



HALF- YEAR RESULTS

The directors are pleased to announce the unaudited results for the six months ended 31 December 2009.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	6 months to 31 Dec 2009 Shs '000	6 months to 31 Dec 2008 Shs '000
REVENUE	8,960,824	6,202,941
LESS: TAXES AND LEVIES	<u> </u>	<u> </u>
VALUE ADDED TAX	(974,824)	(845,163)
SUGAR DEVELOPMENT LEVY	<u>(302,953)</u>	<u>(203,114)</u>
NET REVENUE	7,683,047 =====	5,154,664 =====
PROFIT BEFORE TAXATION	1,526,170	230,816
TAXATION CHARGE	<u>(490,000)</u>	<u>(68,177)</u>
PROFIT AFTER TAXATION	1,036,170 =====	162,639 =====
EARNINGS PER SHARE	Shs 0.68 =====	Shs 0.11 =====

Highlights

Net Revenue	↑	49%
Profit Before Taxation	↑	561%
Earnings Per Share	↑	518%

MUMIAS SUGAR COMPANY LIMITED
CONDENSED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2009

	Unaudited	Audited
	31 Dec 2009	30 June 2009
	Shs '000	Shs '000
ASSETS		
Non Current assets		
Property, plant and equipment	11,696,417	12,098,452
Non-current receivables and intangible assets	113,211	129,362
Development costs	113,307	135,969
	<u>11,922,935</u>	<u>12,363,783</u>
Working capital		
Current assets	5,552,405	5,111,932
Current liabilities	(3,091,281)	(3,760,339)
Net working capital	<u>2,461,124</u>	<u>1,351,593</u>
TOTAL NET ASSETS	14,384,059	13,715,376
	=====	=====
Capital and reserves		
Share capital	3,060,000	3,060,000
Revaluation surplus	1,687,251	1,687,251
Retained earnings	5,716,388	5,292,218
	<u>10,463,639</u>	<u>10,039,469</u>
Non- current liabilities		
Long term loan	2,147,107	2,382,814
Deferred income taxation	1,728,710	1,238,710
Other items	44,603	54,383
	<u>3,920,420</u>	<u>3,675,907</u>
TOTAL EQUITY AND LIABILITIES	14,384,059	13,715,376
	=====	=====

**STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2009**

	Share capital Shs '000	Revaluation surplus Shs '000	Retained earnings Shs '000	Total Shs '000
At 1 July 2009	3,060,000	1,687,251	5,292,218	10,039,469
2008/9 final dividend paid			(612,000)	(612,000)
Profit for the period	-	-	1,036,170	1,036,170
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 DECEMBER 2009	3,060,000	1,687,251	5,716,388	10,463,639
	=====	=====	=====	=====

**CONDENSED STATEMENT OF CASH FLOWS
FOR SIX MONTHS ENDED 31 DECEMBER 2009**

	31 Dec 2009 Shs '000	31 Dec 2008 Shs '000
Operating Activities		
Net cash from / (used) in operating activities	<u>2,547,976</u>	<u>(1,173,343)</u>
Investing Activities		
Net cash used in Investing Activities	<u>(324,901)</u>	<u>(787,536)</u>
Financing Activities		
Dividends paid	(495,747)	(571,691)
Loans repaid	(824,281)	(730,000)
Loans received	-	2,420,700
	<hr/>	<hr/>
Net cash used in financing activities	<u>(1,320,028)</u>	<u>1,119,009</u>
Increase in cash and cash equivalents	903,047	(841,870)
	<hr/>	<hr/>
Balance at 1 July	<u>(397,307)</u>	<u>193,108</u>
	<hr/>	<hr/>
Balance at 31 December	505,740	(648,762)
	=====	=====

OVERVIEW

The results for the six months ended 31 December 2009 were very impressive and a turnaround from the previous year.

The business operating environment in the country has been improving, albeit slowly. The unfavourable weather conditions in the major sugar producing countries has seen a decline in global sugar production. The world sugar prices are at an all time high in the region of USD 750 per tonne (US 30 cents/lb). This has resulted in improved sugar selling prices in the period. The sugar cane price has been increased from Shs 2,850 to Shs 3,148 per tonne in the period.

The appreciation of the Kenya shilling for the last six months has been favourable for the business especially on the dollar denominated liabilities, mainly the long term loan and costs of spares, fuel and fertiliser prices.

OPERATIONS

Sugar cane crushed was 1,143,268 tonnes which was 19% higher than the 961,596 tonnes in the previous year. Sugar produced was 123,183 tonnes which is 18% higher than the 104,686 tonnes produced last year. This performance is attributed to improved factory plant availability and normal supply of cane in the period.

The new co-generation plant commissioned in May 2009 has raised the efficiency of the sugar plant by providing high quality steam and reliable power which has raised the level of recoverability of sugar from sugar cane. There were some technical and operational challenges in the operation of the co-gen plant which has affected the revenue generated from power export. These issues are being addressed with Kenya Power & Lighting Company (KPLC) and the regulators.

The company sold 117,081 tonnes of sugar which is 7% higher than the 109,538 achieved in the same period last year.

RESULTS

Net revenue was Shs 7.7 billion which is 49% higher than the Shs 5.2 billion achieved over the same period last year.

Profit before taxation of Shs 1,526 million is 561% higher than the Shs 231 million achieved last year.

Earnings Per Share (EPS) is Shs 0.68 compared to Shs 0.11 in the same period last year, which is an Shs 0.57 increase per share.

DIVIDEND

The company policy is to pay a first and final dividend. In conformity with this, the directors do not recommend the payment of an interim dividend.

OUTLOOK

The global sugar production deficit in 2009 is likely to continue in 2010. The major world producers are yet to cover deficits in their home markets. Some are building up strategic reserves to guard against major production fluctuations. This means that the current higher than average sugar prices for both the industrial and table sugar will most likely continue to be sustained.

The challenge of cheap sugar imported from the low cost COMESA states will be minimal. With the global price currently at about USD 750 / metric tonne, many exporters in the region prefer the European and other markets especially where there is preferential pricing. Local demand is also on the rise as the economy is projected to improve hence raising the disposable incomes. However, the threat of diversion of transit sugar and other unfair trading practices still exists. Improved vigilance at the port and other entry points is still required.

The new packaging plant installed in August 2009 is bearing fruits by enabling the company produce and sell more pre-packed branded sugar and fetch a premium price.

The future of the sugar industry in Kenya lies in diversification and application of low cost technology in growing and processing sugar cane. The co-generation plant commissioned in May 2009 is starting to bear fruits. The company operations have improved due to availability of good quality steam for sugar processing and also steady supply of reliable power for internal use and export of the surplus 26MW to the national grid. Government policy support for renewable energy especially in light of the high electricity costs to consumers is encouraging. We expect better off-take from KPLC and improved revenue from the power segment in the second half of the year.

The company is in the process of venturing into ethanol production from molasses, a by-product of sugar. The project, which is planned to be commissioned by October 2011 and is expected to produce 22 million litres of Extra Neutral Alcohol (ENA) per year. The plant will also have the capacity to produce Anhydrous Alcohol for blending with petrol to produce gasohol for vehicles. The project will cost about Shs 3 billion of which 50% will be financed through debt and the balance from internal sources.

The inflationary pressure continues to be a challenge to the company by raising the cost of inputs. The company will continuously formulate and implement measures to contain the high costs. The unpredictable weather is also a challenge

The Board of Directors is expectant of sustained good performance in the second half of this financial year and is optimistic that the full year results will be significantly better than those achieved last year.

BY ORDER OF THE BOARD

Emily K. Otieno
Company Secretary
29 January 2010