

SENS ANNOUNCEMENT
(the "Notice" or "Announcement")

ISSUER



ZAMBIA SUGAR PLC ["ZSUG"]

[Incorporated in the Republic of Zambia]

Company registration number: 2880
Share Code: ZSUG
ISIN: ZM0000000052
Authorised by: Mwansa Mutimushi – Company Secretary

SPONSOR



STOCKBROKERS ZAMBIA LIMITED

Stockbrokers Zambia Limited

[Member of the Lusaka Securities Exchange]

[Regulated and licensed by the Securities and Exchange Commission of Zambia]

Contact Number: +260-211-232456
Website: www.sbz.com.zm

APPROVAL

The captioned Notice or Announcement has been approved by:

- i. the Lusaka Securities Exchange
- ii. the Securities and Exchange Commission
- iii. Stockbrokers Zambia Limited

DISCLAIMER AND RISK WARNING

The Notice or Announcement contained herein contains information that may be of a price sensitive nature.

Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

ISSUED: 24 May 2018

HALF YEAR RESULTS

In accordance with the requirements of the Securities Act No. 41 of 2016, Zambia Sugar Plc announces its results for the 6 month period ended February 2018

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Unaudited 6 months ended February 2018 | Unaudited 6 months ended February 2017 |
|---|--|--|
| | K '000 | K '000 |
| Revenue | 1 064 725 | 1 315 555 |
| Operating profit | 150 186 | 343 706 |
| Net finance costs | (126 421) | (244 682) |
| Profit before taxation | 23 765 | 99 024 |
| Taxation | (3 052) | (6 037) |
| Profit for the period | 20 712 | 92 988 |
| Profit attributable to: | | |
| Shareholders of Zambia Sugar Plc | 18 077 | 89 067 |
| Non-controlling interest | 2 636 | 4 065 |
| | 20 712 | 93 132 |
| Determination of headline earnings | | |
| Profit attributable to shareholders of Zambia Sugar Plc | 18 077 | 89 067 |
| Headline earnings for the period | 18 077 | 89 067 |
| Number of shares in issue ('000) | 316,571 | 316,571 |
| Weighted average number of shares in issue ('000) | 316,571 | 316,571 |
| Basic and diluted earnings per share (ngwee) | 5.7 | 28.1 |
| Headline earnings per share (ngwee) | 5.7 | 28.1 |
| Dividend per share (ngwee) | - | - |
| - First interim paid | - | - |
| - Second interim declared | - | - |
| - Final proposed | - | - |

SUMMARISED CONSOLIDATED SEGMENTAL ANALYSIS

| | Unaudited 6 months ended February 2018 | Unaudited 6 months ended February 2017 |
|-------------------------|--|--|
| | K '000 | K '000 |
| Revenue | | |
| Sugar production | 859 628 | 1 053 627 |
| Cane growing | 205 097 | 261 928 |
| | 1 064 725 | 1 315 555 |
| Operating profit | | |
| Sugar production | 105 725 | 305 595 |
| Cane growing | 44 461 | 38 111 |
| | 150 186 | 343 706 |

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Unaudited February 2018 | Unaudited February 2017 |
|-------------------------------------|----------------------------|----------------------------|
| | K '000 | K '000 |
| Assets | | |
| Property, plant and equipment | 1 922 482 | 1 960 097 |
| Intangible asset | 67 902 | 67 902 |
| Growing cane | 399 059 | 437 464 |
| Inventories | 454 725 | 491 969 |
| Trade and other receivables | 483 783 | 653 661 |
| Other current assets | 31 021 | 52 678 |
| Cash and bank balances | 33 994 | 35 487 |
| Total assets | 3 392 966 | 3 699 259 |
| Equity and liabilities | | |
| Equity attributable to shareholders | 970 177 | 994 938 |
| Non-controlling interest | 36 102 | 37 051 |
| Deferred tax liability | 140 236 | 135 478 |
| Long and short-term borrowings | 1 609 334 | 1 745 278 |
| Bank overdraft | 184 863 | 210 927 |
| Current liabilities | 452 254 | 575 587 |
| Total equity and liabilities | 3 392 966 | 3 699 259 |

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Unaudited 6 months ended February 2018 | Unaudited 6 months ended February 2017 |
|--|--|--|
| | K '000 | K '000 |
| Cash operating profit | 105 943 | 314,386 |
| Working capital movements | (200 848) | (113,556) |
| Finance costs, taxation and dividends paid | (135 922) | (261 918) |
| Net cash outflows from operating activities | (230 827) | (61 088) |
| Net cash (outflows)/inflow from investing activities | (47 300) | 66 882 |
| Net cash (outflows)/inflows before financing activities | (278 127) | 5 794 |
| Net cash outflows from financing activities | (28 688) | (56,583) |
| Decrease in cash and cash equivalents | (306 815) | (50 789) |

LUSAKA STOCK EXCHANGE SPONSORING BROKER



STOCKBROKERS ZAMBIA LIMITED

[MEMBER OF THE LuSE and REGULATED BY THE SECURITIES AND EXCHANGE COMMISSION OF ZAMBIA]

T: +260-211-232456
W: www.sbz.com.zm

HALF YEAR RESULTS

In accordance with the requirements of the Securities Act No. 41 of 2016, Zambia Sugar Plc announces its results for the 6 month period ended February 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the period ended February 2018

| Group | Share capital and premium K'000 | Capital redemption reserve K'000 | Hedging reserve K'000 | Retained earnings K'000 | Attributable to shareholders of Zambia Sugar Plc K'000 | Non-controlling interest K'000 | Total K'000 |
|--|------------------------------------|-------------------------------------|--------------------------|----------------------------|---|-----------------------------------|------------------|
| Balance at 28 February 2017 | 247 338 | 40 | 28 475 | 719 085 | 994 938 | 37 051 | 1 031 989 |
| Total comprehensive income for the year | - | - | 7 727 | (14 624) | (6 897) | (2 980) | (9 877) |
| Profit for the year as reported in the 2017 financial statements | - | - | - | (14 624) | (14 624) | (2 980) | (17 604) |
| Cash flow hedges | - | - | 7 727 | - | 7 727 | - | 7 727 |
| Dividends paid | - | - | - | - | - | - | - |
| Balance at 25 August 2017 | 247 338 | 40 | 36 202 | 704 461 | 988 041 | 34 071 | 1 022 112 |
| Total comprehensive income for the year | - | - | (35 940) | 18 077 | (17 863) | 6 512 | (11 351) |
| Profit for the year | - | - | - | 18 077 | 18 077 | 6 512 | 24 589 |
| Cash flow hedges | - | - | (35 940) | - | (35 940) | - | (35 940) |
| Dividends paid | - | - | - | - | - | (4 481) | (4 481) |
| Balance at 28 February 2018 | 247 338 | 40 | 262 | 722 537 | 970 177 | 36 102 | 1 006 279 |

COMMENTARY FOR THE HALF YEAR PERIOD TO 28 FEBRUARY 2018

Review

The results reported relate to the period 1 September 2017 to 28 February 2018 compared to 1 September 2016 to 28 February 2017. The six month period September to February is being reported for the first time due to the change in the company's year-end to August,

The company's financial performance in the half year under review was negatively impacted by the effects of changing weather patterns that increased the incidence of pests and disease as well as dampened ideal growing conditions resulting in lower cane yields that were available for crushing. Prior season inconsistent power supply also contributed to the overall lower sugar produced.

Sugar trading was also severely impacted by the surplus world sugar supply. The increased supply has seen significant volumes of world market sugar finding its way into the company's primary regional markets, affecting demand and putting pressure on margins. The domestic market has not been spared with increased availability of smuggled sugar imports.

However, these negative effects were tempered by management's proactive actions to implement strict cost control measures. Further, the company benefited from lower financing costs following the reduction in the Bank of Zambia monetary policy rate.

Total revenue for the 6 month period to 28 February 2018 was K1.064 billion, K250 million below the comparative period mainly due to lower regional sales demand and increased smuggled sugar imports which continued putting substantial pressure on domestic sales.

Operating profit for the 6 month period was K150 million compared to the K343 million operating profit in the comparative period. This is mainly driven by the lower net revenue and production levels, mitigated in part by strict cost control measures in place.

Finance costs reduced from K245 million in the 6 months to February 2017, to K126 million in the reported period, the result of a decline in treasury bill auction rates and Bank of Zambia monetary policy rates.

Headline earnings for the 6 month period ended February 2018 decreased to K18.1 million from K89.1 million reported for the 6 months to 28 February 2017.

Directorate

Ms Faith Mukutu was appointed as a Director of the Company with effect from 20 February 2018.

Prospects

The outlook for the second half is expected to take a positive turn reflective of measures management has taken to protect market share, coupled with the continued focus on its cost reduction and optimisation programs with focus on maximising production, lowering the cost base and reducing debt levels within the business.

Dividends

Due to the high debt levels, no interim dividend has been declared.

By order of the Board

Mwansa Mulumba Mutimushi
Company Secretary
10 May 2018