

ILLOVO SUGAR (MALAWI) LIMITED



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

**SUMMARY OF THE UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011**

FINANCIAL PERFORMANCE

Abridged group statement of comprehensive income

	Unaudited 6 months ended 30 Sept 2011 MK'm	Unaudited 6 months ended 30 Sept 2010 MK'm	Audited Year ended 31 Mar 2011 MK'm
Revenue	18,134	16,744	30,809
Profit from operations	5,708	5,535	9,736
Net finance cost	(252)	(272)	(557)
Profit before taxation	5,456	5,263	9,179
Taxation	(1,663)	(1,604)	(2,754)
Profit for the period	3,793	3,659	6,425
Other comprehensive income	-	-	-
Total comprehensive income	3,793	3,659	6,425
Loss on sale of property, plant and equipment	(6)	(7)	(11)
Headline earnings	3,787	3,652	6,414
Number of shares in issue ('000)	713,444	713,444	713,444
Weighted average number of shares on which profit per share is based ('000)	713,444	713,444	713,444
Profit per share (tambala)	532	513	901
Headline earnings per share (tambala)	531	512	899
Dividend per share (tambala)	300	287	630

Business segmental analysis

	Unaudited 6 months ended 30 Sept 2011 MK'm	Unaudited 6 months ended 30 Sept 2010 MK'm	Audited Year ended 31 Mar 2011 MK'm
Revenue			
Sugar production	9,596	8,327	16,135
Cane growing	8,538	8,417	14,674
	18,134	16,744	30,809
Profit from operations			
Sugar production	3,589	3,347	5,978
Cane growing	2,119	2,188	3,758
	5,708	5,535	9,736

Abridged group statement of financial position

	Unaudited 30 Sept 2011 MK'm	Unaudited 30 Sept 2010 MK'm	Audited 31 Mar 2011 MK'm
ASSETS			
Property, plant & equipment	7,958	7,304	7,989
Cane roots	9,721	8,712	9,230
Investment and loans	-	514	-
Non-current assets	17,679	16,530	17,219
Current assets	25,681	19,188	15,905
Total assets	43,360	35,718	33,124
EQUITY AND LIABILITIES			
Capital and reserves	18,670	16,676	17,181
Deferred taxation	9,547	6,886	7,947
Other non-current liabilities	1,135	1,016	954
Current liabilities	14,008	11,140	7,042
Total equity and liabilities	43,360	35,718	33,124
Depreciation (MK'm)	249	362	396
Capital expenditure (MK'm)	238	535	1,246

Abridged group statement of cash flows

	Unaudited 6 months ended 30 Sept 2011 MK'm	Unaudited 6 months ended 30 Sept 2010 MK'm	Audited Year ended 31 Mar 2011 MK'm
Operating profit before working capital changes	5,727	6,311	8,512
Working capital requirements	(598)	(3,361)	(280)
Interest, taxation & dividend	(4,031)	(4,160)	(7,221)
Purchase of property, plant & equipment	(238)	(535)	(1,246)
Disposal of property, plant & equipment	6	13	20
Reduction in investments	-	49	563
Borrowings repaid	-	-	(47)
Net increase/(decrease) in cash and cash equivalents	866	(1,683)	301

Abridged group statement of changes in equity

	Unaudited 30 Sept 2011 MK'm	Unaudited 30 Sept 2010 MK'm	Audited 31 Mar 2011 MK'm
Share capital and premium			
Balance at beginning/end of period	782	782	782
Retained earnings			
Balance at beginning of period	16,399	14,968	14,968
Profit for the period	3,793	3,659	6,425
Dividends declared	(2,304)	(2,733)	(4,994)
	17,888	15,894	16,399
Balance at end of period	17,888	15,894	16,399
Capital and reserves			
	18,670	16,676	17,181

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 2012.

REVIEW OF OPERATIONS

Both factories are operating at reasonable levels of performance, but cane growing conditions at Nchalo have generally been poor resulting in a decrease in sucrose percent cane and lower average cane yields compared to expectations. At Dwangwa a good crop has been produced with both cane yields and sucrose percent cane above the previous season.

Operating profit for the half year to September 2011 reflects modest growth over the corresponding period for the previous year, totalling K 5.7 billion compared to the previous year's K 5.5 billion. Revenues have grown and reflect the company's ability to take advantage of premium prices currently on offer within its regional markets. However, the current adverse macro-economic environment within the country has depressed sales in the local market, which are over 20% down compared to the six months to September 2010. This has tempered overall sales growth, although a portion of these volumes not saleable domestically have been directed to regional markets at favourable prices. Operating costs have been well controlled in the period under review.

PROSPECTS

Weather conditions will continue to influence production targets on both estates and would also impact the ability to complete crushing at Dwangwa. Given a continuation of present levels of acceptable mechanical plant efficiency, it is envisaged that overall sugar production will be marginally above that achieved in the previous year.

In terms of sugar sales for the full year it is expected that sales into the domestic market will be 14% down on those achieved in the previous year. High priced regional sales demand continues. Contracted sugar sales into Europe will be fully supplied, albeit limiting the company's ability to further exploit good sales opportunities on offer within the regional markets.

The financial results for the second half of the current financial year are expected to be better than the previous year and consequently earnings for the full year are anticipated to be at least 10% above last year. However, shortages of fuel and foreign currency will continue to exert pressure on the company's ability to operate at optimal levels and could have an adverse impact on the achievement of the full year's profit targets.

Approximately K 1.4 billion will be spent on capital projects during the full year to optimise current production capacity and further secure the ongoing growth of the company.

DIVIDEND

Notice is hereby given that an interim dividend of 300 tambala per share (2010: 287 tambala per share) has been declared in respect of the ordinary shares of the company for the year ending 31 March 2012. The dividend is payable on 30 December 2011 to shareholders on the register at the close of business on 18 November 2011.

BY ORDER OF THE BOARD
1 November 2011

Malawi Sugar Limited
Secretaries