



Zambeef Products PLC
("Zambeef" or the "Group")

INCORPORATED IN THE REPUBLIC OF ZAMBIA; COMPANY REGISTRATION NUMBER: 31824; SHARE CODE: ZAMBEEF; ISIN: ZM0000000201

In accordance with the requirements of the Securities Act 2016, Zambeef Products PLC announces its unaudited results for the six months ended 31 March 2018.

ABRIDGED GROUP STATEMENT OF COMPREHENSIVE INCOME, UNAUDITED ZMW'000s			ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION, UNAUDITED ZMW'000s		
	31-MAR-18	31-MAR-17		31-MAR-18	31-MAR-17
Revenue	1,226,083	1,161,318	ASSETS		
Gross profit	461,152	377,624	Goodwill	166,801	166,801
Administrative expenses	-399,546	-334,707	Property, plant and equipment	2,614,680	1,837,941
Other income	731	1,243	Plantation development expenditure	-	100,277
Operating profit	62,337	44,160	Biological assets	-	51,541
Exchange losses on translating foreign currency transactions and balances	5,619	6,748	Deferred tax assets	43,176	41,013
Finance costs	-40,663	-45,128	Biological assets(Current Assets)	339,358	373,280
Profit before taxation	27,293	5,780	Inventories	476,843	372,975
Taxation charge	-4,333	-556	Trade and other receivables	116,269	131,497
Group profit for the period from continued operations	22,960	5,224	Assets held for disposal	239,937	-
Loss from discontinued operations	-11,290	-	Amounts due from related companies	18,789	2,727
Total profit/(loss) for the period	11,670	5,224	Income tax recoverable	8,719	1,569
			TOTAL ASSETS	4,024,572	3,079,621
Group profit/(loss) attributable to:			EQUITY AND LIABILITIES		
Equity holders of the parent	12,295	5,519	Capital and Reserves	2,891,429	2,123,000
Non-controlling interest	-625	-295	Interest bearing liabilities	284,352	233,589
	11,670	5,224	Obligations under finance leases	24,382	33,433
Other comprehensive income			Deferred liability	17,729	11,037
Exchange gains on translating presentational currency	-10,437	-10,547	Deferred taxation	7,318	8,630
Total comprehensive income for the period	1,233	-5,323	Interest bearing liabilities(current liabilities)	73,416	77,306
			Collateral management agreement	136,774	68,008
Total comprehensive income/(loss) for the period attributable to:			Obligations under finance leases	12,679	22,422
Equity holders of the parent	4,299	-4,308	Trade and other payables	284,165	238,757
Non-controlling interest	-3,066	-1,015	Assets held for disposal	12,092	-
	1,233	-5,323	Amounts due to related companies	131	-
Earnings per share	Ngwee	Ngwee	Taxation payable	8,617	12,046
Basic and diluted earnings per share from continued operations	7.85	1.84	Cash and cash equivalents	271,488	251,393
Basic and diluted earnings per share from discontinued operations	-3.76	-	TOTAL EQUITY AND LIABILITIES	4,024,572	3,079,621
Total	4.09	1.84			
			ABRIDGED GROUP STATEMENT OF CASH FLOW	31-MAR-18	31-MAR-17
			Net cash flow from operating activities	(75,249)	(28,261)
			Net cash flow from investing activities	(54,308)	(135,340)
			Net cash flow from financing	(23,457)	(144,669)
			Decrease in cash and cash equivalents	(153,014)	(308,270)
			Cash and cash equivalents at beginning of year	(105,148)	64,806
			Effects of exchange rate changes on forex	(13,326)	7,929
			Cash and cash equivalents at end of year	(271,488)	(251,393)

ABRIDGED GROUP STATEMENT OF MOVEMENTS IN EQUITY, ZMW'000s	Share capital	Share premium	Preference share capital	Revaluation reserve	Foreign exchange translation reserve	Retained earnings	Total attributable to owners of the parent	Non-controlling interest	Total equity
At 31 March 2017	3,006	1,125,012	1,000	476,447	93,694	432,472	2,131,631	-8,631	2,123,000
Profit for the period	-	-	-	-	-	-1,482	-1,482	-474	-1,956
Transfer of surplus depreciation	-	-	-	-14,100	-	14,100	-	-	-
Revaluation	-	-	-	789,795	-	-	789,795	-	789,795
Other comprehensive income:									
Exchange gains/(losses) on translating presentational currency	-	-	-	-	-21,467	-	-21,467	824	-20,643
Total comprehensive income for the period	-	-	-	775,695	-21,467	12,618	766,846	350	767,196
At 30 September 2017	3,006	1,125,012	1,000	1,252,142	72,227	445,090	2,898,477	-8,281	2,890,196
Profit for the period	-	-	-	-	-	12,295	12,295	-625	11,670
Transfer of surplus depreciation	-	-	-	-11,700	-	11,700	-	-	-
Other comprehensive income									
Exchange gains on translating presentational currency	-	-	-	-	-7,996	-	-7,996	-2,441	-10,437
Total comprehensive income for the period	-	-	-	-11,700	-7,996	23,995	4,299	-3,066	1,233
At 31 March 2018	3,006	1,125,012	1,000	1,240,442	64,231	469,085	2,902,776	-11,347	2,891,429

Key Financial Highlights

In USD'000	31-Mar-18	31-Mar-17
Revenue	123,847	118,381
Gross Profit	46,581	38,494
EBITDA	11,112	8,898
Pre Tax Profit/(Loss)	2,758	590
Net Income	2,320	533
Loss from discontinued operations	-1,140	0
Exchange gain/(losses) on translating presentational currency	4,938	6,617
Total comprehensive income	6,118	7,150
Earnings per share	Cents	Cents
Basic and diluted earnings per share from continued operations	0.79	0.19
Basic and diluted earnings per share from discontinued operations	-0.38	0
Total	0.41	0.19

Commentary:

- Zambef's first half performance was good with revenue growing 6%, operating profit increasing 41%, net income growing 123% driven by increasing volumes and improving margins in the core divisions namely Retail & Cold Chain Food Products, and Stockfeed.
- The Group's half year performance was encouraging given significant increases in overhead following the removal of fuel and electricity tariffs, the closure of some store as result of the cholera outbreak, and the outbreak of Foot and Mouth Disease.
- The Group continued to pursue its retail strategy opening four macro stores and closing nine small retail outlets. The total number of stores now stands at 205 including Shoprite outlets.
- In stockfeed, the Group's new plant in Mpongwe (commissioned in October, 2017 by H.E. Edgar Chagwa Lungu) reached 42.6% capacity against a target of 30%. The division continues to be a strong profitability and revenue driver for the business.

- Furthermore, Cropping recovered with EBITDA growing 23.2% as result of better expected yields and reduced overheads (lower manpower costs) despite low commodity prices.
- The Group completed the sale of 90% of Zampalm to the Industrial Development Corporation for a cash consideration of USD16million.
- Joint CEO Tim Pollock resigned on May 24, 2018 for personal reasons; consequently, Francis Grogan became the sole CEO of the group.

Commenting on these results, Chairman Dr. Jacob Mwanza said:

“The volatile economic conditions in Zambia over the previous two years, including sharp depreciation of the Kwacha against the US Dollar and relatively high inflation, presented challenges for the business. I am pleased to say that this period of uncertainty appears to be behind us. We are entering a period of relative stability in the economy, supported by tight fiscal and monetary control by Zambia’s Ministry of Finance and the Bank of Zambia.”

“Volume and margin growth in the Retail and Cold Chain Food products division and stockfeed division indicates that the worst of the economic hardship has dissipated.”

“The Group will maintain its focus on expanding the retailing and distribution footprint and on improving margins and increasing profitability. We will continue to expand the Cold Chain Food Production capacity to meet increasing consumer demand; complete the build out of the new stock feed plant at Mpongwe and continue to strengthen our balance sheet, through the disposal of non-core assets.”

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Accordingly, investors in Zambeef Products PLC are advised to exercise caution when trading in the Company’s shares and should seek the professional advice of a broker or investment advisor for guidance.

Further information can be found on www.zambeefplc.com

Sponsoring Broker



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