

ZAMBIA SUGAR Plc



HALF-YEAR RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

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 2010

	UNAUDITED SIX MONTHS		AUDITED 12 MONTHS
	SEPTEMBER 2010 ZK'MILLION	SEPTEMBER 2009 ZK'MILLION	MARCH 2010 ZK'MILLION
REVENUE	659 146	551 280	907 963
Profit from operations	104 460	124 310	159 006
Net financing income (cost)	(67 173)	16 764	(46 285)
Profit before tax	37 287	141 074	112 721
Income tax charge	(7 997)	(21 502)	(15 081)
Profit after tax	29 290	119 572	97 640
Attributable to minority interest	(465)	(1 186)	(1 464)
Net profit attributable to ordinary shareholders	28 825	118 386	96 176
Basic and diluted earnings per share (ZK)	4.55	21.05	16.09
Dividends per share (ZK)	1.85	5.00	7.50
Weighted average number of shares ('000)	6 331 428	5 624 641	5 977 066
Number of shares in issue ('000)	6 331 428	6 331 428	6 331 428

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 2011.

REVIEW OF OPERATIONS

The benefits of the significant expansion of Zambia Sugar's operations have been demonstrated in the period under review. Nakambala has exceeded all previous records in respect of cane harvested, cane milled and sugar made and sold in the domestic and export markets.

Unseasonal rains in April 2010 which resulted in intermittent cane supplies, impacted negatively on factory operations at the start of the season. Since then, the estate and outgrowers have adequately supplied the mill's cane requirements. The early season wet weather and above average minimum temperatures experienced to date have caused sucrose % cane to be below normal. The factory has settled down and has consistently operated at its new rated throughput capacity.

The period under review has seen the Kwacha strengthen against other major currencies. The strong Kwacha has negatively impacted on local currency realisations for EURO and Dollar denominated revenues. However, conversely the company will partly benefit from reduced foreign currency denominated costs.

Finance costs have a significant effect on earnings. Exchange differences on foreign denominated loans are included in finance costs. In the last financial year, and for the previous six months to 30 September 2009, a large exchange gain was recorded. This has not been repeated in the current year. The company has refinanced a portion of its dollar denominated loans in order to mitigate the impact of future currency exchange rate fluctuations.

PROSPECTS

The factory has performed well to date and with increased cane supplies, and provided weather conditions remain conducive, the company expects to produce at least 400 000 tons of sugar for the year. Exchange rates will continue to impact on revenue realisation, given the significant export volumes. Overall operating profit for the full year is anticipated to exceed last year. However, financing costs will continue to impact negatively on earnings in the current year. Overall profit after tax is expected to be below last year.

DIVIDENDS

Notice is hereby given that an interim dividend of ZK1.85 per share (2009: ZK5.00) has been declared in respect of the six months ended 30 September 2010 payable to ordinary shareholders registered at the close of business on 25 November 2010. The dividend will be paid on or before 31 December 2010.

By order of the Board

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COMPANY SECRETARY

3 November 2010