

ILOVO SUGAR (MALAWI) LIMITED



(Incorporated in Malawi on 31 May 1965 under registration number 839)

EXTRACTS FROM THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2012

FINANCIAL PERFORMANCE	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY	GROUP	GROUP	GROUP	COMPANY
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited	Audited
	6 months ended	6 months ended	12 months ended	6 months ended	6 months ended	12 months ended	6 months ended	6 months ended	12 months ended	12 months ended
	30 Sep 2012	30 Sep 2011	31 Mar 2012	30 Sep 2012	30 Sep 2011	31 Mar 2012	30 Sep 2012	30 Sep 2011	31 Mar 2012	31 Mar 2012
	Mk'm	Mk'm	Mk'm	Mk'm	Mk'm	Mk'm	Mk'm	Mk'm	Mk'm	Mk'm
Statement of comprehensive income										
Revenue	30 872	18 134	36 450	18 740	10 717	21 061				
Operating profit	14 331	5 708	12 034	8 920	3 162	6 331				
Dividend income	12	-	24	2 000	1 500	2 500				
Net finance cost	(1 352)	(252)	(408)	(1 331)	(246)	(294)				
Profit before taxation	12 991	5 456	11 650	9 589	4 416	8 537				
Taxation	(3 962)	(1 663)	(3 570)	(3 114)	(1 347)	(1 870)				
Net profit for the period	9 029	3 793	8 080	6 475	3 069	6 667				
Other comprehensive income	-	-	(40)	-	-	(40)				
Total comprehensive income	9 029	3 793	8 040	6 475	3 069	6 627				
Adjusted for:										
Net profit on sale of property, plant and equipment	(23)	(6)	(1)	(23)	-	-				
Other comprehensive income	-	-	40	-	-	40				
Headline earnings	9 006	3 787	8 079	6 452	3 069	6 667				
Number of shares in issue ('000)	713 444	713 444	713 444							
Weighted average number of shares on which net profit per share is based ('000)	713 444	713 444	713 444							
Net profit per share (tambala)	1 265	532	1 132							
Headline earnings per share (tambala)	1 262	531	1 132							
Dividend per share (tambala)	740	300	795							
Quality of earnings statement										
Operating profit	14 331	5 708	12 034							
Adjust for:										
Change in fair value of cane roots & growing cane	(5 814)	(990)	(2 465)							
Operating profit less fair value changes	8 517	4 718	9 569							
Business segmental analysis										
Revenue										
Sugar production	15 870	9 596	19 529							
Cane growing	15 002	8 538	16 921							
	30 872	18 134	36 450							
Operating profit										
Sugar production	6 728	3 589	7 229							
Cane growing	7 603	2 119	4 805							
	14 331	5 708	12 034							
Abridged statement of financial position										
ASSETS										
Property, plant & equipment	9 056	7 958	8 559	6 354	5 598	6 064				
Cane roots	11 702	9 721	10 182	8 581	7 203	7 822				
Non-current assets	20 758	17 679	18 741	14 935	12 801	13 886				
Current assets	41 130	25 681	22 469	26 119	15 760	16 975				
Total Assets	61 888	43 360	41 210	41 054	28 561	30 861				
EQUITY AND LIABILITIES										
Capital and reserves	26 310	18 670	20 634	12 204	8 971	14 053				
Deferred taxation	9 309	9 547	8 601	6 668	7 288	5 961				
Other non-current liabilities	117	1 135	87	117	1 135	87				
Current liabilities	26 152	14 008	11 888	22 065	11 167	10 760				
Total Equity and Liabilities	61 888	43 360	41 210	41 054	28 561	30 861				
Depreciation	277	249	450							
Capital expenditure	795	238	1 026							
Abridged statement of cash flows										
Cash generated from operations before working capital changes	13 259	5 503	7 553	3 880						
Working capital requirements	(5 610)	(374)	3 540	3 493						
Interest, taxation & dividends	(6 959)	(4 031)	(7 222)	(3 771)						
Purchase of property, plant & equipment	(795)	(238)	(1 026)	(755)						
Proceeds from disposal of property, plant & equipment	23	6	7	3						
Borrowings repaid	(20)	-	(47)	(47)						
Net (decrease)/ increase in cash and cash equivalents	(102)	866	2 805	2 803						
Abridged statement of changes in equity										
Share capital & premium										
Balance at beginning/end of the period	782	782	782	782						
Retained earnings										
Balance at beginning of the period	19 852	16 399	16 399	11 231						
Net profit for the period	9 029	3 793	8 080	6 667						
Non-distributable reserve	-	-	(40)	(40)						
Dividends declared	(3 353)	(2 304)	(4 587)	(4 587)						
Balance at end of period	25 528	17 888	19 852	13 271						
Capital and reserves										
	26 310	18 670	20 634	14 053						
BASIS OF PREPARATION										
As the sugar season runs from 1 April to 31 March, the earnings from cane growing and sugar production incorporated in the above results comprise one half of the latest estimate of earnings for the sugar season ending 31 March 2013.										
REVIEW OF OPERATIONS										
Both factories commenced crushing during April 2012 and although rain caused intermittent stops during the first ten days of crushing at Nchalo the factory has since been operating satisfactorily. Dwangwa had a good start to its crushing season. For the half year to September 2012 both factories performed at levels marginally ahead of expectations with pleasing levels of overall sugar recovery. Cane yields on both Estates have been slightly below estimate to date, but compared to the comparative previous six months the total cane crop harvested was higher due to an increased area harvested. Sugar made in the six months was 6% above the tonnage manufactured in the previous year's comparative period.										
Sales into the domestic market for the half year were in line with expectation and export markets continued to be supplied to meet customer demand which remains good particularly in regional markets.										
On a seasonal basis revenue for the half year to September 2012 totalled K 30.9 billion, with estimated operating profit for the same period at K 14.3 billion, which includes fair value adjustments to standing cane and cane roots of K 5.8 billion. These fair value adjustments have arisen as a consequence of the significant currency devaluation in May 2012. The value of the Kwacha has continued to erode since then and strict revenue enhancing and cost control measures are being implemented in order to protect operating margins.										
PROSPECTS										
Weather conditions will influence final production and every effort is being made to ensure Nchalo and Dwangwa crush all available cane before the onset of the rainy season. Current indications are that although crop yields will continue to be below expectation, the overall harvest from an increased area will exceed last year's cane produced by approximately 4%. Given a continuation of the present satisfactory levels of plant efficiencies it is envisaged that overall sugar production will exceed that achieved in the previous year by between 5 and 10%.										
Sugar sales for the full year are expected to total in excess of 300 000 tons which will be 4% better than the overall sales volumes achieved in the previous year. The domestic market will account for approximately 55% of total sales for the year. Year end stock levels will be carefully managed to ensure that the domestic market is fully supplied during the offcrop period.										
Profit for the full year is expected to be driven by the positive impact of local currency devaluation on export revenue realisation and the maintenance of operating margins in the local market. Total revenues will exceed K 60 billion for the year. Rising input costs will continue to be carefully managed and it is anticipated that the overall operating margin will reflect a good increase over that achieved in the previous year.										
DIVIDEND										
Notice is hereby given that an interim dividend of 740 tambala per share (2011: 300 tambala per share) has been declared in respect of the ordinary shares of the company for the year ending 31 March 2013. The dividend is payable on 28 December 2012 to shareholders on the register at the close of business on 16 November 2012.										
BY ORDER OF THE BOARD									Malawi Sugar Limited	
24 October 2012									Secretaries	