



THE ROYAL SWAZILAND SUGAR CORPORATION LIMITED AND ITS SUBSIDIARIES

(Incorporated in the Kingdom of Eswatini)

Registration number: 197710032001568

Listed on the Eswatini Stock Exchange (ESX)

Share Code: RSSC

ISIN Code: SZ0005797920

THE TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE OWNERS OF THE COMPANY AMOUNTED TO E217.8 MILLION

Consolidated Statement of Comprehensive Income

	Year ended 31-03-19 Audited E'000	Year ended 31-03-18 Audited E'000
Revenue	3 047 455	2 961 672
Cost of sales	(2 543 599)	(2 314 046)
	19 76 147	(54 534)
Gross profit	580 003	593 092
Other income	66 140	104 069
Distribution expenses	(7 527)	(6 679)
Administration expenses	(396 015)	(360 386)
Operating profit	242 601	330 096
Finance income	24 196	53 482
Finance costs	(12 620)	(2 211)
Net finance income	11 576	51 271
Share of profit of equity accounted investees (net of income tax)	28 015	20 318
Profit before taxation	282 192	401 685
Income tax expense	(72 079)	(97 327)
Profit attributable to owners of the Company	210 113	304 358
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Remeasurements of defined benefit liability	10 607	(4 325)
Related tax	(2 917)	1 189
Other comprehensive income (net of tax)	7 690	(3 136)
Total comprehensive income attributable to owners of the Company	217 803	301 222
Number of shares in issue ('000)	96 346	96 346
Sugar production (tonnes 96° Pol)	505 575	435 763
Ethanol production ('000 litres)	29 844	25 468
Ethanol sales ('000 litres)	29 179	24 443
Basic earnings per share (cents)	218.1	315.9
Dividends per share (cents)	152.4	220.0
Operating margin (%)	8.0	11.1
Interest cover (times)	21.1	173.5
Return on net assets (%)	11.6	16.7
Return on assets managed (%)	9.8	13.6
Return on shareholders' equity (%)	10.6	15.2
Price earnings ratio (%)	6.4	4.4
Earnings yield (%)	15.6	22.6
Dividend yield ratio (%)	10.9	15.7
Market share price (cents)	1 400	1 400

Consolidated Statement of Cash Flows

	2019	2018
Cash generated from operations	364 226	577 820
Changes in working capital	(228 662)	(104 008)
Finance costs	(12 620)	(2 211)
Taxation paid	(47 554)	(80 034)
Net cash generated from operating activities	75 390	391 567
Acquisition of property, plant and equipment	(402 825)	(315 886)
Other investing activities	23 789	50 846
Net cash utilised in investing activities	(379 036)	(265 040)
Increase/(decrease) in loans and borrowings	135 625	(23 571)
Dividends paid	(54 148)	(290 988)
Net cash utilised in financing activities	81 477	(314 559)
Net decrease in cash and cash equivalents	(222 169)	(188 032)
Cash and cash equivalents at beginning of year	212 207	404 253
Effect of exchange rate fluctuations on cash held	348	(4 014)
Cash and cash equivalents at end of the period	(9 614)	212 207

Consolidated Statement of Changes in Equity

	2019	2018
Balance at beginning of year	1 982 369	1 893 109
Total comprehensive income for the year	217 803	301 222
Dividend declared	(146 812)	(211 962)
Balance at end of the year	2 053 360	1 982 369

Notes to Consolidated Financial Statements

Business segmental analysis

1. External revenue

	2019	2018
- Cane Growing	11 939	10 973
- Sugar production and marketing	2 689 869	2 691 503
- Ethanol production and marketing	321 775	239 742
- External revenue not meeting segment criteria	23 872	19 454
3 047 455	2 961 672	

2. Operating segment results

	2019	2018
- Cane growing	276 999	263 951
- Sugar production and marketing	283 088	369 228
- Ethanol production and marketing	25 131	7 807
585 218	640 986	

- Results of other operations not meeting segment criteria	(1 123)	(6 136)
- Unallocated other income	62 674	61 434
- Unallocated corporate costs	(403 776)	(365 218)
- Unallocated net finance income	11 184	50 301
- Share of profit of equity accounted investees	28 015	20 318
Profit before taxation	282 192	401 685

Consolidated Statement of Financial Position

	As at 31-03-19 Audited E'000	As at 31-03-18 Audited E'000
Non-current assets		
Property, plant and equipment	1 678 118	1 468 894
Goodwill	286 481	286 481
Intangible assets	2 823	2 966
Equity accounted investees	146 181	118 776
Deferred tax assets	119	150
	2 113 722	1 877 267
Current assets		
Inventories	171 037	149 009
Biological assets - growing cane	528 644	453 931
Biological assets - livestock	7 902	6 468
Trade and other receivables	291 459	235 376
Taxation prepaid	13 799	0
Cash and cash equivalents	3 684	216 935
	1 016 525	1 061 719
Total assets	3 130 247	2 938 986
Equity and non-current liabilities		
Ordinary shareholders' funds	2 053 360	1 982 369
Deferred tax liabilities	371 824	316 581
Loans and borrowings	116 250	-
Employee benefits	83 172	90 420
	2 624 606	2 389 370
Current liabilities		
Trade and other payables	305 194	437 289
Short term employee benefits	75 110	93 566
Bank overdraft	13 298	4 728
Current portion of loans and borrowings	19,375.00	-
Current tax liabilities	0	14 033
Dividends payable	92,664.00	-
	505 641	549 616
Total equity and liabilities	3 130 247	2 938 986

COMMENTARY

Statement of Compliance

The summarised consolidated financial information, which has been audited, has been drawn up in compliance with the recognition and measurement criteria under International Financial Reporting Standards and in the manner required by the Companies Act of the Kingdom of Eswatini.

Accounting Policies

The Group has consistently applied the accounting policies as set out in the RSSC March 2018 Integrated Report, with the exception of the change in accounting policies arising from the Group adopting IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers during the current year, in preparing these results.

Changes in Accounting Policies

The Group adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers during the current year. The effect of the adoption of these standards for the first time are fully disclosed in the Group's statutory financial statements.

Commentary on Results

RSSC achieved record cane and sugar production during the 2018/19 season. Cane crushed at 3.7 million tonnes, was 15% higher than cane crushed in the previous year. Estate Cane yields were higher at 112.9 t/ha, as compared to 99.4 t/ha for the comparative period.

Sugar production at 505,575 tonnes, 96° pol sugar was 16% higher than the 435,763 tonnes of 96° pol sugar produced in the previous year.

Ethanol production at 29.8 million litres was 17% higher than the production in the prior year due to higher molasses processed through operation.

Total comprehensive income attributable to the Owners of the Company amounting to E217.8 million was 27.7% lower than the results achieved in 2018. This decline in profitability is mainly due to the sugar price that was 12.3% lower than the previous year owing to a lower world market sugar price and continued pressure on SACU prices. The valuation of biological assets reflects an increase of E76 million, recognising an improvement in pricing for 2019/20, with tariff measures in place in the SACU market, and higher expected sucrose volumes.

The consolidated statement of financial position for the Group shows a strong balance sheet with total assets of E3.1 billion. Phase 1 of the Integrated Growth Programme ("IGP"), was successfully commissioned in May 2018 at a cost of E145 million. Phase 2 of the IGP, commenced during the current financial year. These works will be completed in the early part of the 2019/20 season. The closing cash position does not reflect the drawdown of loans against capital expenditure for Phase 2 of the IGP amounting to E130 million. The drawdown for this and subsequent expenditure, occurred in April 2019.

The financial ratios show a general decline when compared to the last year but still show good returns given the depressed sugar market conditions.

Outlook

The sugar markets remain difficult, more so in the SACU and world markets. The view is that there should be a moderate recovery in SACU sugar prices in the medium term. The business will need to continue to improve efficiencies in its pursuit to be a low cost producer of sugar.

Corporate Governance

The Group is committed to best corporate governance practices and in this regard is guided by, inter alia, the code of corporate best practice and conduct contained in the King reports and other international guidelines on corporate governance. Details of the Group's compliance with corporate governance are set out in the March 2018 Integrated Report and these have been consistently applied during the year.

Review by Independent Auditors

The Group auditors, KPMG Chartered Accountants (Swaziland) have audited the consolidated financial results for the year ended 31 March 2019 and have issued an unmodified report. This summarised consolidated financial information has been derived from the audited statements and is consistent in all material respects. The report of the independent auditor is available for inspection at the registered office of the Company.

Contingencies and Commitments

There have been no material changes to contingencies while capital commitments have reduced by E178.6 million when compared to the disclosed amounts in the March 2018 Integrated Report. This is due to the spending profile of the ongoing Integrated Growth Programme.

Dividend Declared

A first interim dividend for the year ended 31 March 2019 (dividend 51) of 56.2 cents per share was declared on 14 September 2018 and paid in November 2018 to shareholders who were registered in the books of the Company at the close of business on 12 October 2018.

A second and final dividend for the year ended 31 March 2019 (dividend 52) of 96.18 cents per share was declared on 27 March 2019 and paid on or about 14 June 2019 to shareholders registered in the books of the Company at the close of business on 03 May 2019. This dividend, together with the interim dividend make a total distribution in respect of the year ended 31 March 2019 of 152.38 cents per share (2018 - 220.0 cents).

Material Events After the Reporting Date

There have been no material events after the reporting date.

Registered Office and Postal Address

The Royal Swaziland Sugar Corporation Limited
P. O. Box 1
Simunye
L301 Kingdom of Eswatini



Website: www.rssc.co.sz

Transfer Secretaries

KPMG Advisory (Swaziland) (Proprietary) Limited
P. O. Box 331
Mbabane
H100 Kingdom of Eswatini



Sponsoring Broker

Swaziland Stockbrokers Limited
P. O. Box 2818
Mbabane
H100 Kingdom of Eswatini



Auditors

KPMG
P. O. Box 331
Mbabane
H100 Kingdom of Eswatini



Directors: Dr A T Dlamini (Chairman), N M Jackson (Managing Director), HRH Princess Lomajuba, I Ahmed, J M du Plessis, J N Gule, Z R Magagula, B Mkhalihi, Chief Z N Ndlangamandla, M S M Shongwe, I G van der Walt, A Westermeyer.
Alternate: A Adeyemi (alternate to I Ahmed), M Ndlela (alternate to J N Gule), A Ngcobo (alternate to A T Dlamini).

Company Secretary: L S Masango

Acknowledgements

The Board expresses its appreciation to management and staff for their efforts during the year ended 31 March 2019.

For and on behalf of the Board

Dr A T Dlamini
Simunye

N M Jackson

27 June 2019