

ILLOVO SUGAR (MALAWI) LIMITED



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

**EXTRACTS FROM THE UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014**

FINANCIAL PERFORMANCE	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY	GROUP	GROUP	GROUP	COMPANY
	Unaudited 6 months ended 30 Sep 2014	Unaudited 6 months ended 30 Sep 2013	Audited 12 months ended 31-Mar-14	Unaudited 6 months ended 30 Sep 2014	Unaudited 6 months ended 30 Sep 2013	Audited 12 months ended 31-Mar-14	Unaudited 6 months ended 30 Sep 2014	Unaudited 6 months ended 30 Sep 2013	Audited 12 months ended 31-Mar-14	Audited 12 months ended 31-Mar-14
Group statement of profit or loss and other comprehensive income	K'm	K'm	K'm	K'm	K'm	K'm	K'm	K'm	K'm	K'm
Revenue	51,717	40,851	87,848	29,801	23,852	49,711				
Operating profit	14,497	14,322	28,613	7,354	8,314	14,910				
Dividend income	15	13	82	5,000	-	5,000				
Net finance cost	(1,150)	(625)	(1,657)	(1,131)	(621)	(1,012)				
Profit before taxation	13,362	13,710	27,038	11,223	7,693	18,898				
Taxation	(4,049)	(4,154)	(8,222)	(1,904)	(2,359)	(4,258)				
Net profit for the period	9,313	9,556	18,816	9,319	5,334	14,640				
Other comprehensive income	-	-	(176)	-	-	(176)				
Total comprehensive income	9,313	9,556	18,640	9,319	5,334	14,464				
Adjusted for:										
Net profit on sale of property, plant and equipment	-	(20)	-	-	(20)	-				
Other comprehensive income	-	-	176	-	-	176				
Headline earnings	9,313	9,536	18,816	9,319	5,314	14,640				
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)	1,305	1,339	2,637							
Headline earnings per share (tambala)	1,305	1,337	2,637							
Dividend per share (tambala)	750	750	1,850							

Quality of earnings statement			
Operating profit	14,497	14,322	28,613
Adjust for:			
Change in fair value of cane roots & growing cane	(4,896)	(3,114)	(8,178)
Operating profit less fair value changes	9,601	11,208	20,435

Business segmental analysis			
Revenue			
Sugar production	30,358	22,403	50,700
Cane growing	21,359	18,448	37,148
	51,717	40,851	87,848
Operating profit			
Sugar production	9,389	9,044	16,985
Cane growing	5,108	5,278	11,628
	14,497	14,322	28,613

Abridged group statement of financial position						
ASSETS						
Property, plant & equipment	19,682	13,555	17,678	14,574	9,884	12,995
Cane roots	22,678	16,621	19,963	15,984	11,887	14,123
Investment	-	-	-	324	324	324
Non-current assets	42,360	30,176	37,641	30,882	22,095	27,442
Current assets	63,740	50,270	40,087	37,288	29,583	27,111
Total Assets	106,100	80,446	77,728	68,170	51,678	54,553
EQUITY AND LIABILITIES						
Capital and reserves	42,488	37,647	41,023	34,770	22,429	25,451
Deferred taxation	18,324	14,902	16,728	12,141	10,242	11,058
Current liabilities	45,288	27,897	19,977	21,259	19,007	18,044
Total Equity and Liabilities	106,100	80,446	77,728	68,170	51,678	54,553
Depreciation	459	432	684			
Capital expenditure	2,476	2,218	6,593			

Abridged group statement of cash flows	K'm	K'm	K'm	K'm
Operating profit before working capital changes	18,683	18,317	21,041	10,517
Working capital requirements	(9,752)	(9,547)	2,413	3,895
Interest, taxation & dividends	(12,593)	(8,947)	(16,742)	(9,162)
Purchase of property, plant & equipment	(2,476)	(2,218)	(6,593)	(5,121)
Proceeds from disposal of property, plant & equipment	12	99	78	71
Net decrease in cash and cash equivalents	(6,126)	(2,296)	197	200

Abridged group statement of changes in equity				
Share capital & premium				
Balance at beginning of the year	782	782	782	782
Retained earnings				
Balance at beginning of the period	40,241	32,125	32,125	20,729
Net profit for the year	9,313	9,556	18,816	14,640
Non-distributable reserve	-	-	(176)	(176)
Dividends declared	(7,848)	(4,816)	(10,524)	(10,524)
Balance at end of year	41,706	36,865	40,241	24,669
Capital and reserves	42,488	37,647	41,023	25,451

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 2015.

REVIEW OF OPERATIONS

Operations at both Nchalo and Dwangwa commenced later than planned due to wet weather at the beginning of April 2014. Performance at Nchalo has been below expectation for most of the season with some plant failures and subsequent impact on sugar production. Dwangwa however has had a steady run to date.

Sales into the domestic market for the half year were ahead of target, but sales into regional markets tracked well below expectation mainly as a result of cheap international sugar being imported into the region and severe import licence restrictions implemented by the Zimbabwean authorities halting sugar sales into this traditional market. Adverse market pricing pressure has also impacted sales revenue from EU markets.

On a seasonal basis, revenue for the half year to September 2014 totalled K 51.7 billion with operating profit for the six months at K 9.3 billion which was similar to that of the previous half year.

PROSPECTS

A concerted effort will be made to harvest and crush the cane crop at both estates prior to the onset of the rains and it is envisaged that the full year sugar production will be slightly lower than the previous year.

Overall sugar sales for the full year will match those achieved in the previous year, however an anticipated change in the sales mix will result in an increase in domestic market sales.

Profit after tax for the full year is expected to be around that achieved in the previous year.

DIVIDEND

Notice is hereby given that an interim dividend of 750 tambala per share (2013: 750 tambala per share) has been declared in respect of the ordinary shares of the company for the year ending 31 March 2015. The dividend is payable on 9 January 2015 to shareholders on the register at the close of business on 28 November 2014.

BY ORDER OF THE BOARD
29 October 2014

Malawi Sugar Limited
Secretaries