



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

**(Incorporated in the Kingdom of Eswatini)**

**Registration number: 197710032001568**

**Listed on the Eswatini Stock Exchange (ESE)**

**Share Code: RSSC**

**ISIN Code: SZ0005797920**

**CONDENSED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

**THE TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE OWNERS OF THE COMPANY AMOUNTED TO E658.0 MILLION**

**Condensed Consolidated Statement of Comprehensive Income**

	Six Months 30-09-24 Reviewed E'000	Six Months 30-09-23 Reviewed E'000	Year ended 31-03-24 Audited E'000
Revenue	3 412 782	3 324 747	4 749 409
Cost of sales	(2 093 591)	(2 066 769)	(3 778 978)
Change in fair value of biological assets	(196 198)	(65 357)	280 265
Gross profit	1 122 993	1 192 621	1 250 696
Other income	52 926	48 327	90 074
Distribution expenses	(6 584)	(3 897)	(10 547)
Administration expenses	(315 688)	(280 088)	(590 366)
Impairment loss on trade receivables	(96)	(26)	(1 080)
<b>Operating profit</b>	<b>853 551</b>	<b>956 937</b>	<b>738 777</b>
Finance income	20 528	20 327	51 711
Finance costs	(32 828)	(33 055)	(62 455)
<b>Net finance cost</b>	<b>(12 300)</b>	<b>(12 728)</b>	<b>(10 744)</b>
Share of profit of equity accounted investees (net of income tax)	29 352	32 403	48 050
<b>Profit before taxation</b>	<b>870 603</b>	<b>976 612</b>	<b>776 083</b>
<b>Income tax expense</b>	<b>(212 587)</b>	<b>(261 515)</b>	<b>(137 613)</b>
<b>Profit attributable to owners of the Company</b>	<b>658 016</b>	<b>715 097</b>	<b>638 470</b>
<b>Other comprehensive income</b>			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit liability	-	-	4 595
Related tax	-	-	(1 264)
<b>Other comprehensive income (net of tax)</b>	<b>-</b>	<b>-</b>	<b>3 331</b>
<b>Total comprehensive income attributable to owners of the Company</b>	<b>658 016</b>	<b>715 097</b>	<b>641 801</b>
Number of shares in issue ('000)	96 346	96 346	96 346
Sugar production (tonnes 96° Pol)	319 182	322 447	391 100
Ethanol production ('000 litres)	18 695	20 430	29 919
Ethanol sales ('000 litres)	11 789	15 483	30 797
Basic earnings per share (cents)	683.0	742.2	662.7
Dividends per share (cents)	129.2	134.6	281.2
Operating margin (%)	25.0	28.8	15.6
Interest cover (times)	26.6	29.6	12.7
Return on net assets (%)	18.7	22.1	19.2
Return on assets managed (%)	15.2	18.3	16.0
Return on shareholders' equity (%)	18.1	21.6	20.7
Gearing (incl. cash) (%)	-	-	12.0
Debt/Equity (incl. cash) (%)	-	-	13.7
Price earnings ratio (times)	2.5	2.0	2.3
Earnings yield (%)	40.2	48.8	43.6
Dividend yield ratio (%)	7.6	8.9	18.5
Market share price (cents)	1 700	1 520	1 520

**Condensed Consolidated Statement of Cash Flows**

	2024	2023	2024
Cash generated from operations	1 191 607	1 153 514	758 457
Changes in working capital	37 502	64 056	20 132
Finance costs	(31 349)	(32 052)	(59 715)
Taxation paid	(33 232)	(10 480)	(61 410)
<b>Net cash generated from operating activities</b>	<b>1 164 528</b>	<b>1 175 038</b>	<b>657 464</b>
Acquisition of property, plant and equipment	(168 110)	(136 218)	(354 617)
Acquisition of Intangible Assets	(21 112)	(6 600)	(13 282)
Acquisition of Partnership net of cash	-	(13 158)	(13 158)
Other investing activities	38 889	40 669	79 561
<b>Net cash utilised in investing activities</b>	<b>(150 333)</b>	<b>(115 307)</b>	<b>(301 496)</b>
(Decrease) / increase in loans and borrowings	(74 652)	36 537	81 685
Dividends paid	(141 241)	(45 753)	(129 685)
<b>Net cash used in financing activities</b>	<b>(215 893)</b>	<b>(9 216)</b>	<b>(48 000)</b>
<b>Net increase in cash and cash equivalents</b>	<b>798 302</b>	<b>1 050 515</b>	<b>307 968</b>
Cash and cash equivalents at beginning of year	260 733	(50 961)	(50 961)
Effect of exchange rate fluctuations on cash held	(4 263)	4 689	3 726
<b>Cash and cash equivalents at end of the period</b>	<b>1 054 772</b>	<b>1 004 243</b>	<b>260 733</b>

**Condensed Consolidated Statement of Changes in Equity**

	2024	2023	2024
Balance at beginning of year	3 100 228	2 729 353	2 729 353
Total comprehensive income for the period	658 016	715 097	641 801
Dividends declared	(124 479)	(129 682)	(270 926)
<b>Balance at end of the period</b>	<b>3 633 765</b>	<b>3 314 768</b>	<b>3 100 228</b>

**Notes to Condensed Consolidated Interim Financial Statements**

**Business segmental analysis**

**1. External revenue**

	2024	2023	2024
- Cane Growing	4 667	3 709	9 346
- Sugar production and marketing	3 203 935	3 060 935	4 224 615
- Ethanol production and marketing	186 913	243 093	487 494
- External revenue not meeting segment criteria	17 267	17 010	27 954
<b>3 412 782</b>	<b>3 324 747</b>	<b>4 749 409</b>	

**2. Operating segment results**

	2024	2023	2024
- Cane growing	336 287	424 346	551 543
- Sugar production and marketing	737 647	698 235	602 900
- Ethanol production and marketing	58 128	73 043	104 341
<b>1 132 062</b>	<b>1 195 624</b>	<b>1 258 784</b>	

- Results of other operations not meeting segment criteria	(8 975)	(7 702)	(20 611)
- Unallocated other income	46 247	47 110	88 424
- Unallocated corporate costs	(315 791)	(278 192)	(588 048)
- Unallocated net finance cost	(12 292)	(12 631)	(10 516)
- Share of profit of equity accounted investees	29 352	32 403	48 050
<b>Profit before taxation</b>	<b>870 603</b>	<b>976 612</b>	<b>776 083</b>

**Condensed Consolidated Statement of Financial Position**

	As at 30-09-24 Reviewed E'000	As at 30-09-23 Reviewed E'000	As at 31-03-24 Audited E'000
<b>Non-current assets</b>			
Property, plant and equipment	2 754 513	2 633 310	2 718 123
Goodwill	286 481	286 481	286 481
Intangible assets	49 335	44 777	39 696
Equity accounted investees	247 277	228 389	238 536
Derivative assets	-	1 036	-
Deferred tax assets	1	8	1
	<b>3 337 607</b>	<b>3 194 001</b>	<b>3 282 837</b>
<b>Current assets</b>			
Inventories	319 528	286 164	217 761
Biological assets - growing cane	832 952	681 128	1 027 738
Biological assets - livestock	15 666	18 066	17 078
Trade and other receivables	322 302	297 747	459 572
Taxation prepaid	67	33 796	67
Derivative assets	947	3 126	2 426
Cash and cash equivalents	1 113 932	1 004 243	272 014
	<b>2 605 394</b>	<b>2 324 270</b>	<b>1 996 656</b>
<b>Total assets</b>	<b>5 943 001</b>	<b>5 518 271</b>	<b>5 279 493</b>
<b>Equity and non-current liabilities</b>			
Ordinary shareholders' funds	3 633 765	3 314 768	3 100 228
Deferred tax liabilities	644 146	667 247	654 615
Loans and borrowings	460 883	497 620	536 106
Employee benefits	96 841	84 822	102 440
	<b>4 835 635</b>	<b>4 564 457</b>	<b>4 393 389</b>
<b>Current liabilities</b>			
Trade and other payables	460 978	407 543	437 330
Short term employee benefits	114 580	116 766	138 478
Bank overdraft	59 160	-	11 281
Current portion of loans and borrowings	149 206	141 765	148 635
Current tax liabilities	198 963	203 811	9 139
Dividends payable	124 479	83 929	141,241
	<b>1 107 366</b>	<b>953 814</b>	<b>886 104</b>
<b>Total equity and liabilities</b>	<b>5 943 001</b>	<b>5 518 271</b>	<b>5 279 493</b>

**COMMENTARY**

**Statement of Compliance**

The condensed interim consolidated financial information, which has been reviewed but not 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 Eswatini Companies Act.

**Accounting Policies**

The Group has consistently applied the accounting policies as set out in the RES March 2024 consolidated and separate financial statements.

**Cyclicality of Operations at Interim Report Date**

Due to the seasonal nature of the business, whereby the crushing season typically ends in December, the expected results for the second six months would typically be significantly lower than those recorded in the first six months.

**Commentary on Results**

Cane crushed, at 2.4 million tonnes, was 4% lower than cane crushed for the same period last year. This is primarily due to the current season starting two weeks later than in the prior year due to rains in early April 2024. Estate cane is 1% lower whilst area harvested is 1% higher than the same period last year. This is attributed to lower cane yields from cane that was severely damaged by storms in March 2024. However, estate sucrose yields (tonnes sucrose per hectare - ts/ha) are slightly higher at 12.51 ts/ha compared to 12.39 ts/ha for the same period last year. This is due to better cane quality.

Despite cane crushed being 4% lower than for the same comparative period sugar production was 1% lower at 319 182 tonnes 96° pol sugar, as compared to 322 447 tonnes 96° pol sugar, for the same period last year. This is due to improved sugar recoveries, mainly at our Simunye factory, where two new high-tech mud belt filters were commissioned during the season.

Ethanol production at 18.7 million litres was 8% lower than the production in the prior year comparative period. Production has been curtailed due to storage constraints from ethanol stock build up as a result of slow sales. Ethanol sales at 11.8 million litres, were 24% lower than in the prior comparative period. However, based on contracts now in place it is expected that sales will catch up by the end of the marketing year.

Turnover is 3% higher than the comparative period due to better sugar and ethanol prices, relative to those in the comparative period offset by the lower production and sales volumes in the current period. Cost of sales are 1% higher in the current year due to the effect of cost inflation, diluted by significantly lower production volumes.

For the reasons stated above, total comprehensive income attributable to the Owners of the Company amounted to E658.0 million, and is 8% lower than the results achieved for the prior comparative period. Cash generation for the current interim period has also been lower than the comparative period mainly due to the two week late start of the current season.

The Group continues with its strategic projects which include installation of a 10 Mega Watt Solar Photovoltaic plant, development of 521 hectares of new cane land, various efficiency projects and research and development work on energy and a liquor bottling project.

The condensed consolidated statement of financial position of the Group continues to show a strong financial position with total assets amounting to E5.9 billion.

The financial ratios reflect the commentary above and continue to show good financial performance of the Group.

**Outlook and Cautionary Statement**

Sugar production for the current year is expected to be about 8% higher than the prior year but sugar and ethanol price increases are projected to be well below general cost inflation. The results for the period ended 31 March 2024 also included a significant release of a net deferred tax liability, following the reduction in the corporate tax rate from 27.5% to 25%. These factors, along with major research and development costs on our diversification strategy initiatives, will lead to the full year financial results projected to be significantly lower than those of the prior year.

In terms of the listing requirements of the Eswatini Stock Exchange, the company is required to issue a cautionary statement as soon as it becomes aware that financial results for the next reporting year will be materially different from those of the corresponding period of the previous year.

Accordingly, shareholders are advised that due to the adverse trading conditions, the Group's earnings for the year ending 31 March 2025 are anticipated to be materially lower than those of the year ended 31 March 2024. Shareholders are therefore advised to exercise caution when dealing in the company's shares.

**Corporate Governance**

The Group is committed to best corporate governance practices and in this regard is guided on a voluntary basis by the King IV code of corporate governance best practices and other international guidelines. Details of the Group's compliance with corporate governance are set out in the March 2024 Integrated Report and these have been consistently applied during the six month period.

**Review by Independent Auditors**

The Group auditors, SNG Grant Thornton Chartered Accountants (Eswatini) have reviewed but not audited the interim consolidated financial results for the period ended 30 September 2024 and have issued an unmodified report. The report of the independent auditors is available for inspection at the registered office of the Company.

**Contingencies and Commitments**

There have been no material changes to contingencies and commitments as disclosed in the March 2024 Integrated Report.

**Dividend Declared**

A first interim dividend for the year ending 31 March 2025 (dividend 65) of 129.20 cents per share was declared on 13 September 2024 and was paid in November 2024 to shareholders who were registered in the books of the Company at the close of business on 18 October 2024.

**Material Events After the Reporting Date**

There have been no material events after the reporting date.

**Registered Office and Postal Address**

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



**Website: www.res.co.sz**

**Transfer Secretaries**

SNG Grant Thornton (Advisory) (Eswatini) (Proprietary) Limited  
P O Box 331  
Mbabane  
H100 Eswatini

**Sponsoring Broker**

African Alliance Eswatini Securities Limited  
P O Box 5727  
Mbabane  
H100 Eswatini



**Auditors**

SNG Grant Thornton Chartered Accountants (Eswatini)  
P O Box 331  
Mbabane  
H100 Eswatini



**Directors:** Dr A T Dlamini (Chairman), N M Jackson (Managing Director), HRH Princess Lomajuba, R Field, J N Gule, Z R Magagula, B Mkhalihi, M M Nkomo, M Nkomo, S Okolieaboh, M S M Shongwe, A. Westermeyer.

**Alternates:** A Ngcobo (alternate to A T Dlamini), M Ndelela (alternate to J N Gule), U O Osakwe (alternate to S Okolieaboh).

**Company Secretary:** L S Masango

**Acknowledgements**

The Board expresses its appreciation to management and staff for their efforts during the period ended 30 September 2024.

For and on behalf of the Board

**Dr A T Dlamini**

**Simunye**

**N M Jackson**

**06 December 2024**