

9 December 2019



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

### Full-year results for the year ended 30 September 2019 and Notice of AGM

Zambeef (AIM: ZAM), the fully integrated cold chain foods and retail business with operations in Zambia, Nigeria and Ghana, today announces its audited results for the year ended 30 September 2019.

#### Financial Highlights

Figures in 000's	2019	2018	%	2019	2018	%
	ZMW	ZMW		USD	USD	
<b>Revenue</b>	<b>3,134,967</b>	<b>2,780,589</b>	<b>12.74%</b>	<b>254,462</b>	<b>280,301</b>	<b>-9.22%</b>
Cost of sales	(2,063,704)	(1,806,185)	14.26%	(167,509)	(182,075)	-8.00%
<b>Gross profit</b>	<b>1,081,547</b>	<b>959,159</b>	<b>12.76%</b>	<b>87,788</b>	<b>96,689</b>	<b>-9.21%</b>
Administrative expenses	(920,771)	(841,319)	9.44%	(74,738)	(84,810)	-11.88%
<b>Operating profit</b>	<b>161,209</b>	<b>118,270</b>	<b>36.31%</b>	<b>13,085</b>	<b>11,922</b>	<b>9.76%</b>
Finance costs	(82,790)	(70,215)	17.91%	(6,720)	(7,078)	-5.06%
Exchange gains	(36,730)	(19,302)	90.29%	(2,981)	(1,946)	53.19%
<b>Profit before taxation</b>	<b>38,653</b>	<b>28,011</b>	<b>37.99%</b>	<b>3,138</b>	<b>2,823</b>	<b>11.16%</b>
Taxation charge	(2,780)	(4,257)	-34.70%	(226)	(429)	-47.32%
<b>Group income for the year from continuing operations</b>	<b>35,873</b>	<b>23,754</b>	<b>51.02%</b>	<b>2,912</b>	<b>2,394</b>	<b>21.64%</b>
(Loss)/profit from discontinued operations	(17,379)	(13,261)	31.05%	(1,411)	(1,337)	5.53%
<b>Group income for the year</b>	<b>18,494</b>	<b>10,493</b>	<b>76.25%</b>	<b>1,501</b>	<b>1,057</b>	<b>42.01%</b>
EBITDA	283,130	224,059	26.4%	22,981	22,587	1.7%
Gross Profit Margin	34.5%	34.5%		34.5%	34.5%	
EBITDA Margin	9.03%	8.06%		9.03%	8.06%	
Debt/Equity (Gearing)	27.3%	22.0%		27.3%	22.0%	
Debt-To-EBITDA	3.13	3.06		2.92	2.48	

#### PERFORMAMCE OVERVIEW

The financial year ended 30 September 2019 proved to be a challenging year amidst a regional drought and macroeconomic headwinds. The weakening of the Zambian Kwacha against the USD by approximately 24%, increase in the cost of fuel by 19%, together with constrained electricity supply that started in July 2019 due to reduced electricity generation arising from the low water levels in the Kariba Dam, impacted not only the Zambeef Group's performance but also our customers spending power.

Against these headwinds, the Group's results were nonetheless, reassuring, especially in the second half of the year as management took proactive steps to deal with these challenges in both the long and short term underpinned by continued focus on the key strategic initiatives.

Despite the odds being heavily stacked against Cropping, driven by a severe drought in the summer, inadequate electricity supply and water shortages in the winter, the Farms produced exceptionally good yields. Maize contributed 19,233 tons of grain together with 22,000 tons of silage for the dairy and beef operations. A 14% increase in the wheat winter crop resulted in a harvest of 50,398 tons (2018:44,300 tons).

Zambeef's chain of 226 retail outlets - both own-brand and within Shoprite supermarkets - remain at the heart of the business, with demand from consumers driving supply. However, disposable income for our consumers was constrained during the financial year driven by the tough economic climate which resulted in subdued performance. In addition, the inability to pass on the extra costs of inputs such as feed prices and other escalating costs also negatively impacted profitability.

The stockfeed operations continued to grow during the year against the backdrop of a drought. The division's volumes grew by 9% with Mpongwe producing 24.5% more than the previous year.

## **KEY FINANCIAL HIGHLIGHTS**

Revenue for the Group increased by 13% in ZMW but decreased by 9% in USD as a result of the depreciation of the ZMW while Gross Profit also increased by 13% in ZMW from ZMW959m to ZMW1082m (USD88m vs USD97m). The ZMW performance has been adversely impacted by high input costs which could not be passed on to the consumer in full, whilst dollar performance has been further impacted by the depreciation of the kwacha.

Management continued to focus on bringing down the overheads, however administration expenses increased by 9% in ZMW from ZMW841m to ZMW920m. The Group achieved an operating profit of ZMW161m versus ZMW118m recorded in the previous financial year (USD13m vs USD12m) which represents a 36% increase in ZMW and a 8% increase in USD.

The profitability was mainly driven by cropping, increased volumes and margins in the stock feed division and Retail and Cold Chain Food Products which is in line with our strategic imperative of consistent revenue growth through expansion of our retail network.

Finance costs increased by 18% in ZMW and decreased by 5% in USD as a result of higher utilisation of working capital, ZMW interest rates increasing and the depreciation of the Zambian Kwacha against the USD.

As a result, Zambeef's Group income for the year increased from ZMW10m to ZMW18m (USD1m to USD1.5m).

Zambeef's management remains committed to focusing on core divisions to generate cash flow that will be channelled towards de-risking the business. Our plans are underpinned by:

- More Shoprite/Zambeef butchery counter concessions opened;
- Consistent revenue growth through expansion of our retail network, driving our CCFP and Stockfeed operations;
- Continued capital investment in the best performing areas of the business;
- Cash generation through improved margins, cost control, working capital management and prudent capital expenditure;
- Continued divestment of non-core assets; and
- Environmental and food safety improvement projects.

Zambeef's management will continue to focus resources on improving the performance across all of the Group's business divisions and ensure that the integrated business model operates at maximum effectiveness with all areas contributing fully to Group profitability.

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

"As we had anticipated, 2019 proved a challenging year for the Group, driven by difficult economic and market conditions that impacted negatively on financial performance, particularly in the first half of the year. Despite these challenges, the Group still managed to generate a profit after tax of ZMW18.5 million (USD1.5 million) compared to ZMW10.5 million (USD1.1 million) achieved in the prior financial year. This achievement, in the face of such economic and market difficulties, illustrates the Group's fundamental strengths as a diversified and resilient business.

"The Board remains committed to achieving the strategic priorities that we set out in 2014, with a key focus on the core divisions that generate sustainable and strong cashflows, particularly through our Retail and Cold Chain Food Products and Stockfeed divisions. Another significant cornerstone of our strategy is our divestment of non-core assets, with realised proceeds used to reduce debt levels.

"The macro-economic climate is expected to remain challenging for Zambia in 2020, characterised by high national debt levels, a volatile Kwacha and continued electricity supply constraints, negatively affecting business activity across the economy which could impact the growth of the Zambian economy and have a significant knock-on effect on our customers' disposable incomes.

"In spite of these continued problems, the Group is committed to strengthening its earnings potential and unlocking value through reducing debt levels in the medium term, which will mitigate foreign exchange and interest rate risk exposures."

Copies of Zambeef's Annual Report and Accounts for the year ended 30 September 2019 and Notice of AGM, together with a document setting out the proposed changes to the Company's Articles of Association, will shortly be available on the Group's website and posted to Shareholders.

The Group's Annual General Meeting will be held on 30 December 2019 at Taj Pamodzi Hotel, Lusaka at 11:30 a.m. (Zambian time).

**For further information, please visit [www.zambeefplc.com](http://www.zambeefplc.com) or contact:**

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### **About Zambef Products PLC**

The Zambef Products PLC is the largest integrated cold chain food products and agribusiness in Zambia and one of the largest in the region, involved in the production, processing, distribution and retailing of beef, chicken, pork, dairy, eggs, fish, flour and stockfeed; throughout Zambia and the surrounding region, as well as Nigeria and Ghana. The Group also has large cereal row cropping operations (principally maize, soya beans and wheat), with approximately 7,972 hectares of row crops under irrigation, which are planted twice a year and a further 8,776 hectares of rain-fed crops available for planting each year.

*The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement via Regulatory Information Service, this inside information is now considered to be in the public domain.*

## **CHAIRMAN'S REPORT**

I am pleased to present to you the Chairman's Report with respect to the financial year ended 30 September, 2019. As we had anticipated, 2019 proved a challenging year for the Group, driven by difficult economic and market conditions that impacted negatively on the Group's financial performance, particularly in the first half of the year. Despite these challenges, the Group still generated a profit after tax of ZMW18.5 million (USD1.5million) compared to ZMW10.5 million (USD1.1 million) in the prior financial year. This achievement, in the face of such economic and market difficulties, illustrates the Group's fundamental strengths as a diversified and resilient business. The Board remains committed to achieving the priorities set out in 2014, with a key focus on the core divisions that generate sustainable and strong cashflows, particularly through our Retail and Cold Chain Food Products and Stockfeed divisions. Another significant cornerstone of our strategy is our divestment of non-core assets, with realised proceeds used to reduce debt levels. Much progress has been made on this, with the disposal of Zamanita Ltd to Cargill Holdings BV in 2015, followed by the sale of our 90% shareholding in Zampalm Ltd to the Industrial Development Corporation in 2018. During the year we entered into a binding sale and purchase agreement with Chenguang Biotech (Zambia) Agri-Dev Limited for the disposal of Sinazongwe Farm.

### **The Economic Environment**

Zambia experienced a challenging macroeconomic climate during the course of the Group's 2019 financial year, which impacted on consumer spending power. The Minister of Finance stated, when delivering his National Budget speech, that economic growth was expected to slow down to 2% by the end of 2019, compared with a target of 4% and growth of 3.7% in 2018. The slowdown in economic growth was primarily attributed to the severe drought the region was experiencing, and debt servicing challenges. The previous poor 2018/2019 rainy season led to poor agricultural production and constrained electricity generation. The Kwacha weakened during the period, with the exchange rate ending the period at around ZMW13.20/USD, having started the period under review at ZMW12.24/USD.

### **Trading Results**

Set against this challenging macro economic backdrop, the Group's results were reassuring, especially in the second half of the year, as management took proactive steps to deal with these challenges in both the short and long term, underpinned by continued focus on key strategic initiatives. The Group achieved profit after tax (from continuing operations) of ZMW35.9 million (USD2.9 million), compared with ZMW23.8 million (USD2.4 million) for the same period in the previous year. The increase in profitability was mainly driven by cropping, increased volumes and margins in the Stockfeed division and Retail and Cold Chain Food Products, in line with our strategic imperative of consistent revenue growth through expansion of our retail network. Net debt at the end of the period was ZMW886.3 million (USD67.1 million) compared with ZMW684.9 million (USD55.9million).

## **Stockfeed**

The stockfeed operations continued to grow during the year, against the backdrop of the drought, and the division remains a significant contributor to the Group. The division produced 218,762 tonnes of feed in 2019, compared to 200,846 tonnes in 2018, with Mpongwe producing 24.5% more than the previous year.

## **Retail and Cold Chain Food Products**

Zambeef's chain of 226 retail outlets - both own-brand and within Shoprite supermarkets - remain at the heart of the business, with demand from consumers driving supply. The Group's focus continued with the successful roll out of seven new Macro outlets in strategic locations across Zambia and the closure of seven small retail stores as part of its ongoing drive to optimise revenue and efficiencies across the division.

## **Cropping**

The Cropping division performed exceptionally well, despite the severe drought in summer, constrained electricity supply and water shortages in the winter. Yields for all crops were above management expectations, and thus the division contributed positively to profitability.

## **Disposal of non-core assets**

The Group has entered into a binding sale and purchase agreement with Chenguang Biotech (Zambia) Agri-Dev Limited for the sale of Sinazongwe Farm, subject to the fulfilment of certain conditions precedent. This disposal is expected to complete by March 2020 for a cash consideration of USD10 million.

## **DIVIDEND**

While we are steadfast in our dedication to enhance shareholder value, in view of the financial performance and debt levels of the Group, no dividend will be paid in respect of this financial year. We will continue to monitor and review our dividend policy.

## **OUTLOOK**

The macro-economic climate is expected to remain challenging for Zambia in 2020, characterised by high national debt levels, a volatile Kwacha and continued electricity supply constraints, affecting business activity across the economy and in all sectors. This will impact growth of the Zambian economy and have a significant knock-on effect on our customers' disposable incomes. Despite these continued problems, the Group is committed to strengthening its earnings potential and unlocking value through reducing debt levels in the medium term, which will mitigate foreign exchange and interest rate risk exposures.

## **ACKNOWLEDGEMENT**

I express my sincere thanks to my fellow Board members for leading the Group through this challenging year. To our management and staff, I express our utmost appreciation for your dedicated efforts. As a Board we would like to express our deepest gratitude to the Chief Executive Officer, Mr Francis Grogan, who will be retiring effective 31st December 2019. His leadership and profound business acumen have enabled the Zambeef Group to grow by leaps and bounds during his tenure. He has played a significant role in the Group and we all wish him all the very best. Mr. Grogan will be succeeded from 1 January 2020 by Mr Walter Roodt, who was appointed to the Zambeef Board on 5 February 2019. Mr Grogan has been working closely with Mr Roodt and Mr Mike Lovett, the Group's Chief Operating Officer, since January 2018 in a well-planned succession to ensure a successful and smooth transition. On behalf of the Group, a warm welcome to our newest Board members, Mr Michael Mundashi, who was appointed as an Independent Non-Executive Director effective 11 September 2019, and Ms Faith Mukutu, the Chief Financial Officer, as an Executive Director of the Board. Their established professional backgrounds and valuable expertise will be an asset to the Group. We would also like to thank our shareholders, for their continued support of the Group. Our

appreciation goes as well to our other stakeholders such as financiers, business associates and consultants for all their support.

## **Chief Executive Officer's Review**

### **Overview**

The financial year ended 30 September 2019 proved to be a challenging year amidst a regional drought and macroeconomic headwinds. The weakening of the Zambian Kwacha against the USD by approximately 24% over the period, an increase in the cost of fuel by 19% together with constrained electricity supply, due to reduced electricity generation arising from low water levels in the country's major water reservoirs, impacted not only on Zambeef's performance but also on our customers' spending power. The inadequate supply of electricity has resulted in Zambeef running diesel powered generators, significantly increasing operational costs.

Despite the challenges noted above, Zambeef achieved a Profit After Tax (from continuing operations) of ZMW35.9 million (USD2.9 million), compared with ZMW23.8 million (USD2.4 million), for the same period last year driven by good performance from the Cropping and Stockfeed divisions. Our revenue ended at ZMW3.1 billion (USD254.5 million), whilst we achieved a gross profit of ZMW1.1 billion (USD87.8 million), which were respectively 12.7% and 12.8% above prior year in Kwacha terms, but both down by 9.2% in USD terms.

Zambeef continued to be one of the largest employers in Zambia with our total headcount averaging 7,407 per month at an average wage bill of ZMW38 million (USD3.5 million) per month.

### **Strategic focus**

Zambeef's management remains committed in focusing on core divisions to generate cash flow that will be channelled towards de-risking the business. Our plans are underpinned by:

- Consistent revenue growth through expansion of our retail network, driving our cold chain food products and stockfeed operations;
- Continued capital investment in the highest performing areas of the business;
- Cash generation through improved margins, cost control, working capital management and prudent capital expenditure;
- Continued divestment of non-core assets; and
- Environmental and food safety improvement projects.

During the year, Zambeef entered into a binding sale and purchase agreement with Chenguang Biotech (Zambia) Agri-Dev Limited for the sale of Sinazongwe Farm for a consideration of USD 10 million. This disposal is expected to be completed by March 2020 and the funds will be used to reduce our debt levels.

Whilst Zambeef recorded a loss after tax in the first half of the year, the second half was particularly pleasing as management managed to stabilise operations and the Group ended the year on a positive note. The cost to income ratio decreased from 26.4% (2018) to 25.1% (2019). However, due to the cash flow pressure arising from the steep increase in input costs, our net debt increased from ZMW685 million (USD56 million) to ZMW886 million (USD67 million).

### **Cropping**

The Zambeef cropping division had an exceptional year despite operating in a challenging business environment owing to a severe drought in the summer, inadequate electricity supply and water shortages in the winter. Despite this, the Farms produced exceptionally good yields.

The Farms increased the production of fodder by 34% (25,490 tons) and grains by 7% (119,830 tons) this year compared to 16,736 tons of fodder and 112,027 tons of grains in the prior comparable period.

Zambia had a large soya bean crop which was in excess of local solvent extracted soya cake requirements, which resulted in a 4% reduction in soya bean prices. Wheat prices on the other hand were 3% higher than the previous year thus contributing positively to our profitability.

### **Stockfeed**

Zambeef's Stockfeed division trades under the brand names Novatek and Zamfeed, with a 300,000 tons annual manufacturing capacity based in Lusaka and Mpongwe. Approximately 50% of all sales are generated through Zambeef macros and Zambeef internal livestock operations. The balance is sold through Novatek's 132 branded external agency outlets (2018: 119) throughout Zambia and direct accounts held by livestock farmers.

A major drought in Southern Africa during the 2018 summer rain season resulted in maize prices in USD terms increasing by 28% and solvent extracted cake also increased by 22%. These materials represent the highest inclusions in stockfeed which led to the feed prices in Kwacha terms increasing on average by 34% for pig and broiler feeds, and 42% for layer feeds.

The division performed pleasingly in spite of the very difficult operating environment.

### **Retail and Cold Chain Food Products**

The disposable income of our customers was constrained during the financial year driven by the tough economic climate which resulted in a subdued performance. The constrained ability of the livestock production divisions to pass on the extra costs of inputs, such as feed prices and the cost of production, to the Zambian consumer was evident in the stagnant market selling prices of products in Kwacha terms.

Broiler day old chick prices reduced by 7% due to the pressure on the poultry value chain caused by the steep increase in feed prices. The chicken live market sales prices increased only 6% and whole frozen chicken prices increased by 7%. Market retail prices for a tray of 30 eggs increased by only 8%.

Beef prices remained under pressure due to the regional drought and escalating costs of feed forced farmers to sell more cattle. The prohibitive cost of finishing cattle for marketing due to shortages of maize bran, the main feed ingredient, and a 109% increase in its price impacted negatively on performance - the sales price for mixed beef increased by a mere 2%.

### **Outlook for 2020**

Zambeef's management will continue to focus its efforts on de-risking the business, cost control, and margin enhancement. Zambeef's performance will be under pressure from escalating costs emanating from inadequate electricity supply resulting in higher diesel usage costs, pending increase in electricity tariffs as well as the constrained disposable income of our customers.

However, despite the negative effects of the challenges noted above, the likelihood of a normal summer rain season is considered high, which will result in higher crop yields of maize and soya beans in the region. This expected higher harvested yield should result in a reduction in the commodity prices which will cascade through the food value chain, impacting Zambeef positively.

As part of Zambeef's on-going process to de-risk the business, CAPEX will be restricted to high performing areas of the business.

### **Capital Expenditure**

The capital expenditure for 2019 was at a record low of ZMW113.8 million (USD 9.2 million) with a focus on completing expansion projects started in previous reporting periods;

- USD5.02 million on Retail and Cold Chain Food Products with the addition of:
  - Retail: 7 new Macro outlets and the expansion of the logistics fleet.
  - Zamhatch: completion of the expansion of the hatchery and breeding farm capacity from 400,000 to 500,000 hatching eggs per week.
  - Zamchick: completion of 2 ton/hour gyro freezer to double Individually Quick Frozen (IQF) chicken production.
- USD1.03 million on Stock Feed logistics, material storage and replacement of equipment.
- USD0.76 million on Cropping equipment replacement.
- USD0.72 million on milling and leather, doubling the shoe manufacturing capacity from 500 to 1,000 pairs per day.
- USD1.67 million on environmental & safety improvements and contingency spending.

#### Key market indicators

Reporting period market comparatives	2019	2018	Change
<b>Economy</b>			
ROE (ZMW/USD)	12.32	9.92	-24%
Copper (\$/Ton)	6102	6726	-9%
Breakfast Maize meal (K/25kg)	101.8	73.7	38%
Annual Inflation rate (%)	8.4	7.1	18%
<b>Overhead Costs</b>			
TBS 364day (Yield %)	24.7	17.4	42%
Fuel Pump Price - Diesel ZMW/Litre	13.9	11.7	19%
<b>Commodities</b>			
Maize (\$/ton)	207	161	28%
Wheat (\$/ton)	447	433	3%
Soya Beans (\$/Ton)	400	417	-4%
Solvent Extracted Soya Cake (\$/ton)	442	363	22%
<b>Input Prices</b>			
Maize Bran (K/ton)	1434	686	109%
Broiler Grower feed (K/50kg)	242	181	34%
Pig Grower feed (K/50kg)	200	149	34%
Layer feed (K/50kg)	175	123	42%
Day-old Chick (K/DOC)	5.9	6.4	-7%
<b>Selling Prices</b>			
Beef Mixed Cut (K/Kg)	35.8	35.0	2%
Chicken Frozen (K/Kg)	28.9	26.9	8%
Chicken Live Market (K/Chicken)	38.2	35.9	6%
Egg Tray (K/Tray of 30 Eggs)	28.0	25.8	8%



## DIVISIONAL SUMMARY

Table 1 (ZMW) and Table 2 (USD) below provide a summary of the consolidated performance of the key business divisions reported to OPERATING PROFIT level.

*Table 1: Divisional financial summary in ZMW'000*

DIVISION	REVENUE		GROSS PROFIT		OVERHEADS		OPERATING PROFIT	
	2019 ZMW'000	2018 ZMW'000	2019 ZMW'000	2018 ZMW'000	2019 ZMW'000	2018 ZMW'000	2019 ZMW'000	2018 ZMW'000
Retailing	2 038 675	1 693 234	213 502	199 117				
CCFP	1 388 492	1 313 052	367 657	379 870				
Less Interco	(1 303 519)	(1 001 575)						
<b>Combined Retail &amp; CCFP</b>	<b>2 123 648</b>	<b>2 004 711</b>	<b>581 159</b>	<b>578 987</b>	<b>(419 417)</b>	<b>(385 484)</b>	<b>107 744</b>	<b>146 215</b>
Stock Feed	986 075	706 008	191 011	163 442	(103 751)	(82 460)	73 092	68 264
Cropping	474 202	515 585	270,116	189 601	(126 413)	(118 729)	101 082	29 380
Others	210 348	141 452	39 261	27 129	(21 930)	(18 521)	15 361	6 885
<b>Total</b>	<b>3 794 273</b>	<b>3 367 756</b>	<b>1 081 547</b>	<b>959 159</b>	<b>(671 511)</b>	<b>(605 194)</b>	<b>297 279</b>	<b>250 744</b>
Less: Intra/Inter Group Sales	(659 306)	(587 167)						
Central Overhead					(136,070)	(129 907)	(136 070)	(132 474)
<b>Group Total</b>	<b>3 134 967</b>	<b>2 780 589</b>	<b>1 081 547</b>	<b>959 159</b>	<b>(807 581)</b>	<b>(735 101)</b>	<b>161 209</b>	<b>118 270</b>

*Table 2: Divisional financial summary in USD'000*

DIVISION	REVENUE		GROSS PROFIT		OVERHEADS		OPERATING PROFIT	
	2019 USD'000	2018 USD'000	2019 USD'000	2018 USD'000	2019 USD'000	2018 USD'000	2019 USD'000	2018 USD'000
Retailing	165 477	170 689	17 330	20 072				
CCFP	112 702	132 364	29 842	38 293				
Less Interco	(105 805)	(100 965)						
<b>Combined Retail &amp; CCFP</b>	<b>172 374</b>	<b>202 088</b>	<b>47 172</b>	<b>58 365</b>	<b>(34 043)</b>	<b>(38 859)</b>	<b>8 745</b>	<b>14 739</b>
Stock Feed	80 39	71 170	15 503	16 476	(8 421)	(8 313)	5 933	6,881
Cropping	38 490	51 974	21 925	19 113	(10 262)	(11 969)	8 205	2 962
Others	17 074	14 259	3 187	2 735	(1 780)	(1 867)	1 247	694
<b>Total</b>	<b>307 977</b>	<b>339 491</b>	<b>87 788</b>	<b>96 689</b>	<b>(54 506)</b>	<b>(61 008)</b>	<b>24 130</b>	<b>25 276</b>
Less: Intra/Inter Group Sales	(53 515)	(59 190)						
Central Overhead					(11 045)	(13 095)	(11 045)	(13 354)
<b>Group Total</b>	<b>254 462</b>	<b>280 301</b>	<b>87 788</b>	<b>96 689</b>	<b>(65 551)</b>	<b>(74 103)</b>	<b>13,085</b>	<b>11 922</b>

## DIVISIONAL REVIEW

Taking each of our key business areas performance in turn as follows:

### Retail and Cold Chain Food Products

Table 3 (ZMW) and Table 4 (USD) below provides each key business area performance of the combined Retail and Cold Chain Food Products divisions.

*Table 3: Retail and Cold Chain Food Products ZMW'000*

DIVISION	REVENUE		GROSS PROFIT		OVERHEADS		OPERATING PROFIT	
	2019 ZMW'000	2018 ZMW'000	2019 ZMW'000	2018 ZMW'000	2019 ZMW'000	2018 ZMW'000	2019 ZMW'000	2018 ZMW'000
Retailing Zambia	1 853 721	1 548 421						
Retailing West Africa	184 954	144 813						
<b>Total Retailing</b>	<b>2 038 675</b>	<b>1 693 234</b>						
CCFP	1 388 492	1 313 052						
Less Interco	(1 303 519)	(1 001 575)						
<b>Combined Retail &amp; CCFP</b>	<b>2 123 648</b>	<b>2 004 711</b>	<b>581 159</b>	<b>578 987</b>	<b>(419 417)</b>	<b>(385 484)</b>	<b>107 744</b>	<b>146 215</b>

*Table 3: Retail and Cold Chain Food Products USD'000*

DIVISION	REVENUE		GROSS PROFIT		OVERHEADS		OPERATING PROFIT	
	2019 USD'000	2018 USD'000	2019 USD'000	2018 USD'000	2019 USD'000	2018 USD'000	2019 USD'000	2018 USD'000
<b>Retailing Zambia</b>	150 464	156 091						
<b>Retailing West Africa</b>	15 013	14 598						
<b>Total Retailing</b>	165,477	170 689						
<b>CCFP</b>	112 703	132 364						
<b>Less Interco</b>	(105 806)	(100 965)						
<b>Combined Retail &amp; CCFP</b>	<b>172 374</b>	<b>202 088</b>	<b>47 173</b>	<b>58 364</b>	<b>(34 043)</b>	<b>(38 859)</b>	<b>8 745</b>	<b>14 739</b>

We continued with the successful roll out of 7 new Macro outlets across Zambia in strategic locations and the closure of 2 retail outlets as part of our ongoing drive to optimise revenue and efficiencies across the Retail division. Shoprite also expanded their footprint with another 4 outlets in Zambia.

Net sales in the combined Retail and Cold Chain Food Products (“CCFP”) divisions increased by 6% to ZMW2,124 million (2018: ZMW2,005 million) and decreased by 15% to USD172 million (2018: USD 202 million), the difference owing to the weakening of the Kwacha. The Gross Profit margin decreased slightly in Kwacha terms to 27.4% (2018: 28.9%), with a 9% increase in overheads to ZMW419 million (2018: ZMW385 million) or a 12% reduction to USD34 million (2018: USD39 million).

The combined Retail and CCFP divisions have still generated a satisfactory 5.1% Operating Profit margin (2018: 7.3%). The weak economy and the increase in costs from the inputs into the livestock divisions and the fuel costs used in transport and electricity generation could not be passed on to our customers through the retail network. The Operating Profit decreased by 27% to ZMW107 million (2018: ZMW146 million) in Kwacha terms and 41% to USD8.8 million (2018: USD14.7 million) in USD terms.

### **Zambia Retail**

Zambia Retail revenue increased 20% to ZMW1,854 million (2018: ZMW1,548 million) whilst the Gross Profit increased by 4%. However, due to the depreciation in the Kwacha relative to the USD, the revenue decreased by 3% to USD165 million (2018: USD171 million).

Strong revenue growth of 82% in the stockfeed, flour, cooking oil and other dry goods increased this segments contribution to 17% in the retailing sales mix from the previous two years contributions of 11%. Difficult trading conditions saw a decline in revenue growth on CCFP for most of the year, with a good comeback on CCFP revenue growth in the last quarter of the year. CCFP increased its revenue by 12% from the previous year. This change in the mix of products had degraded the average Gross Profit margin by 1.4%.

### **West Africa Retail**

Sales in West Africa (via the Nigeria and Ghana Shoprite concessions) have increased 28% from ZMW145 Million to ZMW185 million. The turnaround of the Group’s operations in the region started showing positive results in the latter part of the previous reporting period and continued through this year. During the current period the overhead costs in Kwacha were reduced by a further 14%, although this was negatively impacted by the recent xenophobic attacks that were directed at South African businesses in Nigeria towards the end of the financial year (Shoprite has its origins in South Africa). Stock losses and the shutdown of the majority of the outlets during September detracted from the positive anticipated results from this business for the year. West African retail only contributes 9% to the retail revenue, it has however turned cash flow positive and marginally contributed to the Operating Profit in the division.

### **Beef**

Beef is the largest contributor to revenue in the CCFP. Beef sales volumes increased by 4% compared to the financial year 2018, with the number of cattle slaughtered reducing 4% due to foot and mouth disease outbreaks restricting the movement of cattle from affected areas in Zambia to our slaughter facilities, but the average slaughter weight increased by 5%. Revenue increased by 4% whilst the Gross Profit only marginally increased by 2% from ZMW125 million in 2018 to ZMW128 million in 2019.

#### ***Poultry (Zamchick, Zamhatch and ZamEgg)***

Revenue of the poultry business increased by 3% in 2019. It is the second largest revenue contributor to the CCFP business. Gross profits decreased by 12% from ZMW143 million in 2018 to ZMW126 million in 2019, mainly due to the higher input costs which could not be passed on to the customers.

The Zamhatch Breeder Farm and Hatchery, based on the Mpongwe Farms in the north of Zambia, continued its expansion programme, with a further investment of USD2 million during the period, ramping up the production capacity to 430,000-day-old chicks per week by year end. The day-old chick sales increased by 13% as a result of further investments into the logistics fleet as well as expansion of the Zambeef retail network which allowed for the Zamhatch distribution footprint to expand to all provinces of the country. Zamhatch continued to excel in its production efficiency and was the proud recipient of the Cobb Champion Awards for best Breeder Performance for 2018 for the EMEA region (Europe, Middle East and Africa).

Increased stockfeed prices were cushioned somewhat by a reduction in day-old chick prices, with the Novatek stockfeeds and Zamhatch day-old chick basket continuing to offer an attractive opportunity for growth in this important sector of the market. The informal and small scale chicken farming sector was much more resilient and competitive than the formal poultry sector as the cost and availability of electricity had a lower impact on this sector. This positively contributed to the volumes of sales for Zamhatch and Novatek stockfeeds that are receiving the bulk of their sales from the informal sector.

The year under review was a challenging one for Zamchick with volumes increasing by 1% compared to the prior year. Multiple stockfeed price increases had a significant negative impact on margins. Operational challenges were also experienced during the 2018/2019 summer rain season as the industry faced widespread dysbacteriosis, which negatively impacted broiler growth performance. Despite a challenging economic climate, Zamchick continued its investment into production infrastructure, with commissioning of an additional spiral freezer which allowed for increased production of Individually Quick-Frozen chicken portions, to meet the increasing demand for these products.

Demand for eggs remained relatively constant during the year, while egg production dropped marginally by 3% in 2019 compared to 2018.

#### ***Pork (Masterpork)***

The pork division has seen a number of improvements during the year with a focus on merchandising and brand building activities undertaken. The Kwacha overhead costs were held flat (with only a 1.6% increase) together with a 5% increase in sales volumes being recorded. The revenue increased 13% and the Gross Profit increased 12% from ZMW35 million to ZMW39 million. The division was turned around from a loss-making position in 2018 to a marginal Operating Profit in 2019.

Management focus was on passing on input costs effectively to its customers by ensuring cost reflective prices of its goods. Improving the carcass quality of pigs slaughtered through advances in the grading and pricing system, resulted in 3% fewer pigs being slaughtered and increased the average pig weight by 4%, with an 8% increase in slaughtered carcass prices.

#### ***Milk (ZamMilk)***

Milk revenue increased 16% with the Gross Profit remaining flat at ZMW67 million (2018: ZMW66 million). Sales volumes increased 8% from 19 million litres (2018) to 21 million litres processed.

The Kalundu dairy herd has had a very good year in contrast to the previous year's challenge with a foot and mouth disease outbreak. The average milk production increased by 12% from 23.7 litres/day in 2018, to 26.6 litres/day, with 1,222 cows daily being milked at the year end. The feedcost of the milking herd increased by 48% due to the price increase in maize ingredients (maize meal, maize bran and maize silage) included in the dairy feeds.

### Stockfeed (Novatek)

REVENUE		GROSS PROFIT		OVERHEADS		OPERATING PROFIT	
2019	2018	2019	2018	2019	2018	2019	2018
ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
986,075	706,008	191,011	163,442	(103,751)	(82,460)	73,092	68,264
USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
80,039	71,170	15,503	16,476	(8,421)	(8,313)	5,933	6,881

Stockfeed increased sales volumes by 9%, producing 218,762 tons of stock feed compared to 200,846 tons in 2018. The sales volumes have again grown ahead of expectations at the Mpongwe Mill with an increase of 25% year on year.

Although revenue in Kwacha terms grew by 40% (12% in USD terms), the Operating Profit was only able to slightly increase by 7% to ZMW73 million (2018: ZMW68 million), or stated in USD terms, a decrease of 14% to USD6 million (2018: USD7 million). The Gross Margin reduced to 19% from 23% in the previous reporting period. Increased production costs due to running backup diesel generators for prolonged periods to generate electricity and the 19% increase in diesel costs also impacted on the logistics fleet.

The large and growing poultry sector in Zambia consumes 75% of the feed sales generated by Zambeef. The stockfeed division recorded a 46% increase in export sales with 12,718 tons having been exported to 11 neighbouring and other African countries, generating revenues in hard currencies. Although a small part of the total sales mix, the aquaculture feed sales segment recorded an impressive increase of 39% in sales volumes.

### Cropping

REVENUE		GROSS PROFIT		OVERHEADS		OPERATING PROFIT	
2019	2018	2019	2018	2019	2018	2019	2018
ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
474,202	515,585	270,116	189,601	(126,413)	(118,729)	101,082	29,380
USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
38,490	51,974	21,925	19,113	(10,261)	(11,969)	8,205	2,962

Zambeef's cropping division provides a currency risk hedge against the depreciation of the Kwacha, due to the crops being traded and financed in USD terms. It is pleasing to report that this division produced company record yields whilst the region experienced a devastating drought.

The revenue decreased 8% to ZMW474 million (2018: ZMW516 million) with an increase in overheads of 6% to ZMW126 million (2018: ZMW119 million). Pleasingly the Gross Profit was up 42% to ZMW270 million (2018: ZMW190 million) and the resulting Operating Profit increased 248% to ZMW101 million (2018: ZMW29 million) due to the exceptional wheat yield.

Due to the ZMW weakening to the USD the revenue decreased 27% to USD38 million (2018: USD52 million) and the overheads decreased 16% to USD10 million (2018: USD12 million). The Gross Profit was up 16% to USD22 million (2018: USD 19 million) and the resulting Operating Profit increased 166% to USD8 million (2018: USD3 million).

The summer harvest for soya beans totalled 44,982 tons versus 44,730 tons in 2018. Maize contributed 19,233 tons of grain together with 22,000 tons of silage for the dairy and beef operations. A 14% increase in the wheat winter crop resulted in a harvest of 50,398 tons (2018: 44,300 tons) which had been planted on 7,047 hectares, which represents a yield of 7.15 tons/hectare and a new Zambeef record in both total tonnage and yield for the crop.

### Other businesses

REVENUE		GROSS PROFIT		OVERHEADS		OPERATING PROFIT	
2019	2018	2019	2018	2019	2018	2019	2018
ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
210,348	141,452	39,261	27,129	(21,930)	(18,521)	15,361	6,885
USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
17,074	14,259	3,187	2,736	(1,780)	(1,867)	1,247	694

Total revenue from the other business units increased by 49% from ZMW141 million in 2018, to ZMW210 million this financial year. The Gross Profit increased by 45% and Operating Profit increased by 123% in ZMW terms.

### Flour Milling

The milling division performed above expectations, increasing sales volumes by 30% from 13,165 tons in 2018 to 16,966 tons in 2019. The milling division had absorbed the weaker exchange rate with higher selling prices. Higher volumes were achieved by producing consistently high-quality flour.

### Zamleather

2019 has been one of the toughest years in recent times for Zamleather. The global wet blue market, which is the main channel of revenue for Zamleather, continued a multi-year downward trend, weakening further during the financial year on the back of already record low prices. Only 84,657 hides were processed, a reduction of 31% from the prior year, with stricter focus on only sourcing higher quality grades of hides.

Shoe sales at 79,396 pairs were almost in-line with the prior year. The doubling of the shoe manufacturing factory capacity for Zamshu is in progress as part of the turnaround strategy for the Zamleather business. The Capacity of the shoe plant is being doubled from 500 pairs per day to 1,000 pairs per day to be able to value-add all the cattle hides being processed into leather at Zamleather, with a view of attaining higher margin shoe products.

The new shoe factory is expected to be commissioned in the 2020 financial period and will focus on increasing the supply of school shoes to the market.

## ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2019

Group	Note	2019	2019	2018	2018
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		ZMW'000s	USD'000s	ZMW'000s	USD'000s
<b>Revenue</b>	5	3,134,967	254,462	2,780,589	280,301
Net gain/(loss) arising from price changes in fair value of biological assets	16(a)	10,284	835	(15,245)	(1,537)
Cost of sales		(2,063,704)	(167,509)	(1,806,185)	(182,075)
<b>Gross profit</b>		1,081,547	87,788	959,159	96,689
Administrative expenses		(920,771)	(74,738)	(841,319)	(84,810)
Other income	6	433	35	430	43
<b>Operating profit</b>	7	161,209	13,085	118,270	11,922
Share of loss equity accounted investment		(3,036)	(246)	(742)	(75)
Exchange gains on translating foreign currency transactions and balances		(36,730)	(2,981)	(19,302)	(1,946)
Finance costs	9	(82,790)	(6,720)	(70,215)	(7,078)
<b>Profit before taxation</b>		38,653	3,138	28,011	2,823
Taxation charge	10	(2,780)	(226)	(4,257)	(429)
<b>Group income for the year from continuing operations</b>		35,873	2,912	23,754	2,394
(Loss)/profit from discontinued operations	34	(17,379)	(1,411)	(13,261)	(1,337)
Group income for the year		18,494	1,501	10,493	1,057
<b>Group income/(loss) attributable to:</b>					
Equity holders of the parent		18,100	1,469	10,601	1,068
Non-controlling interest		394	32	(108)	(11)
		18,494	1,501	10,493	1,057
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Exchange (losses)/gains on translating presentational currency		106,391	(10,553)	206,425	(46,089)
Remeasurement of net defined benefit liability		8,829	717	-	-
<b>Total comprehensive (loss)/ income for the year</b>		133,714	(8,335)	216,918	(45,032)



<b>income:</b>									
Exchange gain/ (loss) on translating presentational currency	-	-	-	103,006	-	-	103,006	3,385	106,391
Remeasurement of net defined benefit liability	-	-	-	-	-	8,829	8,829	-	8,829
<b>Total comprehensive income</b>	-	-	-	103,006	(29,666)	56,595	129,935	3,779	133,714
<b>At 30 September 2019</b>	<b>3,006</b>	<b>1,125,012</b>	<b>1,000</b>	<b>381,929</b>	<b>1,199,058</b>	<b>535,704</b>	<b>3,245,709</b>	<b>(4,881)</b>	<b>3,240,828</b>
(ii) In US Dollar	Issued share capital USD'000s	Preference share capital USD'000s	Share premium USD'000s	Foreign exchange reserve USD'000s	Revaluation reserve USD'000s	Retained earnings USD'000s	Total attributable to owners of the parent USD'000s	Non-controlling interest USD'000s	Total equity USD'000s
<b>At 1 October 2017</b>	<b>449</b>	<b>100</b>	<b>185,095</b>	<b>(140,641)</b>	<b>177,978</b>	<b>76,759</b>	<b>299,740</b>	<b>(856)</b>	<b>298,884</b>
Profit for the year	-	-	-	-	-	1,068	1,068	(11)	1,057
Transfer of surplus depreciation	-	-	-	-	(2,361)	2,361	-	-	-
<b>Other comprehensive income:</b>									
Exchange gains on translating presentational currency	-	-	-	(46,248)	-	-	(46,248)	159	(46,089)
<b>Total comprehensive income</b>	-	-	-	<b>(46,248)</b>	<b>(2,361)</b>	<b>3,429</b>	<b>(45,180)</b>	<b>148</b>	<b>(45,032)</b>
<b>At 30 September 2018</b>	<b>449</b>	<b>100</b>	<b>185,095</b>	<b>(186,889)</b>	<b>175,617</b>	<b>80,188</b>	<b>254,560</b>	<b>(708)</b>	<b>253,852</b>
Profit for the year	-	-	-	-	-	1,496	1,496	32	1,501
Transfer of surplus depreciation	-	-	-	-	(2,408)	2,408	-	-	-
<b>Other comprehensive income:</b>									
Exchange gains on translating presentational currency	-	-	-	(10,859)	-	-	(10,859)	306	(10,553)
Remeasurement of net defined benefit liability	-	-	-	-	-	717	717	-	717
<b>Total comprehensive income</b>	-	-	-	<b>(10,859)</b>	<b>(2,408)</b>	<b>4,594</b>	<b>(8,673)</b>	<b>338</b>	<b>(8,335)</b>
<b>At 30 September 2019</b>	<b>449</b>	<b>100</b>	<b>185,095</b>	<b>(197,748)</b>	<b>173,209</b>	<b>84,782</b>	<b>245,887</b>	<b>(370)</b>	<b>245,517</b>





<b>income:</b>							-
Transfer of surplus depreciation	-	-	-	(3,904)	-	3,904	
Exchange gain on translating presentational currency	-	-	-	-	(38,071)	-	(38,071)
<b>Total comprehensive income</b>	-	-	-	<b>(3,904)</b>	<b>(38,071)</b>	<b>5,357</b>	<b>(36,618)</b>
<b>At 30 September 2018</b>	<b>449</b>	<b>100</b>	<b>185,095</b>	<b>118,696</b>	<b>(158,456)</b>	<b>82,082</b>	<b>227,966</b>
Profit for the year	-	-	-	-	-	342	342
Transfer of surplus depreciation	-	-	-	(2,288)	-	2,288	-
<b>Other comprehensive income:</b>	-	-	-	-	-	-	-
Exchange gain on translating presentational currency	-	-	-	-	(9,603)	-	(9,603)
<b>Total comprehensive income</b>	-	-	-	<b>(2,288)</b>	<b>(9,603)</b>	<b>2,630</b>	<b>(9,261)</b>
<b>At 30 September 2019</b>	<b>449</b>	<b>100</b>	<b>185,095</b>	<b>116,408</b>	<b>(168,059)</b>	<b>84,712</b>	<b>218,705</b>

**ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION - 30 SEPTEMBER 2019**

ASSETS	Note	2019 ZMW'000s	2019 USD'000s	2018 ZMW'000s	2018 USD'000s
<b>Non-current assets</b>					
Goodwill	13	166,801	12,636	166,801	13,628
Property, plant and equipment	14	2,841,824	215,290	2,902,221	237,110
Investment in associate	15	12,376	938	15,412	1,259
Deferred tax asset	10(e)	56,525	4,282	47,854	3,910
		<b>3,077,526</b>	<b>233,146</b>	<b>3,132,288</b>	<b>255,907</b>
<b>Current assets</b>					
Biological assets	16	170,417	12,910	181,674	14,843
Inventories	17	941,159	71,300	639,811	52,272
Trade and other receivables	18	98,025	7,425	156,314	12,771
Assets held for disposal	34	135,357	10,254	-	-
Amounts due from related companies	19	41,554	3,148	50,272	4,107
Income tax recoverable	10(e)	2,767	210	3,885	317
		<b>1,389,279</b>	<b>105,248</b>	<b>1,031,956</b>	<b>84,310</b>
<b>Total assets</b>		<b>4,466,805</b>	<b>338,394</b>	<b>4,164,244</b>	<b>340,217</b>

<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	21	3,006	449	3,006	449
Preference share capital	21	1,000	100	1,000	100
Share premium	22	1,125,012	185,095	1,125,012	185,095
Other reserves		2,116,691	60,243	1,986,756	68,916
		<b>3,245,709</b>	<b>245,887</b>	<b>3,115,774</b>	<b>254,560</b>
<b>Non-controlling interest</b>		(4,881)	(370)	(8,660)	(708)
		<b>3,240,828</b>	<b>245,517</b>	<b>3,107,114</b>	<b>253,852</b>

**ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION - 30 SEPTEMBER 2019 (CONTINUED)**

	Note	2019 ZMW'000s	2019 USD'000s	2018 ZMW'000s	2018 USD'000s
<b>Non-current liabilities</b>					
Interest bearing liabilities	23	228,099	17,280	308,312	25,189
Obligations under finance leases	24	19,297	1,462	20,163	1,647
Deferred liability	25	16,362	1,240	22,611	1,847
Deferred tax liability	10(e)	9,138	692	6,909	565
		<b>272,896</b>	<b>20,674</b>	<b>357,995</b>	<b>29,248</b>
<b>Current liabilities</b>					
Interest bearing liabilities	23	130,661	9,899	95,247	7,782
Collateral management agreement	23	212,381	16,089	107,213	8,759
Obligations under finance leases	24	21,487	1,628	18,248	1,491
Trade and other payables	26	259,585	19,665	297,390	24,294
Provisions	27	52,914	4,009	42,137	3,443
Amounts due to related companies	28	251	19	232	19
Taxation payable	10(c)	1,377	104	2,925	239
Bank overdrafts	20	274,425	20,790	135,743	11,090
		<b>953,081</b>	<b>72,203</b>	<b>699,135</b>	<b>57,117</b>
<b>Total equity and liabilities</b>		<b>4,466,805</b>	<b>338,394</b>	<b>4,164,244</b>	<b>340,217</b>

**ZAMBEEF PRODUCTS PLC**  
**COMPANY STATEMENT OF FINANCIAL POSITION - 30 SEPTEMBER 2019**

<b>ASSETS</b>	<b>Note</b>	<b>2019 ZMW'000s</b>	<b>2019 USD'000s</b>	<b>2018 ZMW'000s</b>	<b>2018 USD'000s</b>
<b>Non-current assets</b>					
Property, plant and equipment	14	2,060,110	156,069	2,154,822	176,048
Investments in subsidiaries	15	245,807	18,622	245,807	20,082
Investment in associates	15(e)	12,376	938	15,412	1,259
Deferred tax asset	10(e)	-	-	24,792	2,025
		<b>2,318,293</b>	<b>175,629</b>	<b>2,440,833</b>	<b>199,414</b>
<b>Current assets</b>					
Biological assets	16	137,215	10,395	158,349	12,937
Inventories	17	683,600	51,788	481,319	39,324
Asset held for disposal		135,357	10,254	-	-
Trade and other receivables	18	28,153	2,133	91,381	7,466
Amounts due from related companies	19	1,078,745	81,722	796,506	65,073
Income tax recoverable	10(c)	1,529	115	2,510	205
		<b>2,064,599</b>	<b>156,407</b>	<b>1,530,065</b>	<b>125,005</b>
<b>Total assets</b>		<b>4,382,892</b>	<b>332,036</b>	<b>3,970,898</b>	<b>324,419</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	21	3,006	449	3,006	449
Preference share capital	21	1,000	100	1,000	100
Share premium	22	1,125,012	185,095	1,125,012	185,095
Other reserves		1,757,894	33,061	1,661,284	42,322
		<b>2,886,912</b>	<b>218,705</b>	<b>2,790,302</b>	<b>227,966</b>

**ZAMBEEF PRODUCTS PLC**  
**COMPANY STATEMENT OF FINANCIAL POSITION - 30 SEPTEMBER 2019**  
**(CONTINUED)**

	<b>Note</b>	<b>2019 ZMW'000s</b>	<b>2019 USD'000s</b>	<b>2018 ZMW'000s</b>	<b>2018 USD'000s</b>

<b>Non-current liabilities</b>					
Interest bearing liabilities	23	228,099	17,280	308,312	25,189
Obligations under finance leases	24	11,505	872	12,503	1,022
Deferred liability	25	3,655	277	5,059	413
Deferred tax liability	10(e)	6,630	502	4,034	330
		<b>249,889</b>	<b>18,931</b>	<b>329,908</b>	<b>26,954</b>
<b>Current liabilities</b>					
Interest bearing liabilities	23	343,042	25,988	202,460	16,541
Obligations under finance leases	24	18,266	1,384	11,841	967
Trade and other payables	26	158,504	12,008	204,675	16,722
Provisions	27	40,462	3,065	26,108	2,132
Amounts due to related companies	28	490,045	37,124	328,633	26,849
Bank overdrafts	20	195,772	14,831	76,971	6,288
		<b>1,246,091</b>	<b>94,400</b>	<b>850,688</b>	<b>69,499</b>
<b>Total equity and liabilities</b>		<b>4,382,892</b>	<b>332,036</b>	<b>3,970,898</b>	<b>324,419</b>

## ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	2019 ZMW'000s	2019 USD'000s	2018 ZMW'000s	2018 USD'000s
<b>Cash inflow from operating activities</b>					
Profit before taxation		38,653	3,138	28,011	2,823
Finance costs	9	82,790	6,720	70,215	7,078
(Profit)/ loss on disposal of property, plant and equipment		(986)	(80)	(220)	(22)
Depreciation	14	121,921	9,896	105,789	10,665
Share of loss on equity accounted investment		3,036	246	742	75
Loss on discontinued operations		(17,379)	(1,411)	-	-
Loss on disposal of investment		-	-	52,265	5,269
Fair value price adjustment	16	(10,284)	(835)	15,245	1,537
Net unrealised foreign exchange losses		7,153	581	22,343	2,252
<b>Earnings before interest, tax, depreciation and amortisation, fair value adjustments and net unrealised foreign exchange losses</b>		<b>224,904</b>	<b>18,255</b>	<b>294,390</b>	<b>29,677</b>
(Increase)/decrease in biological assets		21,541	1,748	(29,062)	(2,930)
Decrease/ (increase) in inventory		(301,348)	(24,460)	(123,393)	(12,439)

Decrease in trade and other receivables		58,289	4,731	(65,522)	(6,605)
Increase in amounts due from related companies		8,718	708	(38,850)	(3,916)
(Decrease)/ increase in trade and other payables		(27,028)	(2,194)	47,684	4,807
Increase/ (decrease) in amounts due to related companies		19	2	151	15
Increase/ (decrease) in deferred liability		(6,249)	(507)	5,855	590
Cash outflow from assets held for disposal		-	-	-	-
Income tax paid	10(c)	(9,652)	(783)	(11,618)	(1,171)
<b>Net cash inflow from operating activities</b>		<b>(30,806)</b>	<b>(2,500)</b>	<b>79,635</b>	<b>8,028</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment	14	(113,825)	(9,239)	(144,022)	(14,518)
Proceeds from the sale of assets		11,776	956		
Proceeds from the sale of Zampalm		-	-	151,680	16,000
<b>Net cash (outflow)/ inflow (on)/ from investing activities</b>		<b>(102,049)</b>	<b>(8,283)</b>	<b>7,658</b>	<b>1,482</b>

## ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2019 (CONTINUED)

	Note	2019 ZMW'000s	2019 USD'000s	2018 ZMW'000s	2018 USD'000s
Net cash (outflow)/inflow before financing activities		(132,855)	(10,783)	87,293	9,510
<b>Financing activities</b>					
Long term loans repaid		(96,913)	(7,866)	(79,873)	(8,052)
Receipt of long term loans		-	-	-	-
Receipt/(repayment) of short term funding		119,456	9,696	25,088	2,529
Lease finance (repayment)/ obtained		707	57	(12,044)	(1,214)
Finance costs	9	(82,790)	(6,720)	(70,215)	(7,078)
<b>Net cash outflow on financing activities</b>		<b>(59,540)</b>	<b>(4,833)</b>	<b>(137,044)</b>	<b>(13,815)</b>
<b>(Decrease)/ increase in cash and cash equivalents</b>		<b>(192,395)</b>	<b>(15,616)</b>	<b>(49,751)</b>	<b>(4,305)</b>
Cash and cash equivalents at beginning of the year		(135,743)	(11,090)	(105,148)	(10,874)
Effects of exchange rate changes on the balance of cash held in foreign currencies		53,713	5,916	19,156	4,089
<b>Cash and cash equivalents at end of the year</b>	20	<b>(274,425)</b>	<b>(20,790)</b>	<b>(135,743)</b>	<b>(11,090)</b>
<b>Represented by:</b>					

Cash in hand and at bank	20	56,753	4,299	101,123	8,262
Bank overdrafts	20	(331,178)	(25,089)	(236,866)	(19,352)
		<b>(274,425)</b>	<b>(20,790)</b>	<b>(135,743)</b>	<b>(11,090)</b>

## ZAMBEEF PRODUCTS PLC

### COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	2019 ZMW'000s	2019 USD'000s	2018 ZMW'000s	2018 USD'000s
<b>Cash inflow from operating activities</b>					
Profit before taxation		55,795	4,529	22,877	2,307
Finance costs		67,371	5,469	54,900	5,534
Depreciation	14	71,049	5,767	61,376	6,187
Fair value price adjustment	16	(10,162)	(825)	15,299	1,542
(Profit)/ loss on disposal of property, plant and equipment		1,821	148	1,457	147
Share of loss on equity accounted investment		3,036	246	-	-
(Profit)/ loss on disposal of investment		-	-	1,431	144
Loss on discontinued operations		(17,379)	(1,411)		
Net unrealised foreign exchange differences		6,223	505	19,255	1,941
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>177,754</b>	<b>14,428</b>	<b>176,595</b>	<b>17,802</b>
Decrease/ (increase) in biological assets		31,296	2,541	(23,561)	(2,375)
Decrease/ (increase) in inventory		(202,281)	(16,419)	(69,478)	(7,004)
Decrease/( increase) in trade and other receivables		63,228	5,133	(54,212)	(5,465)
Increase in amounts due from related companies		(282,239)	(22,910)	(141,446)	(14,259)
Increase/ (decrease) in trade and other payables		(31,817)	(2,583)	65,940	6,647
Increase in amounts due to related companies		161,412	13,102	84,757	8,544
Increase/ (decrease) in deferred liability		(1,404)	(114)	1,400	141
Income tax paid	10(c)	(5,822)	(473)	(10,182)	(1,026)
<b>Net cash inflow/(outflow) from/ (on) operating activities</b>		<b>(89,873)</b>	<b>(7,295)</b>	<b>29,813</b>	<b>3,005</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment	14	(23,743)	(1,927)	(49,415)	(4,982)
Movements in investments	15	-	-	41,423	4,176
Proceeds from disposal of investment		-	-	144,161	14,532
Proceeds from sale of assets		1,120	91	345	35
<b>Net cash inflow from investing activities</b>		<b>(22,623)</b>	<b>(1,836)</b>	<b>136,514</b>	<b>13,761</b>

ZAMBEEF PRODUCTS PLC

COMPANY STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019 (CONTINUED)

	Note	2019 ZMW'000s	2019 USD'000s	2018 ZMW'000s	2018 USD'000s
<b>Net cash inflow before financing activities</b>		<b>(112,496)</b>	<b>(9,131)</b>	<b>166,327</b>	<b>16,766</b>
<b>Financing activities</b>					
Long term loans repaid		(96,913)	(7,866)	(79,873)	(8,052)
Receipt from term loans		-	-	-	-
Short term funding (repaid)/obtained		119,456	9,696	25,559	2,576
Lease finance (repayment)/ obtained		3,761	305	(10,415)	(1,050)
Interest paid		(67,371)	(5,469)	(54,900)	(5,534)
<b>Net cash outflow on financing activities</b>		<b>(41,067)</b>	<b>(3,334)</b>	<b>(119,629)</b>	<b>(12,060)</b>
<b>(Decrease)/ increase in cash and cash equivalents</b>		<b>(153,563)</b>	<b>(12,465)</b>	<b>46,698</b>	<b>4,706</b>
Cash and cash equivalents at beginning of the year		(76,971)	(6,288)	(25,435)	(2,631)
Effects of exchange rate changes on the balance of cash held in foreign currencies		34,762	3,922	(98,234)	(8,363)
<b>Cash and cash equivalents at end of the year</b>	20	<b>(195,772)</b>	<b>(14,831)</b>	<b>(76,971)</b>	<b>(6,288)</b>
Represented by:					
Cash in hand and at bank	20	11,844	897	54,357	4,441
Bank overdrafts	20	(207,616)	(15,728)	(131,328)	(10,729)
		<b>(195,772)</b>	<b>(14,831)</b>	<b>(76,971)</b>	<b>(6,288)</b>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

Notes can be read via the following link to the full Financial Statements:  
[http://www.rns-pdf.londonstockexchange.com/rns/2176W\\_1-2019-12-9.pdf](http://www.rns-pdf.londonstockexchange.com/rns/2176W_1-2019-12-9.pdf)