

ZAMBIA SUGAR Plc



HALF-YEAR RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

In accordance with the requirements of the Securities and Exchange Act No. 38, Zambia Sugar Plc announces its results for the six month period ended 30 September 2013

	Unaudited Six Months		Audited 12 Months
	September 2013 ZMW'000	September 2012 ZMW'000	March 2013 ZMW'000
Revenue	916 016	817 536	1 534 573
Operating profit	144 212	144 555	316 189
Net finance costs	(66 675)	(71 635)	(141 683)
Profit before taxation	77 537	72 920	174 506
Taxation	(9 544)	(8 657)	(33 407)
Profit after tax	67 993	64 263	141 099
Other comprehensive income	(4 076)	946	5 022
Total comprehensive income	63 917	65 209	146 121
Profit attributable to:			
Zambia Sugar's shareholders	66 110	62 733	136 822
Non-controlling interest	1 883	1 530	4 277
	67 993	64 263	141 099
Total comprehensive income attributable to:			
Zambia Sugar's shareholders	62 034	63 679	141 844
Non-controlling interest	1 883	1 530	4 277
	63 917	65 209	146 121
<u>Determination of headline earnings</u>			
Profit attributable to shareholders of Zambia Sugar Plc	66 110	62 733	136 822
Adjusted for:			
Net (gain)/loss on sale of property, plant and equipment	-	(139)	(170)
Headline earnings for the year (ZMW)	66 110	62 594	136 652
Headline earnings per share (ZMW) *	0.21	0.20	0.43
Basic and diluted earnings per share (ZMW) *	0.21	0.20	0.43
Dividends per share (ZMW) *	0.08	0.08	0.22
Weighted average number of shares ('000) *	316 571	316 571	316 571
Number of shares in issue ('000) *	316 571	316 571	316 571

* September 2012 and March 2013 have been restated to reflect the consolidation and division of share capital approved by shareholders at the Annual General Meeting of the company held on 27 August 2013.

BASIS OF PRESENTATION

As the sugar season runs from 1 April to 31 March, operating profits incorporated in the results comprise one half of the latest estimate for the year ending 31 March 2014.

COMMENTARY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

Review

Total revenue for the half-year increased by 12% to ZMW916 million on the back of higher sales volumes. However, profit from operations of ZMW144 million remained flat, largely as a result of a material decline in export prices and increased costs, which have impacted negatively on the operating margin. Net finance costs have continued to decrease following ongoing repayment of the expansion related loan. Headline earnings for the half-year increased by 5% to ZMW66 million.

The factory started crushing in the first week of April and quickly settled into a steady state. Operations in the first six months have been good with an improvement in throughput, time efficiencies and recoveries compared to the corresponding period in the previous year. Total sugar production increased by 9% to 327,000 tons whilst refined output increased by 22% to 37,000 tons. The re-commissioned 30 MW turbo alternator set has stabilised power supply to the mill, greatly improving production efficiencies. The reduced water supply to the crop in the previous year following failure of the turbo alternator set has resulted in lower cane yields year on year. On the positive side, water supply to the crop in the current season has been satisfactory given the stable power supply and is expected to benefit yields in the 2014/15 season.

The domestic market has performed reasonably well on the back of sound economic fundamentals. Whilst demand in the industrial sugar sector started on a weak note it has stabilised and is expected to meet expectations going forward. Regional market returns have been dampened by the lower world market price of sugar. The situation has been further aggravated by an extension of import duty waivers in some markets. However, the logistic supply advantage of the company's regional location continues to be maximised. Bulk raw sugar exports to the European Union have moved efficiently, and are on track to meet annual supply commitments.

Prospects

Sugar production for the full year is not expected to exceed that of the previous year due to late season cane yields being lower than previously anticipated. The financial impact of this yield drop, to the extent attributable to irrigation constraints resulting from failure of the 30MW turbo alternator set in 2012/13, is an insured loss and will be substantially mitigated by the inclusion of insurance proceeds. Regional pricing pressure is expected to continue, resulting in a strain on operating margins. Management continues to focus on costs to mitigate the impact on profits for the full year.

Dividends

Notice is hereby given that the directors of Zambia Sugar Plc on 8 November approved the payment of an interim dividend, for the six months ended 30 September 2013 of ZMW0.08 per share (2012: ZMW0.08).

In compliance with the requirements of the Securities Act CAP 354 of the Laws of Zambia and the Listing Rules of the Lusaka Stock Exchange, the dividend shall be payable to the shareholders registered in the share register of the Company at the close of business on 6 December 2013.

The dividend payment will be effected on 9 December 2013.

To facilitate smooth and expedient payment of dividends, shareholders are reminded to provide their bank account details to the Share Transfer Secretaries at the address below:

The Country Manager,
Corserve Transfer Agent,
Plot No. 6 Mwaleshi Road,
Olympia Park, Lusaka,
Zambia.

Contact Person: Mr Setfree Nhapi

E-mail: info@corpservezambia.com.zm or setfreenhapi@me.com

TEL: +260 -211-295888

CELL: +260-976-242108

By order of the Board

LM Sievu
Company Secretary

Nakambala Estate
12 November 2013