borrowings					
Bank overdraft	343 005 103	-	-	-	343 005 103
Nedbank (Swaziland) Limited	3 425 921	-	-	-	3 425 921
Public Services Pension Fund	-	250 000 000	-	-	250 000 000
	346 431 024	250 000 000	-	-	596 431 024

	Group		Association	
	2013	2012	**2013**	2012
	E	E	**E**	E
18. Trade and other payables				
Milling companies	**214 153 735**	232 038 068	**214 707 439**	231 757 982
Other payables and accruals	**30 538 035**	36 345 670	**30 538 035**	36 321 251
	244 691 770	268 383 738	**245 245 474**	268 079 233

The Group’s exposure to currency and liquidity risk related to trade and other payables is disclosed in note 23.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013 (continued)

	Group		Association	
	2013	2012	**2013**	2012
	E	E	**E**	E
19. Notes relating to the cash flow statements				
19.1 Reconciliation of profit before interest and tax to cash flows generated from operations:				
Profit for the year before tax	**35 093**	481 404	**35 093**	481 404
Adjustment for non cash flow items:				
Profit on disposal of property, plant and equipment	**(171 032)**	-	**(171 032)**	-
Depreciation	**10 680 349**	10 519 752	**1 775 735**	1 740 072
Finance income	**(55 540 656)**	(39 772 744)	**(55 540 656)**	(55 188 053)
Finance expenses	**184 137 949**	95 500 057	**184 137 949**	94 396 013
Share of joint venture loss (profit)	**1 182 217**	(7 368)	**-**	-
Reversal of impairment loss of equity accounted investee	**-**	(1 005 074)	**-**	(1 005 074)
	140 323 920	65 716 027	**130 237 089**	40 424 362
Changes in working capital:				
Increase in inventories	**(284 233 552)**	(176 658 064)	**(284 233 552)**	(176 658 064)
Increase in trade and other receivables	**(68 068 075)**	(86 171 573)	**(68 067 875)**	(86 171 573)
(Decrease)/increase in trade and other payables	**(23 691 968)**	176 395 675	**(22 833 759)**	177 504 045
	(235 669 675)	(20 717 935)	**(244 898 097)**	(44 901 230)
19.2 Taxation				
Balance at beginning of year	**382 569**	4 744	**382 569**	4 744
Prior year under provision	**-**	353 420	**-**	353 420
Reversal of prior year over provision	**273 125**	-	**273 125**	-
Current year charge	**(238 032)**	127 984	**(238 032)**	127 984
Balance at end of year	**(139 196)**	(382 569)	**(139 196)**	(382 569)
Taxation paid	**278 466**	103 579	**278 466**	103 579
19.3 Cash and cash equivalents				
Bank balances and cash on hand	**53 857 671**	96 787 212	**53 857 671**	96 787 212
Bank overdrafts	**(673 279 104)**	(343 005 103)	**(673 279 104)**	(343 005 103)
	(619 421 433)	(246 217 891)	**(619 421 433)**	(246 217 891)

The bank overdraft is secured by a negative pledge. The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in note 23.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013 (continued)

	Group		Association	
	2013	2012	**2013**	2012
	E	E	**E**	E
20. Lease commitments				
Future operating lease rentals of premises not provided for are as follows:				
Due within one year	**1 003 049**	1 356 342	**1 003 049**	1 356 342
Two to five years	**2 006 098**	-	**2 006 098**	-
	3 009 147	1 356 342	**3 009 147**	1 356 342

The Association has leased property, which it utilises as offices. The lease period is for three years, renewable. Lease instalments of E78 000 are payable monthly and are subject to an escalation clause of ten percent per annum, effective on the 1 May each year. Refer to note 7 for current year operating lease expense.

	Group		Association	
	2013	2012	**2013**	2012
	US$	US$	**US$**	US$
21. Foreign currency				
The following balances are (payable)/receivable in foreign currency:				
Payable				
Included in trade payables:				
Sociedade Terminal De Açucar De Maputo Limitada ("STAM")	**(131 611)**	-	**(131 611)**	-
Pfeifer and Langen	**(70 645)**	-	**(70 645)**	-
Included in loans due from equity-accounted investee:				
Sociedade Terminal De Açucar De Maputo Limitada ("STAM")	**108 869**	108 905	**108 869**	108 905
Included in bank balances				
Standard Bank Swaziland Limited	**(20 580 618)**	645	**(20 580 618)**	645

	Group		Association	
	2013	2012	**2013**	2012
	EURO	EURO	**EURO**	EURO
21. Foreign currency (continued)				
The following balances are (payable)/receivable in foreign currency:				
Included in bank balances				
Standard Bank Swaziland Limited	**-**	3 399 693	**-**	3 399 693
Nedbank (Swaziland) Limited	**1 259 264**	996	**1 259 264**	996
	1 259 264	3 400 689	**1 259 264**	3 400 689
Receivable				
Included in trade and other receivables	**6 019 809**	3 785 497	**6 019 809**	3 785 497
Payables				
Included in trade and other payables				
Mitra Sugar Limited	**(725 893)**	-	**(725 893)**	-

22. 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 contribute 5% - 6% and the employer contributes 11% - 12%. The Group contributed the following amount during the year:

	Group and Association	
	2013	2012
	E	E
Defined contributions	**2 719 337**	2 546 851

23. Financial instruments

Financial risk management

Overview

Financial assets of the Group and Association include cash and cash equivalents, loans receivables, forward exchange contract assets and trade and other receivables. Financial liabilities of the Group include bank overdrafts, long term liabilities 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 and Association's exposure to each of the above risks, the Group and Association's objectives, policies and processes for measuring and managing risk, and the Group and Association'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 and Association's risk management framework. Council has established an Audit Committee, which is responsible for developing and monitoring the Group and Association's risk management policies. The committee reports on a quarterly basis to Council on its activities.

The Group and Association's risk management policies are established to identify and analyse the risks faced by the Group and Association, 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 and Association's activities. The Group and Association, 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 and Association'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 and Association. The Audit Committee with the assistance of its 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.

23. Financial instruments (continued)

Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Group and Association 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 and Association's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 39 (2012: 47) percent of the Group and Association's revenue is attributable to sales transactions with 29 (2012: 34) customers, within the South African Customs Union ("SACU") market and 61 (2012: 53) percent of the Group and Association's revenue is attributable from sales transactions with 11 (2012: 7) customers, within the regional and to 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 and Association's standard payment and delivery terms and conditions are offered. The Group and Association'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 and Association's customers have been transacting with the Group and Association for over five years, and losses have occurred infrequently. The Group and Association require bank guarantees in respect of trade and other receivables.

The Group and Association provide 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.

23. Financial instruments (continued)

Unsecured loans receivable

The Group and Association limit its exposure to credit risk. In the case of the unsecured loans receivable, the Group utilises the warehouse properties associated with such an investment as storage facilities. Management does not expect any counterparty to fail to meet its obligations. The warehouses are integral to the continued operations of the Group. Loans are receivable as follows:

	Group and Association	
	2013	**2012**
	E	E
Within one year of reporting date	**79 607**	**72 369**
More than one year and less than five years from reporting date	**213 499**	**293 106**
Five years or more from reporting date	**-**	**-**
	293 106	**365 475**

The interest rates and terms of repayment of loans receivable are disclosed in note 11 to the financial statements.

Guarantees

The Group and Association's policy is to provide guarantees for loans extended only to its related entities. At 31 March 2013 E Nil was owing by the subsidiaries (2012: E2 803 903). All amounts owing by subsidiaries are fully guaranteed by the Association.

The Group has acted as a guarantor for the Swaziland Cane Growers Association (SCGA) to Standard Bank Swaziland Limited for an amount of Euro 1 070 937 which action allowed the bank to issue a bank guarantee of an equivalent amount to the European Union (EU) as part of the terms of a grant funding to SCGA.

23. Financial instruments (continued)

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 stressed 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:

- E1 719 million (2012: E1 243 million) overdraft facility that is secured. Interest would be negotiated.

- E Nil million (2012: E6.3 million) in long term loans. Interest is payable at a rate linked to the prime lending 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 apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The Group is exposed to currency risk on sales, foreign currency payments and borrowings that are denominated in a currency other than the Swaziland Lilangeni, which is the Group's functional currency. These are primarily the Euro (€) and U.S. Dollars (USD) and to a lesser extent Pounds Sterling (GBP).

The Group and Association is not exposed to the South African Rand, since the Swaziland Lilangeni is linked to the South African Rand on a 1:1 ratio.

The Group hedges all 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.

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 directly in equity. When such hedges are realised they are recognised in other comprehensive income. 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 2013 was E3 615 522 (2012: E18 691 397) recognised in fair value derivatives.

23. Financial instruments (continued)

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:

	Group		Association	
	2013 EURO	2012 EURO	**2013 EURO**	2012 EURO
Forward exchange cover				
Standard Bank Swaziland Limited	**25 917 742**	18 992 600	**25 917 742**	18 992 600
Nedbank (Swaziland) Limited	**39 554 944**	7 227 885	**39 554 944**	7 227 885
First National Bank	**127 504**	-	**127 504**	-
	65 600 190	26 220 485	**65 600 190**	26 220 485

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 joint venture 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 lending rates.

The interest rates and terms of repayment of loans of the Group are disclosed in notes 15 and 17 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.

23. Financial instruments (continued)

Capital management

Council's policy is to maintain a sufficient working capital base 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 for 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.

The Group's target is to maintain a debt to current assets ratio of 1:1. The debt current ratio for the current year is detailed below.

Capital management

	Group		Association	
	2013	2012	**2013**	2012
	E	E	**E**	E
Total liabilities	**1 168 110 070**	868 001 234	**1 168 663 774**	864 892 826
Total current assets	**976 296 354**	681 990 974	**1 139 638 156**	848 874 765
Ratio of total liabilities to current assets	**1.19**	1.27	**1.03**	1.02

Cash flow hedges

	Group		Association	
	2013	2012	**2013**	2012
	E	E	**E**	E
Net change in fair value of cash flow hedges transferred from other comprehensive income	**18 691 397**	10 146 884	**18 691 397**	10 146 884
Fair value of cash flow hedges recognised in other comprehensive income	**3 615 522**	18 691 397	**3 615 522**	18 691 397

23. Financial instruments (continued)

	Group		Association	
	2013	2012	**2013**	2012
	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 fixed term loans	**-**	250 000 000	**-**	250 000 000
	-	250 000 000	**-**	250 000 000
Current liabilities				
Bank overdraft	**673 279 104**	343 005 103	**673 279 104**	343 005 103
Current portion of fixed loan	**250 000 000**	-	**250 000 000**	-
Current portion of long term liabilities	**-**	6 229 824	**-**	3 425 921
	923 279 104	349 234 927	**923 279 104**	346 431 024

23. Financial instruments (continued)

Terms and repayment schedule

Group

	Carrying Currency	Nominal interest rate	Year of maturity	2013 Face value E	2013 Carrying amount E	2012 Face value E	2012 Carrying amount E
Unsecured bank loan	Lilangeni	Prime less 1.75%	30 September 2013	-	-	47 000 000	6 229 824
Fixed loan	Lilangeni	Negotiated rates	30 June 2013	**250 000 000**	**250 000 000**	250 000 000	250 000 000
Unsecured bank facility	Lilangeni	Negotiated rates	31 March 2013	**673 279 104**	**673 279 104**	343 005 103	343 005 103
Total interest-bearing liabilities				**923 279 104**	**923 279 104**	640 005 103	599 234 927

The bank loans are secured by a negative pledge over inventory and trade receivables with a carrying value of E952 125 594 (2012 : E302 604 409)

23. Financial instruments (continued)

Terms and repayment schedule

Association

				2013		2012	
	Carrying currency	**Nominal interest rate**	**Year of maturity**	**Face value E**	**Carrying amount E**	Face value E	Carrying amount E
Unsecured bank loan	Lilangeni	Prime less 1.75%	30 September 2013	**-**	**-**	30 000 000	3 425 921
Fixed loan	Lilangeni	Negotiated rates	30 June 2013	**250 000 000**	**250 000 000**	250 000 000	250 000 000
Unsecured bank facility	Lilangeni	Negotiated rates	31 March 2013	**673 279 104**	**673 279 104**	343 005 103	343 005 103
Total interest-bearing liabilities				**923 279 104**	**923 279 104**	623 005 103	596 431 024

The bank loans are secured by a negative pledge over inventory and trade receivables with a carrying value of E554 785 150 (2012 : E302 604 409)

23. Financial instruments (continued)

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		**Association**	
	2013	2012	**2013**	2012
	E	E	**E**	E
Carrying amount				
Loans and receivables	**-**	-	**163 342 002**	166 883 791
Loans to jointly controlled entity	**1 007 881**	3 298 550	**1 007 881**	3 298 550
Trade and other receivables	**260 594 138**	192 526 063	**260 593 938**	192 526 063
Cash and cash equivalents	**53 857 671**	96 787 212	**53 857 671**	96 787 212
Unsecured loans receivables	**293 337**	365 475	**293 337**	365 475
Other forward exchange contracts	**3 615 522**	18 691 397	**3 615 522**	18 691 397
	319 368 549	311 668 697	**482 710 351**	478 552 488
The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:				
Southern African Customs Union ("SACU")	**159 655 082**	98 583 413	**159 655 082**	98 583 413
International	**57 697 709**	93 942 650	**57 697 709**	93 942 650
	217 352 791	192 526 063	**217 352 791**	192 526 063
Trade receivables				
The aging of trade receivables at the reporting date was:				
Gross carrying amount				
Current	**140 765 953**	167 251 221	**140 765 953**	167 251 221
0 – 30 days	**76 586 838**	25 274 842	**76 586 838**	25 274 842
31 – 120 days (past due)	**-**	-	**-**	-
	217 352 791	192 526 063	**217 352 791**	192 526 063

Based on past experience, the Group believes that no impairment allowance is necessary in respect of trade receivables other than those specifically identified. The allowance includes amounts that have been handed over to our attorneys for collection. The Group requires bank guarantees in respect of trade and other receivables.

23. Financial instruments (continued)

Group - 2013

Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount E	Contractual cash flows E	6 months or less E	6 – 12 months E	1 – 2 years E	2 – 5 years E
Non-derivative financial liabilities						
Unsecured bank facility	**673 279 104**	**673 279 104**	**673 279 104**	**-**	**-**	**-**
Trade and other payables	**244 691 770**	**244 691 770**	**244 691 770**	**-**	**-**	**-**
Fixed loan	**250 000 000**	**250 000 000**	**250 000 000**	**-**	**-**	**-**
	1 167 970 874	**1 167 970 874**	**1 167 970 874**	**-**	**-**	**-**

The financial liabilities above do not exceed periods of more than five years. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

23. Financial instruments (continued)

Group – 2012

Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount E	Contractual cash flows E	6 months or less E	6 – 12 months E	1 – 2 Years E	2 – 5 years E
Non-derivative financial liabilities						
Unsecured bank loans	6 229 824	6 373 799	5 676 454	697 345	-	-
Unsecured bank facility	343 005 103	343 005 103	343 005 103	-	-	-
Trade and other payables	268 383 738	268 383 738	262 949 250	5 434 488	-	-
	617 618 665	617 762 640	611 630 807	6 131 833	-	-

The above financial liabilities do not exceed periods of more than five years. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013 (continued)

23. Financial instruments (continued)

Liquidity risk	**Carrying amount E**	**Contractual cash flows E**	**6 months or less E**	**6 – 12 months E**
Association – 2013				
The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.				
Non-derivative financial liabilities				
Unsecured bank loans				
Unsecured bank facility	**673 279 104**	**673 279 104**	**673 279 104**	**-**
Fixed loan	**250 000 000**	**254 125 000**	**254 125 000**	**-**
Trade and other payables	**245 245 474**	**245 245 474**	**245 245 474**	**-**
	1 168 524 578	**1 172 649 578**	**1 172 649 578**	**-**

The financial liabilities above do not exceed periods of more than five years. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Association – 2012				
The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.				
Non-derivative financial liabilities				
Unsecured bank loans	6 229 824	6 373 799	5 676 454	697 345
Unsecured bank facility	343 005 103	343 005 143	343 005 103	-
Fixed loan	250 000 000	272 187 500	8 875 000	263 312 500
Trade and other payables	268 079 233	268 079 233	262 949 250	5 129 938
	867 314 160	889 645 675	620 505 807	269 139 783

The financial liabilities above do not exceed periods of more than one year. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

23. Financial instruments (continued)

Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	Group and Association 2013		Group and Association 2012	
	Euro	**USD**	Euro	USD
Trade receivables	**6 019 809**	**-**	3 785 497	-
Bank balances	**1 259 264**	**(20 580 618)**	3 400 689	645
Loans due from jointly controlled entity	**-**	**108 869**	-	108 905
Trade payables	**(725 893)**	**(202 256)**	-	-
Gross statement of financial position exposure	**6 553 180**	**(20 674 005)**	7 186 186	109 550
Estimated forecast sales (2013/14)	**194 897 690**	**6 823 360**	200 440 318	-
Estimated forecast purchases (2013/14)	**-**	**(3 750 000)**	-	(14 255 242)
Gross exposure	**201 450 870**	**(17 600 645)**	207 626 504	(14 145 692)
Forward exchange contracts (2013/14)	**(65 600 190)**	**-**	(20 259 624)	-
Net exposure	**135 850 680**	**(17 600 645)**	187 366 880	(14 145 692)

23. Financial instruments (continued)

The following significant exchange rates applied during the year:

	Group and Association Average rates achieved		Group and Association Closing rates	
	2013	2012	**2013**	2012
Euro	**10.75**	10.11	**11.84**	10.24
USD	**8.71**	7.24	**9.26**	7.59

Sensitivity analysis

A 10 percent strengthening of the Lilangeni against the Euro and USD at 31 March would have increased export proceeds by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013 and 2012.

	Group and Association Export proceeds	
	2013	2012
	E	E
USD and EURO (2012:USD and EURO)	225 918 000	191 010 000

A 10 percent weakening of the Lilangeni against the Euro and USD at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The Group has no exposure to the rand as at 31 March 2013, as the Lilangeni and Rand are linked.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013 (continued)

23. Financial instruments (continued)

Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Group		**Association**	
	2013	2012	**2013**	2012
	E	E	**E**	E
Fixed rate instruments				
Financial liabilities	**250 000 000**	(250 000 000)	**250 000 000**	(250 000 000)
Variable rate instruments				
Financial liabilities	**(623 279 104)**	(349 234 927)	**(623 279 104)**	(346 431 024)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) the amount available for distribution (profit or loss) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013 and 2012.

	100 bp increase E	**100 bp decrease E**	**100 bp increase E**	**100 bp decrease E**
31 March 2013				
Variable rate instruments	**6 232 791**	**(6 232 791)**	**6 232 791**	**(6 232 791)**
Cash flow sensitivity (net)	**6 232 791**	**(6 232 791)**	**6 232 791**	**(6 232 791)**
31 March 2012				
Variable rate instruments	3 430 051	(3 430 051)	3 430 051	(3 430 051)
Cash flow sensitivity (net)	3 430 051	(3 430 051)	3 430 051	(3 430 051)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013 (continued)

23. Financial instruments (continued)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Group			
	2013		2012	
	Carrying amount E	**Fair value E**	Carrying amount E	Fair value E
Assets at fair value				
Forward exchange contracts used on hedging:	**3 615 522**	**3 615 522**	18 691 397	18 691 397
Assets at amortised cost				
Loans receivable	**293 337**	**293 337**	365 475	365 475
Cash and cash equivalents	**53 857 671**	**53 857 671**	96 787 212	96 787 212
Loan due from jointly controlled entity	**1 007 881**	**1 007 881**	3 298 050	3 298 050
Trade and other receivables	**260 594 138**	**260 594 138**	192 526 063	192 526 063
	315 753 027	**315 753 027**	292 976 800	292 976 800
Liabilities at amortised cost				
Unsecured bank loans	**-**	**-**	(6 229 824)	(6 229 824)
Trade and other payables	**(244 691 770)**	**(244 691 775)**	(268 079 233)	(268 079 233)
Unsecured fixed loan	**(250 000 000)**	**(250 000 000)**	(250 000 000)	(250 000 000)
Bank overdraft	**(673 279 104)**	**(673 279 104)**	(343 005 103)	(343 005 103)
	(1 167 970 874)	**(1 167 970 874)**	(867 314 160)	(867 314 160)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013 (continued)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and financial liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Association			
	2013		2012	
	Carrying amount E	**Fair value E**	Carrying amount E	Fair value E
Assets at fair value				
Forward exchange contracts used for hedging:	**3 615 522**	**3 615 522**	18 691 397	18 691 397
Assets at amortised cost*:*				
Loans and receivables	**163 352 002**	**163 352 002**	166 883 791	166 883 791
Loans due from equity-accounted investee	**1 007 881**	**1 007 881**	3 298 050	3 298 050
Trade and other receivables	**260 593 938**	**260 593 938**	192 526 063	192 526 063
Cash and cash equivalents	**53 857 671**	**53 857 671**	96 787 212	96 787 212
	478 811 492	**478 811 492**	459 495 116	459 495 116
Liabilities at amortised cost				
Current portion of long-term liabilities	**-**	**-**	(3 425 921)	(3 425 921)
Unsecured fixed loan	**(250 000 000)**	**(250 000 000)**	(250 000 000)	(250 000 000)
Trade and other payables	**(245 245 474)**	**(245 245 474)**	(268 079 233)	(268 079 233)
Bank overdraft	**(673 279 104)**	**(673 279 104)**	(343 005 103)	(343 005 103)
	(1 168 524 578)	**(1 168 524 578)**	(864 510 257)	(864 510 257)

23. Financial instruments (continued)

Basis for determining fair values

The basis for determining fair values is detailed in note 5..

Fair value hierarchy

The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 E	Level 2 E	Level 3 E
2013			
Forward exchange contract asset	**-**	**3 615 522**	**-**
2012			
Forward exchange contract asset	**-**	**18 691 397**	**-**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013 (continued)

23. Financial instruments (continued)

	Group		Association	
	2013	2012	**2013**	2012
	E	E	**E**	E
Finance income and expense				
Finance expense on financial liabilities				
Measured at amortised cost	**83 292 144**	62 649 762	**83 123 050**	61 545 718
Foreign exchange loss	**82 323 502**	70 669 082	**82 323 502**	70 669 082
Finance expenses	**165 615 646**	133 318 844	**165 446 552**	132 214 800
Finance income on financial assets				
Foreign exchange gain	**-**	60 874	**-**	21 223
Net change in fair value of cash flow hedges transferred from other comprehensive income	**(18 691 397)**	(10 146 884)	**(18 691 397)**	(10 146 884)
Other interest income	**-**	2 037	**-**	2 037
Interest income on loans originated by the Association	**-**	-	**14 957 813**	15 454 960
IAS 39 reclassification from revenue	**21 891 446**	39 709 833	**21 891 446**	39 709 833
Finance income	**3 200 049**	29 625 860	**18 157 862**	45 041 169
Net finance costs	**162 415 597**	103 692 984	**147 288 690**	87 173 631
The above financial income and expenses include the following in respect of assets (liabilities) not at fair value through profit or loss:				
Total interest income on financial assets	**3 200 049**	29 625 860	**18 157 862**	45 041 169
Total interest expense on financial liabilities	**165 615 646**	133 318 844	**165 446 552**	132 214 800

24. Related parties

Identification of related parties:

Related parties comprise subsidiary companies, a joint venture, the millers and the growers. The council and other key portfolios are occupied by representatives from the millers and growers.

The main related party transactions relate to sugar and molasses purchases and sales, property leases, provision of technical and related services and related party loans. All related party transactions and interest arising in respect of related party loans were concluded on a market related and arm's length basis.

24.1 Amounts due by related parties

	Group		**Association**	
	2013	2012	**2013**	2012
	E	E	**E**	E
Loans receivable	**293 337**	365 475	**293 337**	365 475
Loan due from equity accounted investee	**1 007 881**	3 298 050	**1 007 881**	3 298 050
Accounts receivable – millers	**592 992**	81 692	**592 992**	81 692
Loans to subsidiaries	**-**	-	**163 342 002**	166 883 791
	1 894 210	3 745 217	**165 236 212**	170 629 008

24.2 Amounts due to related parties

Milling creditors (refer to note 18)	**213 863 762**	232 038 068	**214 707 439**	231 757 982

24.3 Related party transactions

Conditioning fee paid	**-**	-	**27 608 251**	28 793 889
Interest on loan to subsidiaries	**-**	-	**14 925 430**	15 415 310
Sugar purchases	**3 529 961 212**	2 641 879 269	**3 529 961 212**	2 641 879 269
Molasses purchases	**55 345 140**	48 633 977	**55 345 140**	48 633 977

Millers and growers receive no remuneration for sitting on the various councils and portfolio committees.

Key management personnel compensation
Key management personnel receive salaries as approved by the remuneration committee. In addition to their salaries, certain key management personnel receive incentive bonuses as determined and approved by the remuneration committee.

	Group		Association	
	2013	2012	**2013**	2012
	E	E	**E**	E
25. Other financial assets				
Cash flow hedge reserve				
Balance at the beginning of the year	**18 691 397**	10 146 884	**18 691 397**	10 146 884
Effective portion of changes in fair value of cash flow hedges	**3 615 522**	18 691 397	**3 615 522**	18 691 397
Net change in fair value of cash flow hedges reclassified to profit or loss	**(18 691 397)**	(10 146 884)	**(18 691 397)**	(10 146 884)
Balance at the end of the year	**3 615 522**	18 691 397	**3 615 522**	18 691 397

26. Capital commitments

	Group 2013 E	Group 2012 E	Association 2013 E	Association 2012 E
Approved but not yet contracted for	**2 565 345**	-	**1 423 284**	-
Approved and contracted for	**7 026 806**	1 703 438	**2 256 806**	1 368 378
	9 592 151	1 703 438	**3 680 090**	1 368 378

The proposed capital expenditure will be incurred in the new financial year and will be financed by external borrowings.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013 (continued)

	Group 2013 E	Group 2012 E
27. Equity accounted joint venture		
Non-current assets	**110 100 030**	75 083 529
Current assets	**17 895 904**	36 037 745
Total assets	**127 995 934**	111 121 274
Non-current liabilities	**107 563 271**	67 584 199
Current liabilities	**20 432 663**	43 537 075
Total liabilities	**127 995 934**	111 121 274
Revenue	**66 378 699**	46 325 861
Expenses	**(71 107 568**	(46 296 389)
(Loss)/profit for the year	**(4 728 869)**	29 472
Share of (loss) / profit after tax recognised in the statement of comprehensive income	**(1 182 217)**	7 368
Ownership	**25%**	25%

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013 (continued)

28. Provisions and contingent liabilities

On 31 March 2013, the Group had no contingent liabilities against it.

The Group had made the following provision at year end:

Provision for incentive bonus

	Group		**Association**	
	2013	2012	**2013**	2012
	E	E	**E**	E
Balance at beginning of year	**4 479 626**	648 065	**4 479 626**	648 065
Provision raised during the year	**5 500 000**	4 017 097	**5 500 000**	4 017 097
Provision reversed during the year	**(1 602 195)**	-	**(1 602 195)**	-
Provision utilised during the year	**(2 796 419)**	(285 536)	**(2 796 419)**	(285 536)
Balance at the end of the year	**5 581 012**	4 379 626	**5 581 012**	4 379 626

Incentive bonus

The incentive bonus is payable to both management and staff based on financial performance of the Group. The bonus is payable once it has been approved by Council and the Remuneration Committee.

29. Guarantees

The banks have issued guarantees on behalf of the Association in respect of:

- Swaziland Customs and Excise – E208 500 (2012: E 208 500)

30. Events after the reporting date

There were no events which have occurred between the accounting date and the date of this report which have a material impact on the financial statements.