



**THE ROYAL ESWATINI SUGAR CORPORATION LIMITED AND ITS SUBSIDIARIES**

*Previously the Royal Swaziland Sugar Corporation*

**(Incorporated in the Kingdom of Eswatini)**  
**Registration number : 197710032001568**  
**Listed on the Eswatini Stock Exchange (ESE)**  
**Share Code: RSSC**  
**ISIN Code : SZ0005797920**

**THE TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE OWNERS OF THE COMPANY AMOUNTED TO E 299.6 MILLION**

**Consolidated statement of comprehensive income**

	Year ended 31-03-20 Audited E'000	Year ended 31-03-19 Audited E'000
Revenue	3 371 636	3 047 455
Cost of sales	(2 691 578)	(2 543 599)
Change in fair value of biological assets	72 198	76 147
Gross profit	752 256	580 003
Other income	70 873	66 140
Distribution expenses	( 6 935)	( 7 527)
Administration expenses	( 435 071)	( 396 015)
<b>Operating profit</b>	<b>381 123</b>	<b>242 601</b>
Finance income	35 709	24 196
Finance costs	( 29 937)	( 12 620)
<b>Net finance income</b>	<b>5 772</b>	<b>11 576</b>
Share of profit of equity accounted investees (net of income tax)	20 485	28 015
<b>Profit before taxation</b>	<b>407 380</b>	<b>282 192</b>
<b>Income tax expense</b>	<b>( 109 217)</b>	<b>( 72 079)</b>
<b>Profit attributable to owners of the Company</b>	<b>298 163</b>	<b>210 113</b>
<b>Other comprehensive income</b>		
Items that will never be reclassified to profit or loss		
Remeasurements of defined benefit liability	1 928	10 607
Related tax	( 530)	( 2 917)
<b>Other comprehensive income (net of tax)</b>	<b>1 398</b>	<b>7 690</b>
<b>Total comprehensive income attributable to owners of the Company</b>	<b>299 561</b>	<b>217 803</b>
Number of shares in issue ('000)	96 346	96 346
Sugar production (tonnes 96° Pol)	460 659	505 575
Ethanol production ('000 litres)	35 701	29 844
Ethanol sales ('000 litres)	37 228	29 179
Basic earnings per share (cents)	309.5	218.1
Dividends per share (cents)	134.6	152.4
Operating margin (%)	11.3	8.0
Interest cover (times)	13.9	21.1
Return on net assets (%)	14.7	11.6
Return on assets managed (%)	12.6	9.8
Return on shareholders' equity (%)	13.5	10.6
Price earnings ratio (%)	4.5	6.4
Earnings yield (%)	22.1	15.6
Dividend yield ratio (%)	9.6	10.9
Market share price (cents)	1 400	1 400

**Consolidated statement of cash flows**

Cash generated from operations	529 676	364 223
Changes in working capital	45 819	(228 662)
Finance costs	(29 937)	(12 620)
Taxation paid	(49 207)	(47 554)
<b>Net cash generated from operating activities</b>	<b>496 351</b>	<b>75 387</b>
Acquisition of property, plant and equipment	(329 916)	(402 825)
Other investing activities	35 670	23 792
<b>Net cash utilised in investing activities</b>	<b>(294 246)</b>	<b>(379 033)</b>
Proceeds from loans and borrowings	200 000	155 000
Repayment of borrowings	(47 946)	(19 375)
Repayment of lease liabilities	(1 948)	-
Dividends paid	(156 156)	(54 148)
<b>Net cash (utilised in)/generated by financing activities</b>	<b>(6 050)</b>	<b>81 477</b>
Net increase in cash and cash equivalents	196 055	( 222 169)
Cash and cash equivalents at beginning of year	( 9 614)	212 207
Effect of exchange rate fluctuations on cash held	915	348
<b>Cash and cash equivalents at end of the period</b>	<b>187 356</b>	<b>( 9 614)</b>

**Consolidated statement of changes in equity**

Balance at beginning of year	2 053 360	1 982 369
Total comprehensive income for the year	299 561	217 803
Dividend declared	(129 692)	(146 812)
<b>Balance at end of the year</b>	<b>2 223 229</b>	<b>2 053 360</b>

**Notes to consolidated interim financial statements**

**Business segmental analysis**

<b>1. External Revenue</b>		
- Cane Growing	10 931	11 939
- Sugar production and marketing	2 967 908	2 689 869
- Ethanol production and marketing	371 245	321 775
- External revenue not meeting segment criteria	21 552	23 872
	<b>3 371 636</b>	<b>3 047 455</b>
<b>2. Operating Segment Results</b>		
- Cane growing	326 152	276 999
- Sugar production and marketing	407 461	283 088
- Ethanol production and marketing	23 755	25 131
	757 368	585 218
- Results of other operations not meeting segment criteria	(4 098)	(1 123)
- Unallocated other income	69 571	62 674
- Unallocated corporate costs	(441 489)	(403 776)
- Unallocated net finance income	5 543	11 184
- Share of profit of equity accounted investees	20 485	28 015
<b>Profit before taxation</b>	<b>407 380</b>	<b>282 192</b>

**Consolidated statement of financial position**

	As at 31-03-20 Audited E'000	As at 31-03-19 Audited E'000
<b>Non current assets</b>		
Property, plant and equipment	1 817 679	1 678 118
Goodwill	286 481	286 481
Intangible assets	2 679	2 823
Equity accounted investees	163 372	146 181
Deferred tax assets	89	119
	<b>2 270 300</b>	<b>2 113 722</b>
<b>Current assets</b>		
Inventories	158 306	171 037
Biological assets - growing cane	599 124	528 644
Biological assets - livestock	9 620	7 902
Trade and other receivables	266 795	291 459
Taxation prepaid	863	13 799
Cash and cash equivalents	187 356	3 684
	<b>1 222 064</b>	<b>1 016 525</b>
<b>Total assets</b>	<b>3 492 364</b>	<b>3 130 247</b>
<b>Equity and non-current liabilities</b>		
Ordinary shareholders' funds	2 223 229	2 053 360
Deferred tax liabilities	417 599	371 824
Loans and borrowings	249 464	116 250
Employee benefits	95 645	83 172
	<b>2 985 937</b>	<b>2 624 606</b>
<b>Current liabilities</b>		
Trade and other payables	305 512	305 194
Short term employee benefits	83 216	75 110
Bank overdraft	-	13 298
Current portion of loans and borrowings	49 700	19 375
Current tax liabilities	1 799	-
Dividends payable	66 200	92 664
	<b>506 427</b>	<b>505 641</b>
<b>Total equity and liabilities</b>	<b>3 492 364</b>	<b>3 130 247</b>

**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 Eswatini.

**Accounting Policies**

The Group has consistently applied the accounting policies as set out in the RES March 2019 Financial Statements, with the exception of the change in accounting policy arising from the Group adopting IFRS 16 Leases for the first time during the current year. The Group adopted the modified retrospective approach whereby the prior-period financial information is not restated. The right of use assets are reported under Property, Plant and Equipment while the lease liabilities are included under Loans and Borrowings.

**Commentary on Results**

Cane crushed at 3.5 million tonnes, was 6% lower than cane crushed in the previous year. Estate Cane yields were lower at 101.3 t/ha, as compared to 112.9 t/ha for the comparative period. Severe storms, experienced in the early part of the year resulted in the lodging of sugar cane in some areas, and this, combined with adverse climatic conditions, has had a negative impact on the crop for the current year.

Sugar production at 460,659 tonnes, 96° pol sugar, was consequently 9% lower than the 505,575 tonnes, 96° pol sugar produced in the previous year.

Ethanol production at 35.7 million litres was 20% higher than the production in the prior year due to higher molasses processed through the distillery.

Total comprehensive income attributable to the Owners of the Company amounting to E299.6 million, was 38% higher than the results achieved in 2019. This improvement in profitability is mainly due to the sugar price that was significantly higher than the previous year owing to price improvements in some of the markets that had been depressed.

The consolidated statement of financial position for the Group shows a strong balance sheet with total assets of E3.5 billion. Phase 2 of the IGP, which entailed further improvements to the Mhlume mill as well as cane land developments, was substantially completed during current financial year. The Group consequently assumed new debt of E200.0 million. The closing cash position at 31 March 2020 was healthy at E187.4 million.

As indicated under accounting policies above, the Group adopted the modified retrospective approach when adopting IFR16 on leases. Accordingly, lease liabilities and lease assets valued at E7.8 million respectively, were recognised at 1 April 2019. New leases valued E5.6 million for both the asset and liability were entered into during the current financial year.

The financial ratios generally show an improvement when compared to the previous year save for the dilution of debt ratios due to the increased IGP related debt.

**Outlook**

The sugar markets continue to present a number of challenges, more so in the SACU and world markets. In the first quarter of the 2020 calendar year, the world was confronted with the COVID 19 pandemic causing significant disruption in the global economy. In Eswatini, RES has been categorised as an essential industry and has therefore been able to continue with its normal operations, albeit accommodating a best practise COVID risk avoidance strategy. Management actively monitors and responds to the constant changes with determined effort to ensure that the Group emerges as a going concern post the COVID 19 era. Major capital projects have been prudently suspended while the sugar markets settle and the COVID 19 pandemic persists.

**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 implementation with corporate governance are set out in the March 2019 Integrated Report and these have been consistently applied during the year.

**Review by Independent Auditors**

The Group auditors, KPMG Chartered Accountants (Swaziland), have reviewed this press release.

The Group auditors, have audited the consolidated financial results for the year ended 31 March 2020 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 E101.2 million when compared to the disclosed amounts in the March 2019 Integrated Report. This is due to the suspension of the Integrated Growth Programme.

**Dividend Declared**

A first interim dividend for the year ended 31 March 2020 (dividend 53) of 22.4 cents per share was declared on 13 September 2019 and paid in November 2019 to shareholders who are registered in the books of the Company at the close of business on 11 October 2019.

A second interim dividend for the year ended 31 March 2020 (dividend 54) of 43.5 cents per share was declared on 06 December 2019 and paid in February 2020 to shareholders registered in the books of the Company at the close of business on 10 January 2020.

A third and final dividend for the year ended 31 March 2020 (dividend 55) of 68.71 cents per share was declared on 27 March 2020 and was paid in June 2020 to shareholders registered in the books of the Company at the close of business on 08 May 2020. This dividend, together with the interim dividends make a total distribution in respect of the year ended 31 March 2020 of 134.61 cents (2019 - 152.38 cents) per share.

**Material Events After the Reporting Date**

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID 19 outbreak to be a pandemic in recognition of its rapid spread across the globe, with more than 200 countries affected. On 17 March 2020, The Prime Minister of Eswatini informed the nation that he had been commanded by His Majesty to invoke Section 29 of the Disaster Management Act of 2006 and declared a national emergency, commissioning a partial lockdown for the country which has been extended in stages till June 2020 with possible further extensions. Government has taken steps to contain the virus and the economic impacts of these events include the disruption to business operations and a significant increase in economic uncertainty to name but a few. The response of RES has been included under the Commentary Section, specifically under the "outlook" heading.

**Registered Office and Postal Address**

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



**Website:** www.res.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 Chartered Accountants (Swaziland)  
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 2020.

For and on behalf of the Board

**Dr A T Dlamini**  
**Simunye**

**N M Jackson**