

Statements of financial position

as at 31 March 2018

	Note	GROUP		COMPANY	
		2018 E'000	2017 E'000	2018 E'000	2017 E'000
ASSETS					
Property, plant and equipment	3	1 468 894	1 340 865	974 250	955 189
Goodwill	4	286 481	286 481	–	–
Intangible assets	5	2 966	3 110	2 966	3 110
Investments in subsidiaries	6	–	–	666 474	666 474
Equity accounted investees	7	118 776	111 090	52 500	52 500
Deferred tax assets	24.4	150	184	–	–
Total non-current assets		1 877 267	1 741 730	1 696 190	1 677 273
Inventories	9	149 009	128 275	94 160	72 742
Biological asset – growing cane	8.2	453 931	507 880	326 167	349 557
Biological asset – livestock	8.3	6 468	7 053	6 468	7 053
Trade and other receivables	10	235 376	115 907	164 129	96 787
Taxation prepaid	29.1	–	34 963	–	34 963
Cash and cash equivalents	11	216 935	404 253	84 508	247 894
Total current assets		1 061 719	1 198 331	675 432	808 996
Total assets		2 938 986	2 940 061	2 371 622	2 486 269
EQUITY					
Share capital	12.1	128 639	128 639	128 639	128 639
Share premium	12.1	632 379	632 379	632 379	632 379
Preference share redemption reserve	12.2	78 104	78 104	78 104	78 104
Retained earnings		1 143 247	1 053 987	804 753	608 447
Total equity		1 982 369	1 893 109	1 643 875	1 447 569
LIABILITIES					
Deferred tax liabilities	24.4	316 581	324 710	232 895	231 564
Loans and borrowings	14	–	8 571	–	8 571
Employee benefits	15	90 420	100 188	63 406	70 926
Total non-current liabilities		407 001	433 469	296 301	311 061
Trade and other payables	16	437 289	381 364	363 171	562 755
Short-term employee benefits	17	93 566	113 296	61 746	70 858
Bank overdraft	11,18	4 728	–	1 070	–
Current portion of loans and borrowings	14	–	15 000	–	15 000
Current tax liabilities	29.1	14 033	24 797	5 459	–
Dividends payable	29.2	–	79 026	–	79 026
Total current liabilities		549 616	613 483	431 446	727 639
Total equity and liabilities		2 938 986	2 940 061	2 371 622	2 486 269

Statements of profit or loss and other comprehensive income

for the year ended 31 March 2018

	Note	GROUP		COMPANY	
		2018 E'000	2017 E'000	2018 E'000	2017 E'000
Revenue	19	2 961 672	2 957 614	1 787 678	1 812 772
Cost of sales		(2 314 046)	(2 226 725)	(1 421 025)	(1 472 008)
Change in fair value of biological assets	8	(54 534)	139 710	(23 975)	110 204
Gross profit		593 092	870 599	342 678	450 968
Other income	20	104 069	51 121	313 676	227 518
Distribution expenses		(6 679)	(6 973)	(6 679)	(6 973)
Administration expenses		(360 386)	(404 526)	(210 219)	(247 313)
Operating profit	21	330 096	510 221	439 456	424 200
Finance income		53 482	33 457	32 372	13 493
Finance costs		(2 211)	(10 657)	(2 565)	(10 643)
Net finance income	23	51 271	22 800	29 807	2 850
Share of profit of equity accounted associate companies (net of income tax)	7	20 318	31 026	–	–
Profit before taxation		401 685	564 047	469 263	427 050
Income tax expense	24.1	(97 327)	(162 922)	(58 771)	(70 851)
Profit attributable to owners of the Company		304 358	401 125	410 492	356 199
Other comprehensive income (OCI)					
<i>Items that will never be reclassified to profit or loss</i>					
Remeasurements of defined benefit liabilities	15	(4 325)	(10 511)	(3 069)	(10 043)
Related deferred tax	24.2	1 189	2 891	845	2 762
Other comprehensive income, net of tax		(3 136)	(7 620)	(2 224)	(7 281)
Total comprehensive income for the year attributable to owners of the Company		301 222	393 505	408 268	348 918
Basic and diluted earnings per share (cents)	25	315.9	416.3	426.1	369.7

Statements of cash flows

for the year ended 31 March 2018

	Note	GROUP		COMPANY	
		2018 E'000	2017 E'000	2018 E'000	2017 E'000
Cash flows from operating activities					
Profit before taxation		401 685	564 047	469 263	427 050
<i>Adjusted for:</i>					
Depreciation		182 215	181 298	128 814	127 297
Amortisation of intangible assets		144	144	144	144
Decrease/(increase) in fair value of biological assets – growing cane		53 949	(139 920)	23 390	(110 414)
Decrease in fair value of biological assets – livestock		585	210	585	210
(Decrease)/increase in non-current employee benefits		(14 093)	12 825	(10 589)	8 805
Loss/(profit) on disposal of property, plant and equipment		5 537	(770)	5 537	(182)
Dividend income		–	–	(235 247)	(199 396)
Finance income		(38 109)	(33 457)	(17 004)	(13 493)
Finance costs		2 211	4 798	2 565	4 784
Unrealised currency loss		4 014	25 823	4 014	25 823
Share of associated Company net profit		(20 318)	(31 026)	–	–
Operating cash flows before movement in working capital		577 820	583 972	371 472	270 628
<i>Movement in working capital</i>					
Increase in inventory		(20 734)	(2 812)	(21 418)	(8 991)
(Increase)/decrease in trade and other receivables		(119 469)	26 527	(67 342)	852
Increase/(decrease) in trade and other payables		55 925	149 308	(199 584)	190 020
(Decrease)/increase in short-term employee benefits		(19 730)	407	(9 112)	(3 039)
Cash generated from operations		473 812	757 402	74 016	449 470
Interest paid	23	(2 211)	(4 798)	(2 565)	(4 784)
Taxation paid	29.1	(80 034)	(180 578)	(16 173)	(112 011)
<i>Net cash generated by operating activities</i>		391 567	572 026	55 278	332 675
Cash flows from investing activities					
Finance income	23	38 109	33 457	17 004	13 493
Dividends received		12 632	18 775	235 247	199 396
Proceeds from sale of property, plant and equipment		105	955	105	266
Acquisition of property, plant and equipment	3	(315 886)	(88 211)	(153 517)	(55 853)
<i>Net cash (utilised in)/generated by investing activities</i>		(265 040)	(35 024)	98 839	157 302
Cash flows from financing activities					
Repayment of borrowings		(23 571)	(15 030)	(23 571)	(15 030)
Dividends paid	29.2	(290 988)	(269 949)	(290 988)	(269 949)
<i>Net cash utilised in financing activities</i>		(314 559)	(284 979)	(314 559)	(284 979)
Net (decrease)/increase in cash and cash equivalents		(188 032)	252 023	(160 442)	204 998
Cash and cash equivalents at beginning of year	11	404 253	178 053	247 894	68 719
Effect of exchange rate fluctuations on cash held		(4 014)	(25 823)	(4 014)	(25 823)
Cash and cash equivalents at year end	11	212 207	404 253	83 438	247 894

Statements of changes in equity

for the year ended 31 March 2018

	Share Capital E'000	Share Premium E'000	Preference Share Redemption Reserve E'000	Retained Earnings E'000	Total E'000
GROUP					
2018					
Balance at 1 April 2017	128 639	632 379	78 104	1 053 987	1 893 109
Profit	–	–	–	304 358	304 358
Other comprehensive income	–	–	–	(3 136)	(3 136)
Total comprehensive income for the year	–	–	–	301 222	301 222
Transactions with owners recorded directly in equity – Dividends (note 12.3)	–	–	–	(211 962)	(211 962)
Balance at 31 March 2018	128 639	632 379	78 104	1 143 247	1 982 369
2017					
Balance at 1 April 2016	128 639	632 379	78 104	915 511	1 754 633
Profit	–	–	–	401 125	401 125
Other comprehensive income	–	–	–	(7 620)	(7 620)
Total comprehensive income for the year	–	–	–	393 505	393 505
Transactions with owners recorded directly in equity – Dividends (note 12.3)	–	–	–	(255 029)	(255 029)
Balance at 31 March 2017	128 639	632 379	78 104	1 053 987	1 893 109
COMPANY					
2018					
Balance at 1 April 2017	128 639	632 379	78 104	608 447	1 447 569
Profit	–	–	–	410 492	410 492
Other comprehensive income	–	–	–	(2 224)	(2 224)
Total comprehensive income for the year	–	–	–	408 268	408 268
Transactions with owners recorded directly in equity – Dividends (note 12.3)	–	–	–	(211 962)	(211 962)
Balance at 31 March 2018	128 639	632 379	78 104	804 753	1 643 875
2017					
Balance at 1 April 2016	128 639	632 379	78 104	514 558	1 353 680
Profit	–	–	–	356 199	356 199
Other comprehensive income	–	–	–	(7 281)	(7 281)
Total comprehensive income for the year	–	–	–	348 918	348 918
Transactions with owners recorded directly in equity – Dividends (note 12.3)	–	–	–	(255 029)	(255 029)
Balance at 31 March 2017	128 639	632 379	78 104	608 447	1 447 569

Identification of reporting entity and basis of preparation

Reporting entity

The Royal Swaziland Sugar Corporation Limited is a company domiciled in the Kingdom of Swaziland. The address of the Company's registered office is Simunye Sugar Estate. The consolidated financial statements as at and for the year ended 31 March 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group companies") and the Group's interest in associates and joint ventures. The Group is primarily involved in the growing and milling of sugar cane, the manufacture of sugar and the manufacture of ethanol from molasses.

Where reference is made to "the Group" in the accounting policies, it should be interpreted as referring to the Company, where the context requires, unless otherwise noted.

Basis of accounting

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Swaziland Companies Act.

The Group financial statements and Company financial statements were authorised for issue by the Board of Directors on 29 June 2018.

Basis of measurement

The Group and Company financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Financial instruments at fair value through profit or loss are measured at fair value; and
- Biological assets are measured at fair value less costs to sell.

The methods used to measure fair value are set out further in the individual accounting policies and notes to the financial statements.

Functional and presentation currency

The Group financial statements are presented in Emalangeni, which is the functional currency of the Company. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Group financial statements is included in the following notes:

- Notes 6, 7 and 30 – classification of joint arrangements;
- Note 6 – consolidation: whether the Group has *de facto* control over an investee; and
- Note 33 – lease classification.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ending 31 March 2019 is included in the following notes:

- Note 3 – measurement of useful lives and residual values of property, plant and equipment;
- Note 4 – goodwill impairment test: key assumptions underlying recoverable amounts;
- Note 8 – biological assets: key assumptions relating to unobservable inputs into valuation techniques;
- Note 15 – measurement of defined benefit obligations: key actuarial assumptions; and
- Note 28 – contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.