



Zambia Sugar



ZAMBIA SUGAR PLC  
(INCORPORATED IN THE REPUBLIC OF ZAMBIA)  
COMPANY REGISTRATION NUMBER: 2880  
SHARE CODE: ZSUG  
ISIN:-ZM0000000052

HALF-YEAR RESULTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

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 2014

	Unaudited Six Months		Audited 12 Months
	September 2014 ZMW'000	September 2013 ZMW'000	March 2014 ZMW'000
Revenue	965 880	916 016	1 778 172
<b>Operating profit</b>	<b>149 047</b>	144 212	303 146
Net finance costs	(74 620)	(66 675)	(138 812)
<b>Profit before taxation</b>	<b>74 427</b>	77 537	164 334
Taxation	(10 508)	(9 544)	(36 538)
<b>Profit after tax</b>	<b>63 919</b>	67 993	127 796
Other comprehensive income	15 859	(4 076)	(33 153)
<b>Total comprehensive income</b>	<b>79 778</b>	63 917	94 643
<b>Profit attributable to:</b>			
Zambia Sugar's shareholders	61 840	66 110	123 735
Non-controlling interest	2 079	1 883	4 061
	<b>63 919</b>	67 993	127 796
<b>Total comprehensive income attributable to:</b>			
Zambia Sugar's shareholders	77 699	62 034	90 582
Non-controlling interest	2 079	1 883	4 061
	<b>79 778</b>	63 917	94 643
<b>Determination of headline earnings</b>			
Profit attributable to shareholders of Zambia Sugar Plc	61 840	66 110	123 735
<b>Headline earnings for the year (ZMW)</b>	<b>61 840</b>	<b>66 110</b>	<b>123 735</b>
Headline earnings per share (ZMW)	0.20	0.21	0.39
Basic and diluted earnings per share (ZMW)	0.20	0.21	0.39
Dividends per share (ZMW)	0.08	0.08	0.20
Weighted average number of shares ('000)	316 571	316 571	316 571
Number of shares in issue ('000)	316 571	316 571	316 571

**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 2015.

## COMMENTARY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

### Review

Revenue attributable to the half year increased by 5% to ZMW966 million, substantially from growth in both the domestic and regional export markets. Profit from operations increased by 3% to ZMW149 million despite pressure on margins from declining prices on exports to the region, associated with the present sugar surplus on the world market, and the European Union. Conversely finance costs increase by 12% to ZMW75 million in line with the relatively high local interest rates, with the result that profit after taxation attributable to shareholders of Zambia Sugar declined by 6% to ZMW62 million. Headline earnings declined from ZMW0.21 to ZMW0.20 per share.

Sugar cane yields improved appreciably across the entire cane area, compared to the corresponding period last year which reflects a return to normal conditions. In addition various continuous improvement initiatives in Agriculture are beginning to yield results.

Factory performance in the first six months of the season was solid, with total sugar production of 314 000 tons. Management continues to improve plant reliability and optimise factory time efficiencies.

Domestic market sugar sales for the half year increased by 6% to 75 000 tons, of which 26 000 tons was supplied to industrial customers. Conversely exports to regional markets and to the European Union were lower than the corresponding period in the previous year but this situation is expected to improve in the second six months. Prices in export markets remain depressed. However, the impact on export earnings has to an extent been ameliorated by favourable exchange rate movements.

### Prospects

Sugar production for the full year is expected to exceed the previous record, dependent on late season weather conditions. Sugar cane yields are holding up well and latest estimates indicate that the balance of the crop will be sufficient to fully supply the factory with the potential of some carry-over area into the 2015/16 season. Conditions for domestic market sales are expected to remain favourable, with strong growth year on year, and demand in the region is expected to intensify as opportunities in these markets are exploited. Pressure on margins is set to continue, and management will thus remain keenly focussed on cost control and productivity improvements to drive down the unit cost of production, whilst seeking opportunities to add value in the various markets in which we operate.

**Directorate**

Dr Aubrey Chibumba resigned as Managing Director on 9<sup>th</sup> September 2014 and was succeeded by Mrs Rebecca Katowa in an acting capacity.

**Dividends**

Notice is hereby given that an interim dividend of ZMW0.08 per share (2013: ZMW0.08) has been declared in respect of the six months ended 30 September 2014 payable to ordinary shareholders registered at the close of business on 21 November 2014. The dividend will be paid on or before 24 November 2014.

**By order of the Board**

Mwansa Mutimushi  
Company Secretary  
28<sup>th</sup> October 2014