

17 June 2020



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

Interim results for the Half Year Ended 31 March 2020

Zambeef (AIM: ZAM), the integrated cold chain foods and retail business with operations in Zambia, Nigeria and Ghana, today announces its unaudited interim results for the six months ended 31 March 2020.

Financial Highlights

	31-Mar-20	31-Mar-19	%	31-Mar-20	31-Mar-19	%
	ZMW'000s	ZMW'000s		USD'000s	USD'000s	
Revenue	1,797,633	1,416,490	26.91%	129,233	118,833	8.75%
Cost of sales	(1,168,504)	(945,920)	24.82%	(83,472)	(78,036)	6.97%
Gross profit	626,129	470,570	33.06%	45,013	39,477	14.02%
Administrative expenses	(500,630)	(459,193)	8.97%	(36,029)	(38,582)	6.62%
Operating profit	125,499	11,377	1003%	9,022	954	845.70%
Share of loss equity accounted investment	(1,898)	(1,819)	4.3%	(136)	(153)	-11.1%
Exchange losses	(62,870)	(3,347)	1778%	(4,520)	(281)	1509%
Finance costs	(48,241)	(36,367)	32.65%	(3,468)	(3,051)	13.67%
Profit before taxation	12,490	(30,156)	141.42%	898	(2,531)	135.48%
Taxation charge	(927)	(1,633)	-43.23%	(67)	(137)	51.09%
Group income/(loss) for the year from continuing operations	11,563	(31,789)	136.37%	831	(2,668)	131.15%
(Loss)/profit from discontinued operations	(9,423)	-		(677)	-	
Group income for the year	2,140	(31,789)	106.73%	154	(2,668)	105.77%
EBITDA	192,088	70,104	174%	13,809	5,881	134.81%
Gross Profit Margin	34.83%	33.22%		34.83%	33.22%	
EBITDA Margin	10.67%	4.95%		10.67%	4.95%	
Debt/Equity (Gearing)	27.24%	28.04%		27.24%	28.04%	
Debt-To-EBITDA	5.22	12.36		4.02	12.08	

PERFORMANCE OVERVIEW

The half-year period ended 31st March 2020 (HY 2020) saw Zambeef post encouraging results in the context of a very challenging macroeconomic environment. During this period, the Zambian Kwacha weakened by 37%, resulting in short- to medium-term record inflation. The high inflation, coupled with a tight monetary policy, eroded the purchasing power of our customers. The challenges stemming from reduced electricity generation, on the back of a regional record drought, significantly increased operational costs which, in turn, impacted on margins as some divisions were unable to pass through the increases.

Despite the challenging economic environment and the uncertainty caused by the onset of the COVID-19 pandemic, consumer demand for Zambeef's products remained robust, and the trading performance in the period has been satisfactory.

Zambeef's chain of 237 retail outlets - both own-brand and within Shoprite supermarkets - remain at the heart of the business, with demand from customers driving supply. During the half-year period under review, the Group continued to invest in the roll-out of two macro stores and two retail outlets in strategic locations.

KEY FINANCIAL HIGHLIGHTS

Revenue and gross profit for the period was ZMW 1,798 million (USD 129.2 million) and ZMW 626 million (USD 45.0 million), which was up in Kwacha terms by 27% and 33% respectively, and in dollar terms by 9% and 14% respectively, from the previous half-year period.

Management's continued focus on cost control ensured administration expenses increased by only 9% (7% in US\$ terms) from ZMW 459 million (US\$38.6 million) in the previous period to ZMW 501 million (US\$36 million) in the current period, in the context of 14% inflation during the period.

The Group achieved an operating profit of ZMW 125 million versus ZMW 11 million recorded in the previous half year period (USD 9 million vs USD 0.954 million), which represents a 1,003% increase in ZMW and an 846% increase in USD. This increase in profitability was driven by increased sales volumes in the Cropping and Stockfeed divisions and pricing and cost optimisation initiatives undertaken by management across our divisions.

Finance costs increased by 33% in ZMW and 14% in USD as a result of higher utilisation of working capital, rising ZMW interest rates and the depreciation of the Zambian Kwacha against the US Dollar, resulting in increasing interest on US Dollar facilities in Kwacha terms.

As a result, the Group managed to generate a profit of ZMW 2 million (USD 0.154 million) compared to a loss of ZMW 32 million (USD 2.7 million) in the previous half-year period.

Zambeef's management remains committed to focusing on its core divisions to generate cash flow that will be channelled towards deleveraging the Group.

Zambeef's management will continue to focus resources on the Group's profitable business divisions, whilst improving those divisions that need additional attention to ensure that all areas of the business contribute fully to Group profitability. In response to the current uncertainty of the COVID-19 situation, the Group is moving quickly to take appropriate actions to further manage costs and preserve balance sheet flexibility during this period. The conclusion of the sale of Sinazongwe farm in April 2020 was a key milestone whose proceeds will go towards reducing debt.

OUTLOOK

As previously announced, despite the uncertainty caused by the COVID-19 pandemic, the trading performance is expected to remain satisfactory for H2 2020 and, accordingly, for the year ending 30 September 2020, dollar revenue, EBITDA, EBIT and adjusted Profit Before Tax* are anticipated to be in line with market expectations.

** Adjusted Profit Before Tax is defined as excluding any realised or unrealised foreign exchange gains or losses and any losses or gains made from asset disposals.*

Commenting on these results, Chairman Mr. Michael Mundashi said:

"The Zambian economy was under significant fiscal pressure during the period, which, combined with the shock of the COVID-19 pandemic on the global economy, led to reduced demand for copper and a sharp depreciation in the Kwacha. The subsequent inflationary impact resulted in a significant drop in our customers' disposable income.

"Despite the challenging economic environment and the uncertainty caused by the COVID-19 pandemic, consumer demand for Zambeef's products remained robust and the trading performance in the period was satisfactory.

"The Group continued with its long term strategy to invest in the roll-out of macro stores and retail outlets in strategic locations. The Group's strategic partnership with Shoprite has been essential as we continue to observe growth through the Shoprite butcheries.

"Looking ahead, the macro-economic climate is expected to remain challenging for the rest of the financial year, characterised by a volatile Kwacha, continued electricity supply constraints and a potentially crippling COVID-19 pandemic. Despite this, the Group still expects to report Full Year results for the year ending 30 September 2020 in line with current market expectations."

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About Zambeef Products PLC

Zambeef 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 regions, as well as Nigeria and Ghana. The Group also has large cereal row cropping operations (principally maize, soya beans and wheat), with approximately 7,973 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.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CHAIRMAN'S REPORT

It is my pleasure to present to you the Chairman's Report for the six months ended 31 March, 2020.

Despite the challenging economic environment and the uncertainty caused by the COVID-19 pandemic, consumer demand for Zambef's products in-country stood up well, and trading performance in the period has been satisfactory. The Group generated a profit after tax of ZMW 2 million (USD 0.1 million), compared to a loss of ZMW 32 million (USD 2.7 million) in the previous period. This achievement, in the face of economic and market difficulties, illustrates the Group's fundamental strengths as a diversified and vertically integrated business.

The Board remains committed to achieving the Group's strategic priorities, despite fundamental changes in the operating environment. The Group will continue to focus on organically growing the core business that generates sustainable and strong cashflows, particularly our Retail and Cold Chain Food Products (CCFP) and Stockfeed divisions.

I am pleased to report that the successful divestment of Sinazongwe Farm to Chenguang Biotech (Zambia) Agri-Dev Limited for a total consideration of USD 10 million was finalised in April 2020. The net sale proceeds will largely be used to pay down the Group's debt and reduce interest costs. The disposal demonstrates the Group's strategy to focus on its core business of producing and retailing CCFP and stockfeed.

The Economic Environment

The Zambian economy has been under significant fiscal pressure during the period, which, combined with the shock of the COVID-19 pandemic on the global economy, has led to reduced demand for copper and a sharp depreciation in the Kwacha. The subsequent inflationary impact has resulted in a significant drop in our customers' disposable income and has continued to put pressure on the share of wallet going towards food spend.

Zambia is currently battling an electricity generation crisis, with load shedding hours having worsened in the period from October 2019 to January 2020. The Kwacha to Dollar exchange rate depreciation has resulted in significant price increases, especially on imported goods, which in turn saw inflation leap to 14% in March 2020 from 11% at the beginning of October 2019.

Trading Results

In the face of these macroeconomic challenges, management took proactive mitigation steps for both the short and longer-term, underpinned by continued focus on key strategic initiatives. Therefore, the Group's results are very encouraging as the Group posted a profit after tax (from continued operations) of ZMW 11.6 million (USD 0.8 million) compared to a loss of ZMW 32 million (USD 2.7 million) over the same period last year. The increased profitability was mainly driven by cropping, following improved yields in the summer crop, and increased volumes and margins in the Stockfeed division.

During the period, the Group recorded an underlying EBITDA growth of 173%, supported by top-line growth and cost optimisation.

Net debt at the end of the period was ZMW 1,002 million (USD 55.5 million), compared with ZMW 886 million (USD 67.1 million) for the same period last year. This was before any repayment of debt from the proceeds of the sale of Sinazongwe farm. Despite making strides towards the repayment of USD debt, the devaluation of the local currency resulted in a translational increase in the Kwacha debt. Our focus continues to be on reducing the Group's indebtedness, with dollar debt being the priority.

Retail and Cold Chain Food Products

Zambef's chain of 237 retail outlets - both own-brand (166) and within Shoprite supermarkets (71) - remain at the heart of the business, with demand from customers driving supply. During the half-year period under review, the Group continued to invest in the roll-out of two macro stores and two retail outlets in strategic locations. The Group's strategic partnership with Shoprite has been essential as we continue to observe growth through the Shoprite butcheries. Revenue in Retail and Cold Chain Food Products grew 15% against the prior half-year period. Cost pressures, mainly from increased depreciation and dollar-denominated fleet maintenance costs, resulted in operating profit performance being largely in line with the prior half-year period.

Cropping

Cropping revenue increased by 71% due to improved maize and wheat volumes, coupled with better pricing obtained on maize sales. Difficulties arising from the constrained electricity supply and Kwacha depreciation-related inflation put pressure on costs while having the opposite effect on revenue.

Stockfeed

The Stockfeed operations posted strong volume growth of 19% in the half-year period. This, coupled with strong revenue realisation, ensured healthy top-line growth. Despite the challenges around load shedding and the drought impacting margins, gross profit grew 58% compared to the prior half-year due to improved manufacturing capacity utilisation and cost management.

Outlook

The macro-economic climate is expected to remain challenging for the rest of Zambeef's financial year, characterised by a volatile Kwacha, continued electricity supply constraints and a potentially crippling COVID-19 pandemic. Despite this, the Group still expects to report Full Year results for the year ending 30 September 2020 in line with current market expectations.

The pandemic has changed the way we work and the way we interact with our customers in the marketplace. Exports into some of our key markets have slowed as many countries impose strict movement lockdowns. The pandemic presents an unprecedented challenge for all of us, yet the fundamental strengths of our company remain unchanged. The health and safety of our employees is our priority and we are doing our part to help the communities we operate in.

In response to the current uncertainty of the COVID-19 pandemic, the Group is moving quickly to take appropriate actions to manage costs further and preserve balance sheet flexibility.

I would like to express my utmost appreciation to our management and staff for their dedicated efforts to feed the nation during this challenging period.

Michael Mundashi
Chairman

16 June 2020

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CHIEF EXECUTIVE OFFICER'S REVIEW

Overview

The half-year period ended 31st March 2020 (HY 2020) saw Zambef post encouraging results in the context of a very challenging macroeconomic environment. During this period, the Zambian Kwacha weakened by 37%, resulting in short to medium term record inflation. The high inflation coupled with a tight monetary policy eroded the purchasing power of our customers. The challenges stemming from reduced electricity generation, on the back of a regional record drought, significantly increased operational costs that eroded margins and some of our divisions were unable to pass on the increases to our customers.

Our revenue for the period was ZMW 1,798 million (USD 129.2 million), and we achieved a gross profit of ZMW 626 million (USD 45.0 million), which was up in Kwacha terms by 27% and 33%, and in dollar terms by 9% and 14% respectively from the previous half-year period. The growth in both metrics was driven by the performance of the Stockfeed and Cropping divisions.

Despite the challenges in the operating environment, Zambef recorded an operating profit from continuing operations of ZMW 125 million (USD 9.0 million) and a profit after tax of ZMW 11.6 million (USD 0.8 million) compared to a ZMW 11.4 million (USD 0.95 million) and a ZMW 31.8 million (USD 2.7 million) loss respectively in the previous half-year period.

The performance achieved was encouraging, considering the adverse trading conditions, and is attributable to the strong Zambef brands, a wide-ranging retail footprint, market penetration and a vertical and diversified product offering. In addition, swift actions from the management team resulted in mitigating some of the aforementioned challenges. Management will continue driving efficiencies to enable sustained top-line growth while looking for opportunities to optimise costs. Our consistent commitment to achieving our long-term strategic objectives through the years has allowed the Group to maintain market share and grow, despite a volatile economic environment.

Strategic focus

Zambef's strategic focus on the roll-out of macro and retail stores across Zambia has continued to contribute to revenue growth. The proceeds from the sale of the Sinazongwe Farm will enable us to accelerate the pay down on our debt as we continue with the deleveraging strategy and focusing on our core businesses.

Retail and Cold Chain Food Products (CCFP)

The disposable income of our customers was constrained during the period, driven by high inflation which resulted in a subdued performance in some of our product lines. Despite this, the Group continued to grow revenue and volumes in its Retailing and Cold Chain Food Production division from the prior half-year period. However, margins have come under pressure because of higher production input costs that we were unable to fully pass on to our customers.

Stockfeed

The Stockfeed division performed exceptionally well during the period. Stockfeed sales volumes grew by 19% to 117,313 tonnes (HY 2019: 98,847 tonnes). Revenue growth of 56% was recorded on the back of volume growth and pricing. Management focus on cost control ensured operating profit growth of 160% above HY 2019 in Kwacha terms, despite the period being characterized by higher fuel and electricity costs.

Cropping

Cropping revenue increased 71% on the back of increased sales volumes of maize and wheat following the carryover stocks from the previous season. The drop in the average price of soya beans by 9% in Dollar terms was offset by the translational effect of the depreciation of the Kwacha. Increased load shedding and the cost of inputs was shielded by the dollar-denominated revenue increase.

Outlook

We anticipate the macro-economic climate to remain challenging but more stable in the second half of the financial year. The accelerated depreciation of the Kwacha appears to be behind us for now and the Kwacha seems to have stabilised. We anticipate that Zambia will acclimate to living with COVID-19 and resuming life under a new normal. However, the impacts of the pandemic still pose a significant risk to the business.

Moderate revenue growth is expected across most of our product lines due to a slowdown in the economy, supported by anticipated good yields from the winter crops. However, the full effects of an inflationary second quarter will be felt in the next half year. Consequently, we expect to see more pressure on our margins with minimal passing on of cost increases as consumer spending power erodes further.

As such, and despite expected satisfactory revenue, EBITDA and EBIT performance (all of which are currently in line with market expectations for the full year) and the Group's profit before tax for the full year (when factoring in foreign exchange effects) is expected to be negatively impacted.

Our Dollar debt is expected to reduce after applying the proceeds of the sale of the Sinazongwe Farm. However, we expect to end the year with a higher Kwacha debt balance due to the effects of its continued depreciation. This will be due to the increased interest costs on dollar debt in Kwacha terms, although we expect to continue paying down the debt.

I am confident that management will respond to these challenges and continue steering the business towards sustaining this

performance over the second half of the year. We will continue our concerted efforts to protect our staff, customers and the general public from the effects of COVID-19. Health protocols have been rolled out in all of our workplaces and shops, and periodic compliance audits continue to be performed.

DIVISIONAL PERFORMANCE

Table 1 (ZMW) and Table 2 (USD) below provide a summary of the consolidated performance of the key business divisions reported at an operating profit level.

Table 1: Divisional financial summary in ZMW'000

ZMW Division	Revenue		Gross Profit		Overheads		Operating Profit	
	2020 ZMW'000	2019 ZMW'000	2020 ZMW'000	2019 ZMW'000	2020 ZMW'000	2019 ZMW'000	2020 ZMW'000	2019 ZMW'000
Total								
Retailing	1,138,678	975,606	120,170	105,971	(166,107)	(142,460)	(45,937)	(36,489)
CCFP	745,736	681,798	196,628	176,308	(104,790)	(93,495)	91,837	82,813
Less Interco	(721,059)	(648,538)						
Combined Retail & CCFP	1,163,355	1,008,866	316,798	282,279	(270,897)	(235,955)	45,900	46,324
Stock Feed	641,656	412,344	122,378	77,544	(60,753)	(53,873)	61,625	23,671
Cropping	256,990	150,529	161,886	93,323	(85,151)	(80,593)	76,735	12,730
Others	109,476	96,129	25,067	17,424	(11,634)	(13,305)	13,434	4,119
Total	2,171,477	1,667,868	626,129	470,570	(428,435)	(383,726)	197,694	86,844
Less: Intra/ Inter Group Sales	(373,844)	(251,378)						
Central Overhead					(72,195)	(75,467)	(72,195)	(75,467)
Group Total	1,797,633	1,416,490	626,129	470,570	(500,630)	(459,193)	125,499	11,377

Table 2: Divisional financial summary in USD'000

USD Division	Revenue		Gross Profit		Overheads		Operating Profit	
	2020 USD'000	2019 USD'000	2020 USD'000	2019 USD'000	2020 USD'000	2019 USD'000	2020 USD'000	2019 USD'000
Total								
Retailing	81,861	81,846	8,640	8,890	(11,942)	(11,951)	(3,302)	(3,061)
CCFP	53,612	57,198	14,135	14,791	(7,533)	(7,844)	6,602	6,947
Less Interco	(51,838)	(54,408)						
Combined Retail & CCFP	83,635	84,636	22,775	23,681	(19,475)	(19,795)	3,300	3,886
Stock Feed	46,129	34,593	8,798	6,505	(4,368)	(4,520)	4,430	1,986
Cropping	18,475	12,628	11,638	7,829	(6,122)	(6,761)	5,516	1,068
Others	7,870	8,065	1,802	1,462	(836)	(1,116)	966	346
Total	156,109	139,922	45,013	39,477	(30,801)	(32,192)	14,212	7,285
Less: Intra/ Inter Group Sales	(26,876)	(21,089)						
Central Overhead					(5,190)	(6,331)	(5,190)	(6,331)
Group Total	129,233	118,833	45,013	39,477	(35,991)	(38,523)	9,022	954

DIVISIONAL REVIEW

Taking the performance of each of our key business areas in turn:

Retail and Cold Chain Food Products

Table 3 (ZMW) and Table 4 (USD) provide the key business area performances of the combined Retail and Cold Chain Food Products divisions.

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

HY 2020 Division	Revenue		Gross Profit		Overheads		Operating Profit	
	2020 ZMW'000	2019 ZMW'000	2020 ZMW'000	2019 ZMW'000	2020 ZMW'000	2019 ZMW'000	2020 ZMW'000	2019 ZMW'000
Retailing Zambia	1,029,584	882,826	94,721	84,017	(143,720)	(124,304)	(48,999)	(40,287)
Retailing West Africa	109,094	92,780	25,449	21,954	(22,387)	(18,156)	3,062	3,798
Total Retailing	1,138,678	975,606	120,170	105,971	(166,107)	(142,460)	(45,937)	(36,489)
CCFP	745,736	681,798	196,628	176,308	(104,790)	(93,495)	91,837	82,813
Less Interco	(721,059)	(648,538)						
Combined Retail & CCFP	1,163,355	1,008,866	316,798	282,279	(270,897)	(235,955)	45,900	46,324

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

HY 2020 Division	Revenue		Gross Profit		Overheads		Operating Profit	
	2020 USD'000	2019 USD'000	2020 USD'000	2019 USD'000	2020 USD'000	2019 USD'000	2020 USD'000	2019 USD'000
Retailing Zambia	74,017	74,063	6,810	7,048	(10,333)	(10,428)	(3,522)	(3,380)
Retailing West Africa	7,843	7,783	1,830	1,842	(1,609)	(1,523)	220	319
Total Retailing	81,860	81,846	8,639	8,890	(11,942)	(11,951)	(3,302)	(3,061)
CCFP	53,612	57,198	14,135	14,791	(7,533)	(7,844)	6,602	6,947
Less Interco	(51,838)	(54,408)	-	-	-	-	-	-
Combined Retail & CCFP	83,634	84,636	22,775	23,681	(19,475)	(19,795)	3,300	3,886

We successfully rolled out two new macro outlets and two new retail outlets in strategic locations as part of our ongoing drive to optimise revenue and efficiencies across the Retail division.

Net sales in the combined Retail and Cold Chain Food Products (CCFP) divisions increased by 15% to ZMW 1,163 million (2019: ZMW 1,009 million) and decreased by 1% to USD 83.6 million (HY 2019: USD 84.6 million), the difference owing to the depreciation of the Kwacha. The gross profit margin decreased slightly by 75 basis points to 27% in Kwacha terms (HY 2019: 28%), with a 15% increase in overheads to ZMW 271 million (HY 2019: ZMW 236 million) or a 2% reduction in dollar terms to USD 19.5 million (HY 2019: USD 19.8 million).

The combined Retail and CCFP divisions generated a satisfactory 4% operating margin despite declining from the 2019 margin of 5%, owing to cost increases that could not be fully passed on to our customers through the retail network. The operating profit value in absolute terms decreased by 1% to ZMW 45.9 million (HY 2019: ZMW 46.3 million) in Kwacha terms and 15% in USD terms to 3.3 million (HY 2019: USD 3.9 million).

Zambia Retail

Zambia Retail revenue increased by 17% to ZMW 1,029 million (HY 2019: ZMW 883 million), whilst the gross profit increased by 13%. However, due to the depreciation in the Kwacha relative to the Dollar, revenue was flat at USD 81.9 million (HY 2019: USD 81.8 million).

West Africa Retail

Sales in West Africa (via the Nigeria and Ghana Shoprite concessions) increased by 18% to ZMW 109 million (HY 2019: ZMW 93 million). West African retail contribution to revenue increased by 9 basis points to 10.60%, from 10.51% last year. It has 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 at 23% (HY 2019: 22%) of total revenue. Despite sales volumes increasing by a marginal 1%, revenues increased 8% owing to the favourable price of Beef and by-products. Gross profit increased by 34% on the

back of an 8% revenue increase due to a reduction in input costs, particularly the buying price of Cattle. The price of maize bran remained relatively stable, only increasing by 9% against the prior half-year, especially in the context of Maize price increasing by 72%.

Poultry (ZamChick, ZamHatch and ZamEgg)

Revenue in the poultry business increased by 24% to ZMW 240 million (HY 2019: ZMW 193 million) and is the second-largest revenue contributor to the CCFP business. Gross profits decreased by 30% to ZMW 41 million (HY 2019: ZMW 59 million), mainly due to the higher input costs that could not be fully passed on to customers. In particular, stockfeed increased by 36%, which affected input costs. Overheads increased by an inflationary 14%, mainly impacted by higher energy and repair and maintenance costs.

Pork (Masterpork)

The Pork division saw a drop in sales volumes by 9%, mainly impacted by a decline in affordable Hungarian sausage sales. Revenue increased by 12%, translating to a 26% increase in gross profit of ZMW 24 million (HY2019: ZMW 19 million) due to pricing to recoup some lost margin due to cost increases.

Overhead costs increased by 36% compared to the prior year, mainly impacted by power outages causing increased machinery repair and maintenance costs and electricity tariffs

Milk (ZamMilk)

Milk revenue increased by 3% on the back of a 6% increase in average selling prices. The volumes of processed milk products reduced as the demand for fresh milk products soared, resulting in a net 3% reduction in sales volumes. Gross profit margin increased by 1,470 basis points owing to price and a favourable sales mix skewed towards the higher-margin products. Kalundu dairy saw an improvement in production efficiencies which also contributed to the increased margins.

Stockfeed (Novatek)

ZMW

Revenue		Gross Profit		Overheads		Operating Profit	
2020	2019	2020	2019	2020	2019	2020	2019
ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
641,656	412,344	122,378	77,544	(60,752)	(53,873)	61,624	23,671

USD

Revenue		Gross Profit		Overheads		Operating Profit	
2020	2019	2020	2019	2020	2019	2020	2019
USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
46,129	34,593	8,798	6,505	(4,368)	(4,520)	4,430	1,985

Revenue grew by 56% in Kwacha terms (33% in USD terms) due to volume and pricing, while the operating profit grew by a significant 160% to ZMW 62 million (HY 2019: ZMW 24 million) or 123% to USD 4.4 million (HY 2019: USD 2.0 million) in Dollar terms. The gross margin remained flat at 19.1% from 18.8% in the prior year. Increased raw material costs, due to a severe drought in the 2019 harvest season as well as running backup diesel generators for prolonged periods to generate electricity, impacted on the profit margin.

Overheads and efficiencies were key operational focus areas during the period and grew only by an inflationary 13% to ZMW 61 million (HY 2019: ZMW 54 million).

Cropping

ZMW

Revenue		Gross Profit		Overheads		Operating Profit	
2020	2019	2020	2019	2020	2019	2020	2019
ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
256,990	150,529	161,886	93,323	(85,151)	(80,593)	76,735	12,730

USD

Revenue		Gross Profit		Overheads		Operating Profit	
2020	2019	2020	2019	2020	2019	2020	2019
USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
18,475	12,628	11,638	7,829	(6,122)	(6,761)	5,517	1,068

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. The division performed exceptionally well during the period.

Revenue increased 71% to ZMW 257 million (HY 2019: ZMW 151 million) or 46% to USD 18.5 million (HY 2019: USD 12.6 million), mainly due to increased maize and wheat sales volumes coupled with an increase in maize price. Gross profit increased 73%

compared to the prior half-year, with only a 26% increase in the overheads due to increases in the cost of electricity and fuel.

Other businesses

ZMW

Revenue		Gross Profit		Overheads		Operating Profit	
2020	2019	2020	2019	2020	2019	2020	2019
ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
109,476	96,129	25,067	17,424	(11,634)	(13,305)	13,434	4,119

USD

Revenue		Gross Profit		Overheads		Operating Profit	
USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
2020	2019	2020	2019	2020	2019	2020	2019
7,870	8,065	1,802	1,462	(836)	(1,116)	966	346

Total revenue from the other business divisions increased by 14% to ZMW 109 million (HY 2019: ZMW 96 million) and decreased by 2% to USD 7.9 million (HY 2019: USD 8.1 million). The gross profit increased by 44% in Kwacha terms (23% in Dollar terms) and the operating profit increased by 226% in Kwacha terms (179% in Dollar terms).

Milling

The wheat and maize milling division had an exceptional performance, recording operating profit growth of 57% in Kwacha terms (40% in Dollar terms), due to the increases in the flour price and the volumes of maize milled. Overheads were also well managed, assisted by a reduction in repair and maintenance costs.

Zamleather

Zamleather recorded a significant improvement in the period as the turnaround strategy for the leather and shoe business began taking shape. Revenue increased by 29% (10% in Dollar terms), supported by an increase in shoe sales volumes. Gross profit increased 56% in Kwacha terms (34% in Dollar terms), helped by a swing in volume to higher-margin shoes and grade improvements resulting from higher selectivity of the hides processed into wet blue leather.

Walter Roodt
Chief Executive Officer

16 June 2020

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS

In compliance with Section 275 of the Companies Act, the Directors submit their report on the activities of the Group for the six month period ended 31 March 2020.

1. Principal activities

Zambeef Products PLC and its subsidiaries (“Group”) is one of the largest agri-businesses in Zambia. The Group is principally involved in the production, processing, distribution and retailing of beef, chicken, pork, milk, dairy products, eggs, edible oils, stock feed and flour. The Group also has large row cropping operations (principally maize, soya beans and wheat), with approximately 7,971 Ha of irrigated row crops and 8,623 Ha of rain-fed/dry-land crops available for planting each year. The Group also has operations in West Africa in Nigeria and Ghana.

2. The Company

The Company is incorporated and domiciled in Zambia.

Business address

Plot 4970, Manda Road
Industrial Area
Lusaka
ZAMBIA

Postal address

Private Bag 17
Woodlands
Lusaka
ZAMBIA

3. Share capital

Details of the Company’s authorised and issued share capital are as follows:

	31 Mar 2020		30 Mar 2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Authorised				
700,000,000 ordinary shares of ZMW0.01 each	7,000	938	7,000	938
Issued and fully paid				
Ordinary shares				
300,579,630 ordinary shares of ZMW0.01 each	3,006	449	3,006	449
Preference shares – convertible redeemable				
100,057,658 of ZMW0.01 each	1,000	100	1,000	100

4. Results

The Group’s results are as follows:

	Unaudited				Audited	
	6 months to 31 March 2020	6 months to 31 March 2020	6 months to 31 March 2019	6 months to 31 March 2019	Year ended 30 September 2019	Year ended 30 September 2019
Group	ZMW'000s	USD'000s	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Revenue	1,797,633	129,233	1,416,490	118,833	3,134,967	254,462
Profit/ (loss) before taxation	12,490	898	(30,156)	(2,531)	38,653	3,138
Taxation charge	(927)	(67)	(1,633)	(137)	(2,780)	(226)
Loss from discontinued operations	(9,423)	(677)	-	-	(17,379)	(1,411)
Group profit / (loss) for the period	2,140	154	(31,789)	(2,668)	18,494	1,501
Group profit / (loss) attributable to:						
Equity holders of the parent	1,650	119	(32,379)	(2,717)	18,100	1,469
Non-controlling interest	490	35	590	49	394	32
	2,140	154	(31,789)	(2,668)	18,494	1,501

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS (CONTINUED)

5. **Dividends**

There was no dividend paid or proposed for the six month period ended 31 March 2020.

6. **Management**

The Senior Management team comprise the following:

Walter Roodt	Chief Executive Officer
Faith Mukutu	Chief Financial Officer
Mike Lovett	Chief Operating Officer
Danny Museteka	Company Secretary
Yusuf Koya	Group Head – Banking and Administration
Pravin Abraham	Chief Internal Auditor
Ebrahim Israel	General Manager – International Retailing
Murray Moore	General Manager – Beef and Dairy
Lewis Potgieter	General Manager – Sinazongwe Farm
Robert Hoskins Davies	General Manager – Chiawa Farm
Francis Mondomona	General Manager – Huntley Farm
Richard Franklin	General Manager – Zamleather Limited
David Subakanya	General Manager – Zampalm Limited
Matthews Ngosa	General Manager – Zamchick Limited, Zamhatch Limited
Willem Abraham Voster	General Manager – Dairy
Alun Maskell	General Manager – Masterpork Limited
Christiaan Engelbrecht	General Manager – Stock Feed
Theo de Lange	Group Technical Manager
Bartholomew Mbaio	Dairy Processing Manager
Lenard Mwanamumbula	Piggery Manager
Johan Swanepoel	Flour Mill Manager
Charles Milupi	Poultry Manager
Ivor Chilufya	Group Financial Controller
Justin Rust	Commercial Manager
Basil Webber	Commercial Manager
Phillip Diedericks	Commercial Manager
Niyaas Dalal	Finance Manager – Zambeef Products Limited, Zam Chick Limited, Zamhatch Limited
Simon Nkhata	Finance Manager – Zambeef Retailing Limited, Masterpork Limited
Baron Chisola	Finance Manager – Zampalm Limited, Group Inventory
Billy Mudenda	Finance Manager – Zamleather Limited
Shadreck Banda	Financial Controller – Group Fixed Assets
Chizola Daka	Financial Controller – Group Creditors
Gbenga Ibitoye	Financial Controller – West Africa
Caroline Mulaga	Group Head – Debtors and Credit Control
Anthony Seno	Head of IT
Awren Mutaka	Head of Human Resources
Mathews Mbasela	Head of Payroll Processing
Eddie Tembo	Chief Security Manager
Jones Kayawe	Head of Environment, Health and Safety
Field Musongole	Maintenance Manager
Ernest Gondwe	Regional Manager – Shoprite & Excellent Meats
Francis Mulenga	Regional Manager – Shoprite
Noel Chola	Regional Manager – Shoprite
Rodgers Chinkuli	Regional Manager – Zambeef Outlets
Hillary Anderson	National Retail Manager – Shoprite
Lufeyo Nkhoma	General Manager – Master Meats Ghana
Clement Mulenga	General Manager – Master Meats Nigeria

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS (CONTINUED)

7. Directors and Secretary

The directors in office during the financial period and at the date of this report were as follows:

Michael Mundashi	Chairman
Dr. Jacob Mwanza	Chairman (Retired on 31 December 2019)
Dr. Lawrence S. Sikutwa	Non-executive director
John Rabb	Non-executive director
Yollard Kachinda	Non-executive director
Prof. Enala Mwase	Non-executive director
David Osborne	Non-executive director
Margaret Mudenda	Non-executive director
Jonathan Kirby	Non-executive director
Frank Braeken	Non-executive director
Francis Grogan	Chief Executive Officer (Retired on 31 December 2019)
Walter Roodt	Chief Executive Officer
Faith Mukutu	Executive Director
Danny Museteka	Company Secretary

8. Directors' interests

The directors held the following interests in the Company's ordinary shares at the reporting date:

	31 March 2020		30 September 2019	
	Direct	Indirect	Direct	Indirect
Dr. Jacob Mwanza*	-	-	1,399,629	-
Francis Grogan*	-	-	995,000	3,596,631
John Rabb	-	14,000,000	-	14,000,000
Frank Braeken	375,000	-	375,000	-
	<u>375,000</u>	<u>14,000,000</u>	<u>2,769,629</u>	<u>17,596,631</u>

*Retired on 31 December 2019

9. Directors' fees and remuneration

ZMW'000	Salary	Bonus	Housing Allowance	Car Allowance	Air Fares Allowance	Medicals
NON-EXECUTIVE						
Jacob Mwanza	245,977	-	-	-	-	-
Michael Mundashi	400,000	-	-	-	-	-
Lawrence Sikutwa	153,736	-	-	-	-	-
John Rabb	184,483	-	-	-	-	-
Yollard Kachinda	153,736	-	-	-	-	-
Enala Mwasa	153,736	-	-	-	-	-
Margaret Mudenda	184,483	-	-	-	-	-
Jonathan Kirby	184,483	-	-	-	-	-
Frank Braeken	153,736	-	-	-	-	-
EXECUTIVE						
Francis Grogan	1,665,955	-	-	Company Car	-	Yes
Walter Roodt	1,725,657	-	-	Company Car	-	Yes
Faith Mukutu	1,951,328	-	-	Company Car	-	Yes
Mike Lovett	1,647,681	-	Yes	Company Car	-	Yes
Danny Museteka	1,508,697	-	-	-	-	Yes

In addition to the above, all Executive Directors are also entitled to a gratuity of 10 per cent. of their gross basic salary paid over the two-year contract term, less statutory deductions for tax.

Further, the board co-opted Mr Hastings Mtine into the Audit Committee as an expert advisor. Mr Mtine's remuneration was ZMW11,588 in the period under review.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS (CONTINUED)

10. Significant Shareholdings

As at 31 March 2020, the Company has been advised of the following notifiable interests in its ordinary share capital:

Investor Name	Current Position	% of Shareholding
CDC Group Plc	52,601,435	17.5%
M & G Investment Management	46,304,408	15.4%
Africa Life	42,413,679	14.1%
National Pension Scheme Authority (Zambia)	24,797,819	8.3%
Sussex Trust	14,000,000	4.7%
Eastspring Investments	11,995,062	4.0%
Artio Global Investors	9,360,000	3.1%

CDC Group Plc are also the holders of 100,057,658 convertible redeemable preference shares. These shares have four voting rights for every five preference shares held resulting in CDC having 34.85% of the voting rights.

11. Employees

The Group employed an average number of employees of 7,422 (30 September 2019 – 7,407; 31 March 2019 – 7,215) and total salaries and wages were ZMW242.4 million (USD17.4 million) for the six month period to 31 March 2020 (30 September 2019 – ZMW453.7 million [USD36.8 million], 31 March 2019 – ZMW237.6 million [USD19.9 million]).

The average number of persons employed by the Group in each month of the 6 month period is as follows:

October 2019	7,380
November 2019	7,581
December 2019	7,633
January 2020	7,022
February 2020	7,417
March 2020	7,499

12. Safety, Health and Environmental issues

As part of some of the Group's term loans, as well as the recent CDC Group PLC equity investment, the Group has signed up to an Environmental and Social Action Plan ("ESAP"), which requires the Group to meet both local Zambian standards as well as international standards relating to the environment.

The Group provides education and healthcare services to its employees. The Group also supports various community activities in the areas in which it operates.

13. Legal matters

There are no significant or material legal or arbitration proceedings (including to the knowledge of the Directors, any such proceedings which are pending or threatened, by or against the Company or any subsidiary of the Group) which may have or have had during the 12 months immediately preceding the date of this document a significant or material effect on the financial position or profitability of the Company or any member of the Group.

14. Gifts and donations

The Group made donations of ZMW1.2million (USD0.09 million), (30 September 2019 – ZMW2million [USD0.165 million], 31 March 2019 – ZMW1.2 million [USD0.10 million]) to a number of activities.

15. Export sales

The Group made exports of ZMW43 million (USD3 million) during the period (30 September 2019 – ZMW46.5 million [USD3.8 million], 31 March 2019 – ZMW24 million [USD2 million]).

16. Property, plant and equipment

Assets totalling ZMW57.9 million (USD4.2 million) were purchased by the Group during the period (30 September 2019 – ZMW113.8 million [USD9.2 million], 31 March 2019 – ZMW54.6 million [USD4.6 million]).

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS (CONTINUED)

17. **Interim report**

The interim report set out below has been approved by the Directors.

By order of the Board

Danny Museteka
Company Secretary

Date: 16 June 2020

The Directors
Zambeef Products PLC
Plot 4970, Manda Road
Industrial Area
Lusaka

Dear Sirs

INDEPENDENT REVIEW REPORT OF ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

Introduction

We have been instructed by the Directors of the Company to review the financial information set out on pages 15 to 52 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The Listing Rules of the Lusaka Stock Exchange and International Accounting Standard 34 require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual financial statements except where changes, and reasons for them, are disclosed.

Review of work performed

We conducted our review in accordance with guidance contained in the International Standards on Auditing. A review consists principally of making enquiry of Group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as test of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On basis of our review we are not aware of any material modifications that should be made to the consolidated financial information as presented for the six month period ended 31 March 2020.

Chartered Accountants

Christopher Mulenga (AUD/ F000178)
Name of Partner signing on behalf of the Firm

Lusaka

Date: 16 June 2020

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2020

	Note	Unaudited		Audited
		31 Mar 2020	31 Mar 2019	30 Sept 2019
Group		ZMW'000s	ZMW'000s	ZMW'000s
Revenue	5(i)	1,797,633	1,416,490	3,134,967
Net loss arising from price changes in fair value of biological assets	9	(10,408)	(15,729)	10,284
Cost of sales		(1,161,096)	(930,191)	(2,063,704)
Gross profit	5(i)	626,129	470,570	1,081,547
Administrative expenses		(501,168)	(459,899)	(920,771)
Other income		538	706	433
Operating profit		125,499	11,377	161,209
Share of loss equity accounted investment		(1,898)	(1,819)	(3,036)
Exchange losses on translating foreign currency transactions and balances		(62,870)	(3,347)	(36,730)
Finance costs		(48,241)	(36,367)	(82,790)
Profit/(loss) before taxation	5(i)	12,490	(30,156)	38,653
Taxation charge	6(a)	(927)	(1,633)	(2,780)
Group profit/(loss) for the period from continued operations		11,563	(31,789)	35,873
Loss from discontinued operations	15	(9,423)	-	(17,379)
Total (loss)/profit for the period		2,140	(31,789)	18,494
Group profit/(loss) attributable to:				
Equity holders of the parent		1,650	(32,379)	18,100
Non-controlling interest		490	590	394
		2,140	(31,789)	18,494
Other comprehensive income				
Exchange gains on translating presentational currency		434,406	13,536	106,391
Remeasurement of net defined benefit liability		-	-	8,829
Remeasurement of leases		(12)		
Total comprehensive income for the period		436,534	(18,253)	133,714
Total comprehensive income/(loss) for the period attributable to:				
Equity holders of the parent		433,889	(21,759)	129,935
Non-controlling interest		2,645	3,506	3,779
		436,534	(18,253)	133,714
Earnings per share		Ngwee	Ngwee	Ngwee
Basic and diluted earnings per share from continued operations	7	2.76	(7.78)	8.86
Basic and diluted earnings per share from discontinued operations	7	(2.35)	-	(4.34)
Total	7	0.41	(7.78)	4.52

The accompanying notes form part of the financial statements.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2020

	Note	Unaudited		Audited
		31 Mar 2020	31 Mar 2019	30 Sept 2019
Group		USD'000s	USD'000s	USD'000s
Revenue	5(ii)	129,233	118,833	254,462
Net loss arising from price changes in fair value of biological assets	9	(748)	(1,320)	835
Cost of sales		(83,472)	(78,036)	(167,509)
Gross profit	5(ii)	45,013	39,477	87,788
Administrative expenses		(36,029)	(38,582)	(74,738)
Other income		38	59	35
Operating profit		9,022	954	13,085
Share of loss equity accounted investment		(136)	(153)	(246)
Exchange losses on translating foreign currency transactions and balances		(4,520)	(281)	(2,981)
Finance costs		(3,468)	(3,051)	(6,720)
Profit/(loss) before taxation	5(ii)	898	(2,531)	3,138
Taxation charge	6(f)	(67)	(137)	(226)
Group profit/(loss) for the period from continued operations		831	(2,668)	2,912
Loss from discontinued operations	15	(677)	-	(1,411)
Total profit/(loss) for the period		154	(2,668)	1,501
Group profit/(loss) attributable to:				
Equity holders of the parent		119	(2,717)	1,469
Non-controlling interest		35	49	32
		154	(2,668)	1,501
Other comprehensive income				
Exchange (losses)/gains on translating presentational currency		(42,051)	2,208	(10,553)
Remeasurement of net defined benefit liability		-	-	717
Remeasurement of leases		(1)	-	-
Total comprehensive loss for the period		(41,898)	(460)	(8,335)
Total comprehensive income/(loss) for the period attributable to:				
Equity holders of the parent		(42,144)	(745)	(8,367)
Non-controlling interest		246	285	32
		(41,898)	(460)	(8,335)
Earnings per share		Cents	Cents	Cents
Basic and diluted earnings per share from continued operations	7	0.20	(0.65)	0.72
Basic and diluted earnings per share from discontinued operations	7	(0.17)	-	(0.35)
Total	7	0.03	(0.65)	0.37

The accompanying notes form part of the financial statements.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2020

	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
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
At 1 October 2018	3,006	1,125,012	1,000	1,228,724	278,923	479,109	3,115,774	(8,660)	3,107,114
Loss for the period	-	-	-	-	-	(32,379)	(32,379)	590	(31,789)
Transfer of surplus depreciation	-	-	-	(10,817)	-	10,817	-	-	-
Other comprehensive income:									
Exchange gains on translating presentational currency	-	-	-	-	10,620	-	10,620	2,916	13,536
Total comprehensive income for the period	-	-	-	(10,817)	10,620	(21,562)	(21,759)	3,506	(18,253)
At 30 March 2019	3,006	1,125,012	1,000	1,217,907	289,543	457,547	3,094,015	(5,154)	3,088,861
Loss for the period	-	-	-	-	-	59,308	59,308	490	59,798
Transfer of surplus depreciation	-	-	-	(18,849)	-	18,849	-	-	-
Other comprehensive income:									
Exchange gains on translating presentational currency	-	-	-	-	92,386	-	92,386	(217)	92,169
Total comprehensive income for the period	-	-	-	(18,849)	92,386	78,157	151,694	273	151,967
At 30 September 2019	<u>3,006</u>	<u>1,125,012</u>	<u>1,000</u>	<u>1,199,058</u>	<u>381,929</u>	<u>535,704</u>	<u>3,245,709</u>	<u>(4,881)</u>	<u>3,240,828</u>
Profit for the period	-	-	-	-	-	1,650	1,650	490	2,140
Transfer of surplus depreciation	-	-	-	(14,833)	-	14,833	-	-	-
Other comprehensive income									
Remeasurement of leases	-	-	-	-	-	(12)	(12)	-	(12)
Exchange gains on translating presentational currency	-	-	-	-	432,251	-	432,251	2,155	434,406
Total comprehensive income for the period	-	-	-	(14,833)	432,251	16,471	433,889	2,645	436,534
At 31 March 2020	<u>3,006</u>	<u>1,125,012</u>	<u>1,000</u>	<u>1,184,225</u>	<u>814,180</u>	<u>552,175</u>	<u>3,679,598</u>	<u>(2,236)</u>	<u>3,677,362</u>

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2020

	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
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s
At 1 October 2018	449	185,095	100	175,617	(186,889)	80,188	254,560	(708)	253,852
Loss for the period	-	-	-	-	-	(2,717)	(2,717)	49	(2,668)
Transfer of surplus depreciation	-	-	-	(907)	-	907	-	-	-
Other comprehensive income									
Exchange gains on translating presentational currency	-	-	-	-	1,972	-	1,972	236	2,208
Total comprehensive income for the period	-	-	-	(907)	1,972	(1,810)	(745)	285	(460)
At 31 March 2019	449	185,095	100	174,710	(184,917)	78,378	253,815	(423)	253,392
Transactions with owners									
Profit for the period	-	-	-	-	-	4,903	4,903	40	4,943
Transfer of surplus depreciation	-	-	-	(1,501)	-	1,501	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Other comprehensive income:									
Exchange losses on translating presentational currency	-	-	-	-	(12,831)	-	(12,831)	13	(12,818)
Total comprehensive income for the period	-	-	-	(1,501)	(12,831)	6,404	(7,928)	53	(7,875)
At 30 September 2019	449	185,095	100	173,209	(197,748)	84,782	245,887	(370)	245,517
Profit for the period	-	-	-	-	-	119	119	35	154
Transfer of surplus depreciation	-	-	-	(1,066)	-	1,066	-	-	-
Other comprehensive income									
Remeasurement of leases	-	-	-	-	-	(1)	(1)	-	(1)
Exchange gains on translating presentational currency	-	-	-	-	(42,262)	-	(42,262)	211	(42,051)
Total comprehensive income	-	-	-	(1,066)	(42,262)	1,184	(42,144)	246	(41,898)
At 31 March 2020	449	185,095	100	172,143	(240,010)	85,966	203,743	(124)	203,619

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - 31 MARCH 2020

	Note	Unaudited		Audited
		31 Mar 2020	31 Mar 2019	30 Sept 2019
		ZMW'000s	ZMW'000s	ZMW'000s
ASSETS				
Non – current assets				
Goodwill		166,801	166,801	166,801
Property, plant and equipment	8	3,292,653	2,895,599	2,841,824
Investment in associate		10,478	13,592	12,376
Deferred tax assets	6(e)	<u>80,073</u>	<u>47,619</u>	<u>56,525</u>
		<u>3,550,005</u>	<u>3,123,611</u>	<u>3,077,526</u>
Current assets				
Biological assets	9	520,437	374,728	170,417
Inventories		682,619	594,640	941,159
Trade and other receivables		87,924	68,560	98,025
Assets held for disposal	15	131,857	-	135,357
Amounts due from related companies		38,281	37,502	41,554
Income tax recoverable	6(c)	<u>18,329</u>	<u>17,517</u>	<u>2,767</u>
		<u>1,479,447</u>	<u>1,092,947</u>	<u>1,389,279</u>
Total assets		<u>5,029,452</u>	<u>4,216,558</u>	<u>4,466,805</u>
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital		3,006	3,006	3,006
Preference share capital		1,000	1,000	1,000
Share premium		1,125,012	1,125,012	1,125,012
Reserves		<u>2,550,580</u>	<u>1,964,997</u>	<u>2,116,691</u>
		3,679,598	3,094,015	3,245,709
Non-controlling interest		<u>(2,236)</u>	<u>(5,154)</u>	<u>(4,881)</u>
		<u>3,677,362</u>	<u>3,088,861</u>	<u>3,240,828</u>
Non – current liabilities				
Interest bearing liabilities	11	234,846	256,206	228,099
Obligations under finance leases	12	19,741	19,530	19,297
Deferred liability		15,737	26,644	16,362
Deferred taxation	6(e)	<u>32,154</u>	<u>6,865</u>	<u>9,138</u>
		<u>302,478</u>	<u>309,245</u>	<u>272,896</u>
Current liabilities				
Interest bearing liabilities	11	163,125	94,913	130,661
Collateral management agreement	11	227,983	176,159	212,381
Obligations under finance leases	12	24,701	11,111	21,487
Trade and other payables		231,592	173,859	259,585
Provisions		54,310	41,597	52,914
Amounts due to related companies		1,265	362	251
Taxation payable	6(c)	15,253	12,109	1,377
Bank overdrafts	10	<u>331,383</u>	<u>308,342</u>	<u>274,425</u>
		<u>1,049,612</u>	<u>818,452</u>	<u>953,081</u>
Total equity and liabilities		<u>5,029,452</u>	<u>4,216,558</u>	<u>4,466,805</u>

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION - 31 MARCH 2020

	Note	Unaudited		Audited
		31 Mar 2020	31 Mar 2019	30 Sept 2019
		<i>USD '000s</i>	<i>USD '000s</i>	<i>USD '000s</i>
ASSETS				
Non – current assets				
Goodwill		9,236	13,683	12,636
Property, plant and equipment	8	182,317	237,539	215,290
Investment in associate		580	1,115	938
Deferred tax asset	6(j)	<u>4,434</u>	<u>3,906</u>	<u>4,282</u>
		<u>196,567</u>	<u>256,243</u>	<u>233,146</u>
Current assets				
Biological assets	9	28,817	30,741	12,910
Inventories		37,797	48,781	71,300
Trade and other receivables		4,868	5,624	7,426
Assets held for disposal	15	7,301	-	10,254
Amounts due from related companies		2,120	3,076	3,148
Income tax recoverable	6(h)	<u>1,015</u>	<u>1,437</u>	<u>210</u>
		<u>81,918</u>	<u>89,659</u>	<u>105,248</u>
Total assets		<u>278,485</u>	<u>345,902</u>	<u>338,394</u>
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital		449	449	449
Preference share capital		100	100	100
Share premium		185,095	185,095	185,095
Reserves		<u>18,099</u>	<u>68,171</u>	<u>60,243</u>
		203,743	253,815	245,887
Non-controlling interest		<u>(124)</u>	<u>(423)</u>	<u>(370)</u>
		<u>203,619</u>	<u>253,392</u>	<u>245,517</u>
Non – current liabilities				
Interest bearing liabilities	11	13,004	21,018	17,280
Obligations under finance leases	12	1,093	1,602	1,462
Deferred liability		872	2,186	1,240
Deferred tax liability	6(j)	<u>1,780</u>	<u>563</u>	<u>692</u>
		<u>16,749</u>	<u>25,369</u>	<u>20,674</u>
Current liabilities				
Interest bearing liabilities	11	9,032	7,786	9,899
Collateral management agreement	11	12,624	14,451	16,089
Obligations under finance leases	12	1,368	911	1,628
Trade and other payables		12,823	14,263	19,665
Provisions		3,007	3,412	4,009
Amounts due to related companies		69	30	19
Taxation payable	6(h)	845	993	104
Bank overdrafts	10	<u>18,349</u>	<u>25,295</u>	<u>20,790</u>
		<u>58,117</u>	<u>67,141</u>	<u>72,203</u>
Total equity and liabilities		<u>278,485</u>	<u>345,902</u>	<u>338,394</u>

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2020

	Unaudited		Audited
	6 months to 31 Mar 2020 ZMW'000s	6 months to 31 Mar 2019 ZMW'000s	Year to 30 Sept 2019 ZMW'000s
Cash inflow/(outflow) from/(on) operating activities			
Profit/(loss) before taxation	12,490	(30,156)	38,653
Finance costs	48,241	36,367	82,790
(Loss)/profit on disposal of property, plant and equipment	-	126	(986)
Adjustment on transition to IFRS 16	(1,187)	-	-
Depreciation on right-of-use assets	304	-	-
Depreciation	66,285	58,727	121,921
Share of loss of equity accounted investment	1,898	1,819	3,036
Loss on discontinued operations	(9,423)	-	(17,379)
Fair value price adjustment	10,408	15,729	(10,284)
Net unrealised foreign exchange (gains)/losses	<u>31,935</u>	<u>(1,011)</u>	<u>7,153</u>
Earnings before interest, tax, depreciation and amortisation, fair value adjustments and net unrealised foreign exchange losses	160,951	81,601	224,904
(Increase)/decrease in biological assets	(360,428)	(193,054)	21,541
Decrease in inventory	258,540	45,171	(301,348)
Decrease in trade and other receivables	10,101	87,754	58,289
Decrease in amounts due from related companies	3,273	12,770	8,718
Decrease in trade and other payables and provisions	(26,597)	(124,071)	(27,028)
Increase in amount due to related companies	1,014	130	19
(Decrease)/increase in deferred liability	(625)	(4,334)	(6,249)
Cash outflow from assets held for disposal	-	-	-
Income tax paid	<u>(3,145)</u>	<u>(5,890)</u>	<u>(9,652)</u>
Net cash inflow/(outflow from/(on) operating activities	<u>43,084</u>	<u>(99,923)</u>	<u>(30,806)</u>
Investing activities			
Purchase of property, plant and equipment	(57,952)	(54,596)	(113,825)
Proceeds from sale of assets	<u>342</u>	<u>-</u>	<u>11,776</u>
Net cash (outflow)/ inflow (on)/ from investing activities	<u>(57,610)</u>	<u>(54,596)</u>	<u>(102,049)</u>
Net cash (outflow)/inflow before financing	<u>(14,526)</u>	<u>(154,519)</u>	<u>(132,855)</u>
Financing			
Long term loans repaid	(56,612)	(49,876)	(96,913)
Receipt of short term funding	15,602	67,849	119,456
Leasing liabilities obtained/(repaid)	3,658	(7,704)	707
Finance costs including discontinued operations	<u>(48,241)</u>	<u>(36,367)</u>	<u>(82,790)</u>
Net cash outflow from financing	<u>(85,593)</u>	<u>(26,098)</u>	<u>(59,540)</u>
Decrease in cash and cash equivalents	(100,119)	(180,617)	(192,395)
Cash and cash equivalents at beginning of period	(274,425)	(135,743)	(135,743)
Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>43,161</u>	<u>8,018</u>	<u>53,713</u>
Cash and cash equivalents at end of period	<u>(331,383)</u>	<u>(308,342)</u>	<u>(274,425)</u>
Represented by:			
Cash in hand and at bank	62,113	50,801	56,753
Bank overdrafts	<u>(393,496)</u>	<u>(359,143)</u>	<u>(331,178)</u>
	<u>(331,383)</u>	<u>(308,342)</u>	<u>(274,425)</u>

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2020

	Unaudited		Audited
	6 months to 31 Mar 2020 <i>USD'000s</i>	6 months to 31 Mar 2019 <i>USD'000s</i>	Year to 30 Sept 2019 <i>USD'000s</i>
Cash inflow/(outflow) from/(on) operating activities			
Profit/(loss) before taxation	898	(2,531)	3,138
Finance costs	3,468	3,051	6,720
Profit/(loss) on disposal of property, plant and equipment	-	11	(80)
Adjustment on transition to IFRS 16	(90)	-	-
Depreciation charge on right-of-use assets	22	-	-
Depreciation	4,765	4,927	9,896
Share of loss of equity accounted investment	136	153	246
Loss of disposal of investments	-	-	-
Loss on discontinued operations	(677)	-	(1,411)
Fair value price adjustment	748	1,320	(835)
Net unrealised foreign exchange losses/(gains)	<u>2,296</u>	<u>(85)</u>	<u>581</u>
Earnings before interest, tax, depreciation and amortisation, fair value adjustments and net unrealised foreign exchange losses	11,566	6,846	18,255
Increase/(decrease) in biological assets	(25,911)	(16,196)	1,748
Decrease in inventory	18,587	3,790	(24,460)
Decrease in trade and other receivables	726	7,362	4,731
Decrease in amounts due from related companies	235	1,071	708
(Decrease) in trade and other payables	(1,912)	(10,409)	(2,194)
Increase in amount due to related companies	73	11	2
(Decrease) in deferred liability	(45)	(364)	(507)
Cash outflow from assets held for disposal	-	-	-
Income tax paid	<u>(226)</u>	<u>(494)</u>	<u>(783)</u>
Net cash inflow/(outflow) from/(on) operating activities	<u>3,093</u>	<u>(8,383)</u>	<u>(2,500)</u>
Investing activities			
Purchase of property, plant and equipment	(4,166)	(4,580)	(9,239)
Proceeds from sale of assets	<u>25</u>	<u>-</u>	<u>956</u>
Net cash outflow on investing activities	<u>(4,141)</u>	<u>(4,580)</u>	<u>(8,283)</u>
Net cash outflow before financing	<u>(1,048)</u>	<u>(12,963)</u>	<u>(10,783)</u>
Financing			
Long term loans repaid	(4,070)	(4,184)	(7,866)
Receipt of short term funding	1,123	5,692	9,696
Leasing liabilities obtained/(repaid)	263	(646)	57
Finance costs including discontinued operations	<u>(3,468)</u>	<u>(3,051)</u>	<u>(6,720)</u>
Net cash outflow from financing	<u>(6,152)</u>	<u>(2,189)</u>	<u>(4,833)</u>
Decrease in cash and cash equivalents	(7,200)	(15,152)	(15,616)
Cash and cash equivalents at beginning of period	(20,790)	(11,090)	(11,090)
Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>9,641</u>	<u>947</u>	<u>5,916</u>
Cash and cash equivalents at end of period	<u>(18,349)</u>	<u>(25,295)</u>	<u>(20,790)</u>
Represented by:			
Cash in hand and at bank	3,439	4,167	4,299
Bank overdrafts	<u>(21,788)</u>	<u>(29,462)</u>	<u>(25,089)</u>
	<u>(18,349)</u>	<u>(25,295)</u>	<u>(20,790)</u>

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020

1. **The Group**

Zambeef Products PLC and its subsidiaries (“Group”) is one of the largest agri-businesses in Zambia. The Group is principally involved in the production, processing, distribution and retailing of beef, chicken, pork, milk, dairy products, eggs, edible oils, stock feed and flour. The Group also has large row cropping operations (principally maize, soya beans and wheat), with approximately 7,971 Ha of irrigated row crops and 8,623 Ha of rain-fed/dry-land crops available for planting each year. The Group also has operations in West Africa, Nigeria and Ghana.

2. **Principal accounting policies**

The principal accounting policies applied by the Group in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) **Basis of consolidation**

The consolidated financial statements include the financial statements of the parent Company and its subsidiary companies made up to the end of the financial year. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date of their acquisition or up to the date of their disposal. Intercompany transactions and profits are eliminated on consolidation and all income and profit figures relate to external transactions only.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary’s profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. Losses incurred are allocated to the non-controlling interest in equity until this value is nil, at which point any subsequent losses are allocated against the interests of the parent.

(b) **Going Concern**

At the reporting date the current portion of long term loan amounts repayable amount to ZMW415.8 million (USD22.9 million) [30 September 2019: ZMW364.5 million (USD27.6 million)]. After reviewing the available information including the Group’s strategic plans and continuing support from the Group’s working capital funders, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. All current liabilities will be settled from the continued liquidation of stock and expected increase in income from the capital expenditure carried out.

(c) **Basis of presentation**

The information for the 6 month periods ended 31 March 2020 and 31 March 2019 do not constitute statutory accounts. The figures for the year ended 30 September 2019 have been extracted from the 2019 statutory financial statements. The auditors’ report on those financial statements was unqualified.

The financial statements are prepared in accordance with the provisions of the Companies Act and International Financial Reporting Standards (IFRS). The financial statements are presented in accordance with IAS 1 “Preparation of financial statements” (Revised 2007).

The financial statements have been prepared under the historic cost convention, as modified by the revaluation of property, plant and equipment, and financial assets and liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

2. **Principal accounting policies (continued)** (d) **New Standards adopted as at 1 October 2019**

The Group has adopted the new accounting pronouncements which have become effective in 2019, and are as follows:

IFRS 16 'Leases'

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 October 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 17.6%.

The Group has benefited from the use of hindsight for determining lease terms when considering options to extend and terminate leases.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)****2. Principal accounting policies (continued)****(d) New Standards adopted as at 1 October 2019 (continued)**

The following is a reconciliation of total operating lease commitments at 30 September 2019 to the lease liabilities recognised at 1 October 2019:

	ZMW'000	USD'000
Total operating lease commitments disclosed at 30 September 2019	15,881	1,203
Recognition exemptions:		
Leases of low value assets		
Leases with remaining life less than 12 months	(14,438)	(1,094)
Variable lease payments not recognised	-	-
Other minor adjustments relating to commitment disclosures	-	-
Operating lease liabilities before discounting	1,443	109
Discounted using incremental borrowing rate	(254)	(19)
Operating lease liabilities	1,189	90
Reasonable certain extension options	-	-
Finance lease obligations	40,784	3,090
Total lease liabilities recognised under IFRS 16 at 1 October 2019	41,973	3,180

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

2. Principal accounting policies (continued)

(e) Foreign currencies

(i) *Presentational and functional currency*

Zambeef Products PLC as a company has ten operating branches, of which nine have a historical functional currency of Zambian Kwacha (ZMW) and one (the Mpongwe Farm Branch) has a functional currency of United States Dollars (USD), being an operational branch set up during the financial year ended 30 September 2012. Management have chosen a variant on the functional currency of Mpongwe due to the following factors:

- the majority of farm input costs (fertilizer, farming chemicals, agricultural machinery spares, etc.), which are primarily sourced from overseas, are driven by USD to ZMW exchange rate due to original prices being USD;
- the pricing of Mpongwe's principal outputs (wheat, soya and maize) are significantly influenced by world USD denominated grain prices;
- the capital raised attached to the acquisition of the Mpongwe assets was denominated in foreign currency;
- the Mpongwe assets were purchased in USD;
- upon admission and dual listing on the AIM market of the London Stock Exchange (LSE), Zambeef was required to report in USD in addition to reporting in ZMW for the LuSE listing; and
- majority of financial liabilities associated with working capital funding and capital expenditure are sourced in USD and repayable in USD, with a substantial portion of the Company's term liabilities secured on the assets of Mpongwe.

In light of this, Mpongwe's assets and liabilities are translated to ZMW and consolidated with other branches of the Company for reporting and tax purposes in Zambia, with any differences arising out of translation posted as a capital reserve item and a non-distributable reserve.

The Group's reporting currency in Zambia is ZMW and the presentation of financial statements to Non-Zambian shareholders and for the purposes of being listed on the AIM market of the London Stock Exchange also necessitate the presentation of the financial statements in United States Dollars (USD).

(ii) *Basis of translating presentational currency to USD for the purposes of supplementary information*

Statement of comprehensive income items have been translated using the average exchange rate for the period as an approximation to the actual exchange rate. Assets and liabilities have been translated using the closing exchange rate. Any differences arising from this process have been recognised in other comprehensive income and accumulated in the foreign exchange reserve in equity.

Equity items have been translated at the closing exchange rate. Exchange differences arising on retranslating equity items and opening net assets have also been transferred to the foreign exchange reserve within equity.

The following exchange rates have been applied:

ZMW:USD	Average exchange rate	Closing exchange rate
6 months ended 31 March 2019	11.92	12.19
Year ended 30 September 2019	12.32	13.20
6 months ended 31 March 2020	13.91	18.06

All historical financial information, except where specifically stated, is presented in Zambian Kwacha rounded to the nearest ZMW'000s and United States Dollars rounded to the nearest USD'000s.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

2. Principal accounting policies (continued)

(iii) *Basis of translating transactions and balances*

Foreign currency transactions are translated into the functional currency using the rates of exchange prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Non-operating foreign exchange gains and losses mainly arise on fluctuations of the exchange rate between United States Dollars and Zambian Kwacha. Due to the instability of the exchange rate, which may result in significant variances of foreign exchange related assets and liabilities, these gains and losses have been presented below operating profit in the statement of comprehensive income.

(iv) *Basis of translating foreign operations*

In the consolidated financial statements, the financial statements of the foreign subsidiaries originally presented in their local currency have been translated into Zambian Kwacha. Assets and liabilities have been translated into Zambian Kwacha at the exchange rates ruling at the period end. Statement of comprehensive income items have been translated at an average monthly rate for the period. Any differences arising from this procedure are taken to the foreign exchange reserve.

The following exchange rates have been applied:

	Average exchange rate	Closing exchange rate
ZMW: Nigeria Naira		
6 months ended 31 March 2019	30.30	29.39
Year ended 30 September 2019	29.21	27.25
6 months ended 31 March 2020	26.00	20.26
ZMW: Ghana Cedi		
6 months ended 31 March 2019	0.42	0.44
Year ended 30 September 2019	0.42	0.41
6 months ended 31 March 2020	0.40	0.32

(f) **General information and basis of preparation**

The condensed interim consolidated financial statements are for the six months ended 31 March 2019 and are presented in Zambian Kwacha and United States Dollars. They have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 2019.

(g) **Significant accounting policies**

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 September 2019.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

3. **Critical accounting estimates and judgements**

When preparing the Interim Financial Statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the Interim Financial Statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 30 September 2019. The only exceptions are the estimate of income tax liabilities which is determined in the Interim Financial Statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period

4. **Significant events and transactions**

The Group's management believes that the Group is well positioned in the economy. Factors contributing to the Group's strong position are:

- (a) Increase in the retail foot print of the Group.
- (b) Increase in production facilities of the Group leading to higher volumes available for retail.
- (c) Improvements in the management team across various areas of the Group leading to positive reinforcement of strong operational synergies.

Overall, the Group is in a strong position and has sufficient capital and liquidity to service its operating activities and debt. The Group's objectives and policies for managing capital credit risk and liquidity risk should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 2019.

5. **Segmental reporting**

An operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's Board of Directors ('BoD') to make decisions about the allocation of resources and assessment of performance about which discrete financial information is available. Gross margin information is sufficient for the BoD to use for such purposes. The BoD reviews information regarding the operating divisions which match the main external revenues earned by the Group, and management information regarding the operating assets and liabilities of the main business divisions within the Group.

During the six month period to 31 March 2020, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

The revenues and gross profit generated by each of the Group's operating segments and segment assets are summarised as follows:

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

5. Segmental reporting (continued)

Period ended 31 March 2020

(i) in Zambian Kwacha

Segment	Revenue ZMW'000s	Gross Profit ZMW'000s
Retailing – Zambia	1,029,584	94,721
Master Meats (Nigeria)	83,007	17,677
Master Meats (Ghana)	26,087	7,772
Retailing West Africa	109,094	25,449
Total Retailing	1,138,678	120,170
Beef	262,500	81,504
Chicken	212,538	43,941
Pork	134,612	24,140
Milk and dairy	108,961	49,569
Eggs	<u>27,125</u>	<u>(2,526)</u>
Total Cold Chain Food Production	<u>745,736</u>	<u>196,628</u>
Gross Combined Retail and CCFP	1,884,414	316,798
Less: Intra/ Inter Sales	<u>(721,059)</u>	-
Combined Retail and CCFP	1,163,355	316,798
Stock Feed	641,656	122,378
Crops – row crops	256,990	161,886
Mill and bakery	92,820	18,218
Leather and shoe	16,656	6,849
Total Other	<u>109,476</u>	<u>25,067</u>
Total	2,171,477	626,129
Less: intra/inter group Sales	<u>(373,844)</u>	-
Group total	<u>1,797,633</u>	<u>626,129</u>
Central operating costs		<u>(500,630)</u>
Operating profit		125,499
Foreign exchange losses		(62,870)
Finance costs		(48,241)
Share of loss of equity accounted investment		<u>(1,898)</u>
Profit before tax		<u>12,490</u>

Operating assets/(liabilities)

	Zambeef ZMW'000s	Retailing ZMW'000s	Master Pork ZMW'000s	Other ZMW'000s	Total ZMW'000s
Property, plant and equipment	2,491,048	227,715	83,804	490,086	3,292,653
Biological assets and inventories	966,159	68,838	20,491	147,568	1,203,056
Cash, cash equivalents and bank overdrafts	(295,320)	(62,209)	4,444	21,702	(331,383)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

5. Segmental reporting (continued)

Period ended 31 March 2020

(ii) in US Dollars

Segment	Revenue <i>USD '000s</i>	Gross Profit <i>USD '000s</i>			
Retailing – Zambia	74,018	6,810			
Master Meats (Nigeria)	5,967	1,271			
Master Meats (Ghana)	1,876	559			
Retailing West Africa	7,743	1,830			
Total Retailing	81,861	8,640			
Beef	18,871	5,859			
Chicken	15,280	3,159			
Pork	9,677	1,735			
Milk and dairy	7,833	3,564			
Fish	-	-			
Eggs	1,950	(182)			
Total Cold Chain Food Production	<u>53,611</u>	<u>14,135</u>			
Gross Combined Retail and CCFP	<u>135,472</u>	<u>22,775</u>			
Less: Intra/ Inter Sales	<u>(51,837)</u>	-			
Combined Retail and CCFP	83,635	22,775			
Stock Feed	46,129	8,798			
Crops – row crops	18,475	11,638			
Mill and bakery	6,673	1,310			
Leather and shoe	1,197	492			
Total Other	7,870	1,802			
Total	156,109	45,013			
Less: intra/inter group sales	<u>(26,876)</u>	-			
Group total	<u>129,233</u>	<u>45,013</u>			
Central operating costs		<u>(35,991)</u>			
Operating profit		9,022			
Foreign exchange losses		(4,520)			
Share of loss of equity accounted investment		(136)			
Finance costs		<u>(3,468)</u>			
Profit before tax		<u>898</u>			
Operating assets/(liabilities)					
	Zambeef	Retailing	Master Pork	Other	Total
	<i>USD'000s</i>	<i>USD'000s</i>	<i>USD'000s</i>	<i>USD'000s</i>	<i>USD'000s</i>
Property, plant and equipment	137,932	12,609	4,639	27,137	182,317
Biological assets and inventories	53,497	3,812	1,135	8,170	66,614
Cash, cash equivalents and bank overdrafts	(16,352)	(3,445)	246	1,202	(18,349)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

5. Segmental reporting (continued)

Period ended 31 March 2019

(i) in Zambian Kwacha

Segment	Revenue <i>ZMW'000s</i>	Gross Profit <i>ZMW'000s</i>
Retailing – Zambia	882,826	84,017
Master Meats (Nigeria)	70,097	14,496
Master Meats (Ghana)	22,683	7,458
Retailing West Africa	92,780	21,954
Total Retailing	975,606	105,971
Beef	242,892	60,768
Chicken	167,865	53,469
Pork	120,561	19,194
Milk and dairy	106,248	32,714
Fish	18,613	4,361
Eggs	<u>25,619</u>	<u>5,802</u>
Total Cold Chain Food Production	<u>681,798</u>	<u>176,308</u>
Gross Combined Retail and CCFP	1,657,404	282,279
Less: Intra/ Inter Sales	<u>(648,538)</u>	<u>-</u>
Combined Retail and CCFP	1,008,866	282,279
Stock Feed	412,344	77,544
Crops – row crops	150,529	93,323
Mill and bakery	83,198	13,041
Leather and shoe	12,931	4,383
Total Other	<u>96,129</u>	<u>17,424</u>
Total	1,667,868	470,570
Less: intra/inter group Sales	<u>(251,378)</u>	<u>-</u>
Group total	<u>1,416,490</u>	<u>470,570</u>
Central operating costs		<u>(459,193)</u>
Operating profit		11,377
Foreign exchange losses		(3,347)
Finance costs		(36,367)
Share of loss of equity accounted investment		<u>(1,819)</u>
Loss before tax		<u>(30,156)</u>

Operating assets/(liabilities)

	Zambeef <i>ZMW'000s</i>	Retailing <i>ZMW'000s</i>	Master Pork <i>ZMW'000s</i>	Other <i>ZMW'000s</i>	Total <i>ZMW'000s</i>
Property, plant and equipment	2,023,654	204,122	84,283	583,540	2,895,599
Biological assets and inventories	630,330	61,762	21,886	255,390	969,368
Cash, cash equivalents and bank overdrafts	(242,691)	(76,614)	1,378	9,585	(308,342)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

5. Segmental reporting (continued)

Period ended 31 March 2019

(ii) in US Dollars

Segment	Revenue <i>USD '000s</i>	Gross Profit <i>USD '000s</i>
Retailing – Zambia	74,063	7,048
Master Meats (Nigeria)	5,881	1,216
Master Meats (Ghana)	1,903	626
Retailing West Africa	7,784	1,842
Total Retailing	81,847	8,890
Beef	20,377	5,098
Chicken	14,083	4,486
Pork	10,114	1,610
Milk and dairy	8,913	2,744
Fish	1,561	366
Eggs	2,149	487
Total Cold Chain Food Production	<u>57,197</u>	<u>14,791</u>
Gross Combined Retail and CCFP	139,044	23,681
Less: Intra/ Inter Sales	<u>(54,408)</u>	<u>-</u>
Combined Retail and CCFP	84,636	23,681
Stock Feed	34,593	6,505
Crops – row crops	12,628	7,829
Mill and bakery	6,980	1,094
Leather and shoe	1,085	368
Total Other	8,065	1,462
Total	139,922	39,477
Less: intra/inter group sales	<u>(21,089)</u>	<u>-</u>
Group total	<u>118,833</u>	<u>39,477</u>
Central operating costs		<u>(38,523)</u>
Operating profit		954
Foreign exchange losses		(281)
Share of loss of equity accounted investment		(153)
Finance costs		<u>(3,051)</u>
Loss before tax		<u>(2,531)</u>

Operating assets/(liabilities)

	Zambeef <i>USD'000s</i>	Retailing <i>USD'000s</i>	Master Pork <i>USD'000s</i>	Other <i>USD'000s</i>	Total <i>USD'000s</i>
Property, plant and equipment	166,009	16,745	6,914	47,871	237,539
Biological assets and inventories	51,709	5,067	1,795	20,951	79,522
Cash, cash equivalents and bank overdrafts	(19,909)	(6,285)	113	786	(25,295)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

5. Segmental reporting (continued)
 Period ended 30 September 2019
 (i) in Zambian Kwacha

Segment	Revenue <i>ZMW'000s</i>	Gross Profit <i>ZMW'000s</i>
Retailing – Zambia	1,853,721	172,031
Master Meats (Nigeria)	138,732	27,381
Master Meats (Ghana)	46,222	14,090
Retailing West Africa	184,954	41,471
Total Retailing	2,038,675	213,502
Beef	474,941	127,946
Chicken	247,580	52,405
Zamhatch	112,665	60,310
Pork	252,952	38,642
Milk and dairy	206,531	67,409
Fish	36,612	7,180
Eggs	<u>57,211</u>	<u>13,765</u>
Total Cold Chain Food Production	<u>1,388,492</u>	<u>367,657</u>
Gross Combined Retail and CCFP	3,427,167	581,159
Less: Intra/ Inter Sales	<u>(1,303,519)</u>	-
Combined Retail and CCFP	2,123,648	581,159
Stock Feed	986,075	191,011
Crops – row crops	474,202	270,116
Mill and bakery	183,520	30,517
Leather and shoe	26,828	8,744
Edible oils	-	-
Total Other	<u>210,348</u>	<u>39,261</u>
Total	3,794,273	1,081,547
Less: intra/inter group Sales	<u>(659,306)</u>	<u>-</u>
Group total	<u>3,134,967</u>	<u>1,081,547</u>
Central operating costs		<u>(920,338)</u>
Operating profit		161,209
Foreign exchange gains		(36,730)
Finance costs		(82,790)
Share of loss on equity accounted investment		<u>(3,036)</u>
Profit before tax		<u>38,653</u>

Operating assets/(liabilities)

	Zambeef <i>ZMW'000s</i>	Retailing <i>ZMW'000s</i>	Master Pork <i>ZMW'000s</i>	Other <i>ZMW'000s</i>	Total <i>ZMW'000s</i>
Property, plant and equipment	2,060,110	209,897	84,443	487,374	2,841,824
Biological assets and inventories	820,815	70,921	19,195	200,645	1,111,576
Cash, cash equivalents and bank overdrafts	(195,772)	(96,500)	1,461	16,386	(274,425)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

5. Segmental reporting (continued)

Period ended 30 September 2019

(i) in US Dollars

Segment	Revenue <i>USD'000s</i>	Gross Profit <i>USD'000s</i>
Retailing – Zambia	150,464	13,964
Master Meats (Nigeria)	11,261	2,222
Master Meats (Ghana)	3,752	1,144
Retailing West Africa	15,013	3,366
Total Retailing	165,477	17,330
Beef	38,550	10,385
Chicken	20,096	4,254
Zamhatch	9,145	4,895
Pork	20,532	3,137
Milk and dairy	16,764	5,472
Fish	2,972	583
Eggs	<u>4,644</u>	<u>1,117</u>
Total Cold Chain Food Production	<u>112,703</u>	<u>29,843</u>
Gross Combined Retail and CCFP	278,180	-
Less: Intra/ Inter Sales	<u>(105,806)</u>	<u>-</u>
Combined Retail and CCFP	172,374	47,173
Stock Feed	80,039	15,503
Crops – row crops	38,490	21,925
Mill and bakery	14,896	2,477
Leather and shoe	2,178	710
Edible oils	-	-
Total Other	<u>17,074</u>	<u>3,187</u>
Total	307,977	87,788
Less: intra/inter group Sales	<u>(53,515)</u>	<u>-</u>
Group total	<u>254,462</u>	<u>87,788</u>
Central operating costs		<u>(74,703)</u>
Operating profit		13,085
Foreign exchange gains		(2,981)
Finance costs		(6,720)
Share of loss on equity accounted investment		<u>(246)</u>
Profit before tax		<u>3,138</u>

Operating assets/(liabilities)

	Zambeef <i>USD'000s</i>	Retailing <i>USD'000s</i>	Master Pork <i>USD'000s</i>	Other <i>USD'000s</i>	Total <i>USD'000s</i>
Property, plant and equipment	156,069	15,901	6,397	36,923	215,290
Biological assets and inventories	62,183	5,373	1,454	15,200	84,210
Cash, cash equivalents and bank overdrafts	(14,831)	(7,311)	111	1,241	(20,790)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

5. Segmental reporting (continued)

The Group's revenue from external customers and its geographic allocation of non-current assets may be summarised as follows:

	31 Mar 2020		31 Mar 2019		30 Sept 2019	
	Revenues ZMW'000s	Non-current assets ZMW'000s	Revenues ZMW'000s	Non-current assets ZMW'000s	Revenues ZMW'000s	Non-current assets ZMW'000s
Zambia	1,645,395	3,521,231	1,299,747	3,100,818	2,903,553	3,054,396
West Africa	109,094	28,774	92,780	22,793	184,954	23,130
Rest of world	43,144	-	23,963	-	46,460	-
	<u>1,797,633</u>	<u>3,550,005</u>	<u>1,416,490</u>	<u>3,123,611</u>	<u>3,134,967</u>	<u>3,077,526</u>

	31 Mar 2020		31 Mar 2019		30 Sept 2019	
	Revenues USD'000s	Non-current assets USD'000s	Revenues USD'000s	Non-current assets USD'000s	Revenues USD'000s	Non-current assets USD'000s
Zambia	118,289	194,974	109,039	254,373	235,679	231,394
West Africa	7,843	1,593	7,784	1,870	15,013	1,752
Rest of world	<u>3,101</u>	<u>-</u>	<u>2,010</u>	<u>-</u>	<u>3,770</u>	<u>-</u>
	<u>129,233</u>	<u>196,567</u>	<u>118,833</u>	<u>256,243</u>	<u>254,462</u>	<u>233,146</u>

6. Taxation

	31 Mar 2020 ZMW'000s	31 Mar 2019 ZMW'000s	30 Sept 2019 ZMW'000s
Income tax expense			
(a) Tax charge			
Current tax:			
Tax charge	1,459	1,442	9,222
Deferred tax:			
Deferred taxation (note 6(e))	<u>(532)</u>	<u>191</u>	<u>(6,442)</u>
Tax charge/(credit) for the period	<u>927</u>	<u>1,633</u>	<u>2,780</u>

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

6. Taxation (continued)

	31 Mar 2020 ZMW'000s	31 Mar 2019 ZMW'000s	30 Sept 2019 ZMW'000s
(b) Reconciliation of tax charge			
Profit/(loss) before taxation	12,490	(30,156)	38,653
Adjustment for;			
Discontinued operation and other	<u>(7,440)</u>	<u>1,819</u>	<u>(14,343)</u>
Profit from continued operations	5,050	(28,337)	24,310
Taxation on accounting profit	(8,888)	(16,925)	(24,681)
Effects of:			
Permanent differences:			
Disallowable expenses	2,576	2,103	3,774
Timing differences:			
Capital allowances and depreciation	8,309	(2,945)	22,375
Livestock and crop valuations adjustment	5,525	(1,336)	1,924
Other income	(144)	-	1,342
Unrealised exchange gains/(losses)	3,003	646	(903)
Unrealised tax loss	<u>(9,454)</u>	<u>20,090</u>	<u>(1,051)</u>
Tax charge for the period	<u>927</u>	<u>1,633</u>	<u>2,780</u>
(c) Movement in taxation account			
Taxation payable at 1 October	(1,390)	(960)	(960)
Charge for the period	1,459	1,442	9,222
Taxation paid	<u>(3,145)</u>	<u>(5,890)</u>	<u>(9,652)</u>
Taxation payable/(recoverable) at the end of the period	<u>(3,076)</u>	<u>(5,408)</u>	<u>(1,390)</u>
Taxation payable	15,253	12,109	1,377
Taxation recoverable	<u>(18,329)</u>	<u>(17,517)</u>	<u>(2,767)</u>
Taxation payable as at 30 September	<u>(3,076)</u>	<u>(5,408)</u>	<u>(1,390)</u>
(d)	Income tax returns have been filed with the ZRA for the tax year ended 31 December 2019. Quarterly tax returns for the period were made on the due dates.		
(e) Deferred taxation			
	31 Mar 2020 ZMW'000s	31 Mar 2019 ZMW'000s	30 Sept 2019 ZMW'000s
Represented by:			
Biological valuation	52,879	17,223	14,162
Accelerated tax allowances	88,560	46,259	58,464
Provisions	(7,334)	(6,409)	(8,736)
Tax loss	<u>(182,024)</u>	<u>(97,827)</u>	<u>(111,277)</u>
	<u>(47,919)</u>	<u>(40,754)</u>	<u>(47,387)</u>
Analysis of movement:			
Asset as at 1 October	(47,387)	(40,945)	(40,945)
Charge to profit and loss account (note 6(a))	<u>(532)</u>	<u>191</u>	<u>(6,442)</u>
(Asset)/liability as at the end of the period	<u>(47,919)</u>	<u>(40,754)</u>	<u>(47,387)</u>
Deferred tax asset	(80,073)	(47,619)	(56,525)
Deferred tax liability	<u>32,154</u>	<u>6,865</u>	<u>9,138</u>
	<u>(47,919)</u>	<u>(40,754)</u>	<u>(47,387)</u>

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

6. Taxation (continued)

	31 Mar 2020	31 Mar 2019	30 Sept 2019
	<i>USD'000s</i>	<i>USD'000s</i>	<i>USD'000s</i>
Income tax expense			
(f) Tax charge			
Current tax:			
Tax charge	105	121	749
Deferred tax:			
Deferred taxation (note 6(j))	<u>(38)</u>	<u>16</u>	<u>(523)</u>
Tax (credit)/charge for the period	<u><u>67</u></u>	<u><u>137</u></u>	<u><u>226</u></u>
(g) Reconciliation of tax charge			
Profit/(loss) before taxation	898	(2,531)	3,138
Adjustment for:			
Discontinued operation and other	<u>(535)</u>	<u>153</u>	<u>(1,165)</u>
Profit from continued operations	363	(2,378)	1,973
Taxation on accounting profit	(639)	(1,420)	(2,003)
Effects of:			
Permanent differences:			
Disallowable expenses	185	176	306
Timing differences:			
Capital allowances and depreciation	597	(247)	1,816
Livestock and crop valuations adjustment	397	(112)	156
Other income	(10)	-	109
Unrealised exchange (gains)/losses	216	54	(73)
Unrealised tax loss	<u>(679)</u>	<u>1,686</u>	<u>(85)</u>
Tax charge for the period	<u><u>67</u></u>	<u><u>137</u></u>	<u><u>226</u></u>
(h) Movement in taxation account			
Taxation payable at 1 October	(106)	(78)	(78)
Charge for the year	105	121	749
Taxation paid	(226)	(494)	(783)
Foreign exchange	<u>57</u>	<u>7</u>	<u>6</u>
Taxation payable as at the end of the period	<u><u>(170)</u></u>	<u><u>(444)</u></u>	<u><u>(106)</u></u>
Taxation payable	845	993	104
Taxation recoverable	<u>(1,015)</u>	<u>(1,437)</u>	<u>(210)</u>
Taxation payable as at 30 September	<u><u>(170)</u></u>	<u><u>(444)</u></u>	<u><u>(106)</u></u>

- (i) Income tax returns have been filed with the ZRA for the year 31 December 2019. Quarterly tax returns for the period were made on the due dates.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

6. Taxation (continued)

	31 Mar 2020	31 Mar 2019	30 Sept 2019
	USD'000s	USD'000s	USD'000s
(j) Deferred taxation			
Represented by:			
Biological valuation	2,928	1,413	1,073
Accelerated tax allowances	4,904	3,795	4,429
Provisions	(406)	(526)	(662)
Tax loss	<u>(10,080)</u>	<u>(8,025)</u>	<u>(8,430)</u>
	<u>(2,654)</u>	<u>(3,343)</u>	<u>(3,590)</u>
Analysis of movement:			
Liability as at 1 October	(3,590)	(3,345)	(3,345)
Charge to profit and loss account (note 6(f))	(38)	16	(523)
Foreign exchange	<u>974</u>	<u>(14)</u>	<u>278</u>
(Asset)/liability as at the end of period	<u>(2,654)</u>	<u>(3,343)</u>	<u>(3,590)</u>
Deferred tax asset	(4,434)	(3,906)	(4,282)
Deferred tax liability	<u>1,780</u>	<u>563</u>	<u>692</u>
	<u>(2,654)</u>	<u>(3,343)</u>	<u>(3,590)</u>

7. Earnings per share

Basic and diluted earnings per share have been calculated in accordance with IAS 33 which requires that earnings should be based on the net profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the period.

The calculation of the basic and diluted earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

The calculation of the basic and diluted earnings/(loss) per share is shown below:

	31 Mar 2020		31 Mar 2019		30 Sept 2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s	ZMW'000s	USD'000s
<u>Basic earnings per share</u>						
Profit/(loss) for the period	1,650	119	(31,199)	(2,619)	18,100	1,469
Weighted average number of ordinary shares for the purposes of basic earnings per share (in thousand)	<u>300,580</u>	<u>300,580</u>	<u>300,580</u>	<u>300,580</u>	<u>300,580</u>	<u>300,580</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share (in thousand)	<u>400,638</u>	<u>400,638</u>	<u>401,187</u>	<u>401,187</u>	<u>400,638</u>	<u>400,638</u>
Basic earnings per share (ZMW ngwee and US cents) – Continued operations	3.68	0.26	(10.38)	(0.87)	11.80	0.96
Basic earnings per share (ZMW ngwee and US cents) – Discontinued operations	(3.13)	(0.23)	-	-	(5.78)	(0.47)
Total Basic earnings per share (ZMW ngwee and US cents)	0.55	0.04	(10.38)	(0.87)	6.02	0.49
Diluted earnings per share						
Basic earnings per share – continued operations	2.76	0.20	(7.78)	(0.65)	8.86	0.72
Basic earnings per share – discontinued operations	(2.35)	(0.17)	-	-	(4.34)	(0.35)
Total Basic earnings per share	0.41	0.03	(7.78)	(0.65)	4.52	0.37

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

8. Property plant and equipment

(i) In Zambian Kwacha							
(a) Group	Leasehold land and buildings ZMW'000s	Aircraft ZMW'000s	Plant and machinery ZMW'000s	Motor vehicles ZMW'000s	Furniture and equipment ZMW'000s	Capital work in progress ZMW'000s	Total ZMW'000s
Cost or valuation							
As at 1 October 2018	2,052,628	865	815,646	65,605	23,307	46,102	3,004,153
Exchange differences	71,470	-	20,871	(194)	61	110	92,318
Additions	13,868	-	15,621	7,399	4,948	71,989	113,825
Disposals	(2,030)	-	(7,108)	(2,505)	(280)	-	(11,923)
Transfer to held for sale	(116,020)	-	(27,547)	(876)	(420)	(698)	(145,561)
Transfers	23,136	-	57,482	7,099	4,001	(91,718)	-
As at 30 September 2019	2,043,052	865	874,965	76,528	31,617	25,785	3,052,812
Exchange differences	370,768	-	82,845	1,473	660	-	455,746
Additions	-	-	16,773	8,444	2,560	30,175	57,952
Adjustment on transition to IFRS 16	1,187	-	-	-	-	-	1,187
Disposals	-	-	-	(1,100)	(1)	-	(1,101)
Transfers	6,818	-	4,303	9,374	910	(21,405)	-
As at 31 March 2020	2,421,825	865	978,886	94,719	35,746	34,555	3,566,596
Depreciation							
As at 1 October 2018	16,972	86	66,820	15,457	2,597	-	101,932
Exchange difference	539	-	(2,044)	3	(26)	-	(1,528)
Charge for the year	18,232	87	83,340	17,459	2,803	-	121,921
Disposals	(77)	-	(222)	(814)	(20)	-	(1,133)
Transfer to held for sale	(4,630)	-	(5,255)	(246)	(73)	-	(10,204)
As at 30 September 2019	31,036	173	142,639	31,859	5,281	-	210,988
Exchange difference	(1,029)	-	(1,199)	(310)	(337)	-	(2,875)
Charge for the year	10,177	130	43,481	10,464	2,033	-	66,285
Disposals	-	-	-	(759)	-	-	(759)
Charge on rights-of-use assets	304	-	-	-	-	-	304
As at 31 March 2020	40,488	303	184,921	41,254	6,977	-	273,943
Net book value							
As at 31 March 2020	2,381,337	562	793,965	53,465	28,769	34,555	3,292,653
At 30 September 2019	2,012,016	692	732,326	44,669	26,336	25,785	2,841,824

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

8. Property plant and equipment (continued)

(ii) In US Dollars							
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(a) Group	Leasehold land and buildings USD'000s	Aircraft USD'000s	Plant and machinery USD'000s	Motor vehicles USD'000s	Furniture and equipment USD'000s	Capital work in progress USD'000s	Total USD'000s
Cost or valuation							
As at 1 October 2018	168,428	71	67,332	5,411	1,934	1,869	245,045
Foreign translation	(7,701)	(5)	(4,317)	(521)	(210)	1,739	(11,015)
Additions	1,126	-	1,267	601	402	5,843	9,239
Transfers	1,878	-	4,666	576	325	(7,445)	-
Disposals	(165)	-	(577)	(203)	(23)	-	(968)
Transfer to held for sale	(8,789)	-	(2,087)	(66)	(32)	(53)	(11,027)
As at 30 September 2019	154,777	66	66,284	5,798	2,396	1,953	231,274
Foreign translation	(21,258)	(18)	(13,597)	(1,755)	(666)	(670)	(37,964)
Additions	-	-	1,206	607	184	2,169	4,166
Transfers	490	-	309	674	66	(1,539)	-
Disposals	-	-	-	(79)	-	-	(79)
Adjustment on transition of IFRS 16	90	-	-	-	-	-	90
As at 31 March 2020	134,099	48	54,202	5,245	1,980	1,913	197,487
Depreciation							
As at 1 October 2018	(4,986)	7	10,895	1,649	370	-	7,935
Charge for the year	1,480	7	6,764	1,417	228	-	9,896
Disposals	(6)	-	(18)	(66)	(2)	-	(92)
Transfer to held for sale	(351)	-	(397)	(19)	(6)	-	(773)
Foreign Translation	6,214	(1)	(6,437)	(568)	(190)	-	(982)
As at 30 September 2019	2,351	13	10,807	2,413	400	-	15,984
Charge for the year	732	9	3,126	752	146	-	4,765
Disposals	-	-	-	(55)	-	-	(55)
Charge on rights-of-use assets	22	-	-	-	-	-	22
Foreign Translation	(863)	(6)	(3,691)	(826)	(160)	-	(5,546)
As at 31 March 2020	2,242	16	10,242	2,284	386	-	15,170
Net book value							
At 31 March 2020	131,857	32	43,960	2,961	1,594	1,913	182,317
At 30 September 2019	152,426	53	55,477	3,385	1,996	1,953	215,290

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

8. Property plant and equipment (continued)

(b) Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	31 March 2020 ZMW'000	31 March 2020 USD'000
Leasehold land and buildings	1,187	90
Total right-of-use	1,187	90

9. Biological assets

(a) 31 March 2020

Biological assets comprise standing crops, feedlot cattle, dairy cattle, pigs and chickens. At 31 March 2020 there were 14,436 cattle (11,346 feedlot cattle and 3,090 dairy cattle), 715,885 chickens (338,611 layers and 377,274 broilers), and 4,012 pigs. A total of 19,666 feedlot cattle, 571 dairy cattle, 4,834 pigs and 4,349,407 chickens were culled during the period.

(i) in Zambian Kwacha

	As at 1 Oct 2019 ZMW'000s	Increase due to purchases ZMW'000s	Gains arising from fair value attributable to physical changes ZMW'000s	Gains arising from fair value attributable to price changes ZMW'000s	Decrease due to harvest/ transferred to inventory ZMW'000s	As at 31 Mar 2020 ZMW'000s
Standing Crops	27,260	177,208	423,213	-	(272,252)	355,429
Feedlot cattle	42,878	182,034	86,496	-	(268,129)	43,279
Dairy Cattle	49,767	55,774	51,469	10,088	(106,546)	60,552
Pigs	4,555	6,317	516	320	(7,679)	4,029
Chickens	45,957	188,226	25,715	-	(202,750)	57,148
Total	170,417	609,559	587,409	10,408	(857,356)	520,437

(ii) in US Dollars

	As at 1 Oct 2018 USD'000s	Foreign exchange USD'000s	Increase due to purchases USD'000s	Gains arising From fair value attributable to physical changes USD'000s	Gains arising from fair value attributable to price changes USD'000s	Decrease due to harvest/ transferred to inventory USD'000s	As at 31 Mar 2019 USD'000s
Standing Crops	2,066	(5,978)	12,740	30,425	-	(19,572)	19,681
Feedlot cattle	3,247	(879)	13,087	6,218	-	(19,276)	2,397
Dairy Cattle	3,771	(1,194)	4,010	3,700	725	(7,660)	3,352
Pigs	344	(83)	454	37	23	(552)	223
Chickens	3,482	(1,122)	13,531	1,849	-	(14,576)	3,164
Total	12,910	(9,256)	43,822	42,229	748	(61,636)	28,817

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2019 (CONTINUED)

9. Biological assets (continued)

(b) 31 March 2019

Biological assets comprise standing crops, feedlot cattle, dairy cattle, pigs and chickens. At 31 March 2019 there were 12,800 cattle (10,057 feedlot cattle and 2,743 dairy cattle), 880,335 chickens (576,988 layers and 303,347 broilers), and 5,026 pigs. A total of 18,372 feedlot cattle, 64 dairy cattle, 4,256 pigs and 3,627,322 chickens were culled during the period.

(i) in Zambian Kwacha

	As at 1 Oct 2018	Increase due to purchases	Gains arising from fair value attributable to physical changes	Gains arising from fair value attributable to price changes	Decrease due to harvest/ transferred to inventory	As at 31 Mar 2019
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Standing Crops	42,419	184,328	182,500	(15,824)	(150,529)	242,894
Feedlot cattle	56,750	163,937	64,877	-	(239,309)	46,255
Dairy Cattle	48,336	30,741	75,414	-	(108,248)	46,243
Pigs	4,431	2,497	1,070	95	(3,712)	4,381
Chickens	29,738	111,069	85,446	-	(191,298)	34,955
Total	181,674	492,572	409,307	(15,729)	(693,096)	374,728

(ii) in US Dollars

	As at 1 Oct 2018	Foreign exchange	Increase due to purchases	Gains arising From fair value attributable to physical changes	Gains arising from fair value attributable to price changes	Decrease due to harvest/ transferred to inventory	As at 31 Mar 2019
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s
Standing Crops	3,466	(359)	15,464	15,310	(1,327)	(12,628)	19,926
Feedlot cattle	4,636	39	13,753	5,443	-	(20,076)	3,795
Dairy Cattle	3,949	20	2,579	6,327	-	(9,081)	3,794
Pigs	362	2	209	90	7	(311)	359
Chickens	2,430	-	9,318	7,168	-	(16,049)	2,867
Total	14,843	(298)	41,323	34,338	(1,320)	(58,145)	30,741

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

9. **Biological assets (continued)**

(c) **30 September 2019**

Biological assets comprise standing crops, feedlot and standing cattle, dairy cattle, pigs and chickens. At 30 September 2019 there were 12,335 cattle (9,229 feedlot cattle and 3,106 dairy cattle) and 900,349 chickens (587,815 layers and 312,534 broilers), and 5,014 pigs. A total of 43,711 feedlot cattle, 642 dairy cattle, 9,430 pigs and 7,997,076 chickens were culled during the year.

(i) in *Zambian Kwacha*

	As at 1 Oct 2018	Increase due to purchases	Gains/(losses) arising from fair value attributable to physical changes	Gains arising from fair value attributable to price changes	Decrease due to harvest/ transferred to inventory	As at 30 Sept 2019
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Standing Crops	42,419	384,077	178,652	6,097	(583,985)	27,260
Feedlot Cattle	56,750	312,626	158,018	2,019	(486,535)	42,878
Dairy Cattle	48,336	67,939	140,024	-	(206,532)	49,767
Pigs	4,431	10,637	2,237	122	(12,872)	4,555
Chickens	29,738	297,042	134,586	2,046	(417,455)	45,957
Total	181,674	1,072,321	613,517	10,284	(1,707,379)	170,417

(ii) in *US Dollars*

	As at 1 Oct 2018	Foreign exchange	Increase due to purchases	Gains/ (losses) arising from fair value attributable to physical changes	Gains arising from fair value attributable to price changes	Decrease due to harvest / transferred to inventory	As at 30 Sept 2019
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s
Standing Crops	3,466	(169)	31,175	14,501	495	(47,402)	2,066
Feedlot Cattle	4,636	(263)	25,375	12,826	164	(39,491)	3,247
Dairy Cattle	3,949	(295)	5,515	11,366	-	(16,764)	3,771
Pigs	362	(27)	863	182	10	(1,046)	344
Chickens	2,430	(265)	24,111	10,924	166	(33,884)	3,482
Total	14,843	(1,019)	87,039	49,799	835	(138,587)	12,910

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

10. **Cash and cash equivalents**

	31 Mar 2020		31 Mar 2019		30 Sept 2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Cash in hand and at bank	62,113	3,439	50,801	4,167	56,753	4,299
Bank overdrafts	(393,496)	(21,788)	(359,143)	(29,462)	(331,178)	(25,089)
	(331,383)	(18,349)	(308,342)	(25,295)	(274,425)	(20,790)

(a) **Banking facilities**

The Group has overdraft facilities totalling ZMW153.3 million (2019: ZMW118.3 million) with Zanaco Bank Plc. The Zanaco Bank overdraft bears an interest rate of Bank of Zambia Policy rate plus 6 per cent on the Kwacha facility.

The Group has overdraft facilities totalling ZMW74.6 million (2019: ZMW74.6 million) and USD7.3 million (2019: USD5 million) with Citibank Zambia Limited. The Citibank overdrafts bear interest rates of Bank of Zambia Policy rate plus 0.25 per cent plus Liquidity Premium (defined as 182 day Treasury Bill rate minus BPR) for the Kwacha facility and 3-month USD LIBOR rate plus 3.5 per cent for the USD facility.

The Group has overdraft facilities totalling ZMW57.5 million (2019: ZMW57.5 million) and USD2 million (2019: USD2 million) with Stanbic Bank Zambia Limited. The Stanbic Bank overdrafts bear interest rate of Bank of Zambia Policy rate plus 6 per cent on the Kwacha facility and 3-month USD LIBOR rate plus 4 per cent on the USD facility.

The Group has overdraft facilities totalling ZMW42 million (2019: ZMW30 million) and USD3 million (2019: USD2 million) with Standard Chartered Bank Zambia Plc. The Standard Chartered Bank overdrafts bear interest rates of Bank of Zambia Policy rate plus 6 per cent on the Kwacha facilities and 1-month USD LIBOR rate plus 4 per cent on the USD facilities.

(b) **Bank overdrafts**

	31 Mar 2020		31 Mar 2019		30 Sept 2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Bank overdrafts represented by:						
Zanaco Bank PLC	(111,475)	(6,172)	(96,826)	(7,943)	(114,029)	(8,638)
Citibank Zambia Limited	(133,840)	(7,411)	(132,800)	(10,894)	(119,071)	(9,021)
Stanbic Bank Zambia Limited	(67,162)	(3,719)	(79,961)	(6,560)	(69,060)	(5,232)
Standard Chartered Bank Zambia PLC	(81,019)	(4,486)	(49,556)	(4,065)	(29,018)	(2,198)
	(393,496)	(21,788)	(359,143)	(29,462)	(331,178)	(25,089)

- (i) The Zambef Products Plc Company bank overdrafts are secured by a first floating charge/ debenture over all the assets of the Company. The floating charge/ debenture ranks pari passu between Standard Chartered Bank Zambia Plc (USD5 million), Citibank Zambia Limited (USD16.3 million and ZMW8 million), Zanaco Bank Plc (ZMW185 million), and Stanbic Bank Zambia Limited (ZMW132 million).

All overdrafts are annual revolving facilities.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2019 (CONTINUED)

11. Interest bearing liabilities

	31 Mar 2020		31 Mar 2019		30 Sept 2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s	ZMW'000s	USD'000s
DEG – Deutsche Investitions und Entwicklungsgesellschaft MBH (note (a))	234,960	13,010	206,376	16,930	197,604	14,970
Zanaco Bank Plc (note (b))	6,646	368	13,286	1,090	13,286	1,006
International Finance Corporation (note (d))	127,365	7,052	131,457	10,784	118,870	9,006
Standard Chartered Bank Zambia PLC (note (c))	227,983	12,624	176,159	14,451	212,381	16,089
Stanbic Bank Zambia Limited	<u>29,000</u>	<u>1,606</u>	<u>-</u>	<u>-</u>	<u>29,000</u>	<u>2,197</u>
	<u>625,954</u>	<u>34,660</u>	<u>527,278</u>	<u>43,255</u>	<u>571,141</u>	<u>43,268</u>
Less: short-term portion (repayable within next 12 months)	<u>(391,108)</u>	<u>(21,656)</u>	<u>(271,072)</u>	<u>(22,237)</u>	<u>(343,042)</u>	<u>(25,988)</u>
Long-term portion (repayable after 12 months)	<u>234,846</u>	<u>13,004</u>	<u>256,206</u>	<u>21,018</u>	<u>228,099</u>	<u>17,280</u>

(a) (i) **DEG Term Loan 3**

The Group has a loan facility of USD4.26 million (2019: USD:5.68 million and original amount of USD10 million) from DEG. Interest on the loan is 4.25 per cent. above the 6-month USD LIBOR rate per annum payable 6 monthly in arrears. The capital is repayable in 14 biannual instalments of USD710,000 commencing May 2016 and expiring in November 2022.

The DEG term loan 3 is secured by a legal mortgage over Farm no. 4450, 4451 and 5388 (Mpongwe Farm) ranking pari passu with IFC.

(ii) **DEG Term Loan 4**

The Group has a loan facility of USD8.75 million (2019: USD:11.25 million and original amount of USD15 million) from DEG. Interest on the loan is 5.75 per cent. above the 6-month USD LIBOR rate per annum payable quarterly in arrears. The capital is repayable in 12 quarterly instalments of USD1,250,000 commencing March 2018 and expiring in March 2023.

The DEG term loan 4 is secured by a legal mortgage over Farm no. 4450, 4451 and 5388 (Mpongwe Farm) ranking pari passu with IFC.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

11. Interest bearing liabilities (continued)

(b) Zanaco Bank Plc

The Group has a loan facility of ZMW6.64 million (2019: ZMW13.3 million) with Zanaco Bank Plc. Interest on the loan is 6 per cent above the Bank of Zambia policy rate per annum payable monthly in arrears. The principal is repayable in 7 annual instalments of ZMW6,642,857 commencing December 2014 and expiring in December 2020.

The loan is secured by a first ranking legal mortgage over Stand No. 4970, Industrial Area, Lusaka (Head Office).

(c) Standard Chartered Bank Zambia Plc

The Group has structured agricultural facilities with an annual revolving limit totalling USD18 million (2020: USD20 million) with Standard Chartered Bank Zambia Plc. The purpose of the facility is the financing of wheat, soya beans, and maize under Collateral Management Agreements/Facilities Against Warehouse Receipts and is for 270 days. The balance on the facilities at period end was USD12.6 million (2019: USD14.5 million). Interest on the facility is 3-month USD LIBOR rate plus 3.25 per cent per annum, calculated on the daily overdrawn balances.

(d) International Finance Corporation Loan

(i) International Finance Corporation Loan 2

The company has a loan facility of USD6.2 million and ZMW15.4 million (2019: USD8.96 million and ZMW22.2 million and original amount of USD20 million and ZMW49.6 million). Interest on the loan is 4.75 per cent. above the 6-month USD LIBOR rate per annum for the USD facility and 4.45 per cent above the 91-day Treasury Bill rate plus a variable swap margin for the Kwacha facility payable quarterly in arrears. The principal is repayable in 29 equal quarterly instalments of USD689,655 and ZMW1,710,345 commencing June 2015 and expiring in June 2022.

The loan is secured by a legal mortgage over Farm no. 4450,4451 and 5388 (Mpongwe Farm) ranking pari passu with DEG.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

12. Leasing

Lease liabilities are presented in the statement of financial position within borrowings as follows:

	31 March 2020 ZMW'000	31 March 2019 ZMW'000	30 September 2019 ZMW'000
Current	24,701	11,111	21,487
Non-current	19,741	19,530	19,297
	44,442	30,641	40,784

The Group has leases for K44,442 thousand. The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 March 2020 were as follows:

	Minimum lease payments due						Total ZMW'000
	Within 1 year ZMW'000	1-2 years ZMW'000	2-3 years ZMW'000	3-4 years ZMW'000	4-5 years ZMW'000	After 5 years ZMW'000	
31 March 2020							
Lease payments	25,299	10,653	6,072	4,048	-	-	46,072
Finance charges	(598)	(535)	(298)	(199)	-	-	(1,630)
Net present values	24,701	10,118	5,774	3,849	-	-	44,442
31 March 2019							
Lease payments	11,386	10,270	6,162	4,108	-	-	31,926
Finance charges	(275)	(584)	(266)	(160)	-	-	(1,285)
Net present values	11,111	9,686	5,896	3,948	-	-	30,641
30 September 2019							
Lease payments	22,018	9,148	7,089	4,059	-	-	42,313
Finance charges	(531)	(450)	(348)	(200)	-	-	(1,529)
Net present values	21,487	8,698	6,741	3,859	-	-	40,784

Leasing	31 March 2020 USD'000	31 March 2019 USD'000	30 September 2019 USD'000
Current	1,368	911	1,628
Non-Current	1,093	1,602	1,462
Total	2,461	2,513	3,090

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

12. Leasing (continued)

Minimum lease payments

	Within 1 year USD'000	1-2 years USD'000	2-3 years USD'000	3-4 years USD'000	4-5years USD'000	After 5 years USD'000	Total USD'000
31 March 2020							
Lease payments	1,401	590	337	224	-	-	2,551
Finance charges	(33)	(30)	(17)	(11)	-	-	(90)
Net Present Values	1,368	560	320	213	-	-	2,461
31 March 2019							
Lease payments	933	842	505	337	-	-	2,617
Finance charges	(22)	(48)	(22)	(12)	-	-	(104)
Net Present Values	911	794	483	325	-	-	2,513
30 September 2019							
Lease payments	1,668	693	537	308	-	-	3,206
Finance charges	(40)	(34)	(26)	(16)	-	-	(116)
Net Present Values	1,628	659	511	292	-	-	3,090

Lease payments not recognised as a liability

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows

	31 March 2020 ZMW'000	31 March 2020 USD'000
Short-term leases	8,718	627
Leases of low value assets	-	-
Variable lease payments	-	-
	8,718	627

Included in the finance cost of K48,241,000 (US\$3,468,000) is interest expense for leasing arrangements amounting to K86,000 (US\$6,000).

13. **Contingent liabilities**

Certain legal cases are pending against the Company in the Courts of Law. In the opinion of the Directors, and the Company lawyers, none of these cases will result in any material loss to the Company for which a provision is required.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

14. Fair value measurement

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 March 2020 and 30 September 2019.

31 March 2020	Level 1 ZMW'000	Level 2 ZMW'000	Level 3 ZMW'000	Total ZMW'000
Financial Assets				
Trade receivables	-	-	10,083	10,083
Total Assets	-	-	10,083	10,083
Financial Liabilities				
US-dollar loans	-	(346,933)	-	(346,933)
Total Liabilities	-	(346,933)	-	(346,933)
Net fair value	-	(346,933)	10,083	(336,850)

30 September 2019	Level 1 ZMW'000	Level 2 ZMW'000	Level 3 ZMW'000	Total ZMW'000
Financial Assets				
Trade receivables	-	-	88,874	88,874
Total Assets	-	-	88,874	88,874
Financial Liabilities				
US-dollar loans	-	(297,660)	-	(297,660)
Total Liabilities	-	(297,669)	-	(297,660)
Net fair value	-	(297,660)	88,874	(208,786)

31 March 2020	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
Financial Assets				
Trade receivables	-	-	558	558
Total Assets	-	-	558	558
Financial Liabilities				
US-dollar loans	-	(19,210)	-	(19,210)
Total Liabilities	-	(19,210)	-	(19,210)
Net fair value	-	(19,210)	558	(18,652)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2019 (CONTINUED)**14. **Fair value measurement (continued)**

30 September 2019	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
Financial Assets				
Trade receivables	-	-	4,413	4,413
Total Assets	-	-	4,413	4,413
Financial Liabilities				
US-dollar loans	-	(22,550)	-	(22,550)
Total Liabilities	-	(22,550)	-	(22,550)
Net fair value	-	(22,550)	4,413	(18,137)

There were no transfers between Level 1 and Level 2 in 2020 or 2019.

Measurement of fair value of financial instruments

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the acting Chief Financial Officer (CFO) and to the audit committee.

Valuation processes and fair value changes are discussed among the audit committee and the valuation team at least every year, in line with the Group's reporting dates. The valuation techniques used for instruments categorised in Levels 2 and 3 are described below:

Foreign currency forward contracts (Level 2)

The Group's foreign currency forward contracts are not traded in active markets. These have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for foreign currency forward contracts.

US-dollar loans (Level 2)

The fair values of the US-dollar loans are estimated using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market interest rates of similar loans with similar risk. The interest rate used for this calculation is 4.81% (2018: 4.81%).

Contingent consideration (Level 3)

The group did not have any contingent consideration during the year.

Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 March 2020 and 30 September 2019:

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020 (CONTINUED)

14. Fair value measurement (Continued)

31 March 2020	Level 1 ZMW'000	Level 2 ZMW'000	Level 3 ZMW'000	Total ZMW'000
Property, plant and equipment:				
Land held for production in Zambia	-	1,481,369	-	1,481,369
Office building in Zambia	-	49,491	-	49,491
30 September 2019	Level 1 ZMW'000	Level 2 ZMW'000	Level 3 ZMW'000	Total ZMW'000
Property, plant and equipment:				
Land held for production in Zambia	-	1,166,494	-	1,166,494
Office building in Zambia	-	48,856	-	48,856
31 March 2020			Level 3 USD'000	Total USD'000
Property, plant and equipment:				
Land held for production in Zambia	-	82,025	-	82,025
Office building in Zambia	-	2,740	-	2,740
30 September 2019	Level 1 USD'000	Level 2 USD'000	Level 1 USD'000	Level 2 USD'000
Property, plant and equipment:				
Land held for production in Zambia	-	88,371	-	88,371
Office building in Zambia	-	3,701	-	3,701

Fair value of the Group's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers, Fairworld Properties Limited. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors and audit committee at each reporting date.

Further information is set out below.

Land held for production in Zambia (Level 2)

Land has been valued using the direct comparison method. This method has been adopted as the most appropriate for the purpose of this valuation as there are enough comparisons available on the open market for land. The land was revalued on 30 September 2017.

The significant unobservable input is the adjustment for factors specific to the land in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

The fair values of the office buildings are estimated by using the direct comparison method. This method has been adopted as the most appropriate for the purpose of this valuation as there are enough comparisons available on the open market for buildings.

Level 3 fair value measurement

The Group did not have any financial instruments classified within level 3 (30 September 2019: ZMW nil; 31 March 2019: ZMW nil) therefore no reconciliation of balances is required.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2019 (CONTINUED)

15. **Assets held for sale**

During the previous period management decided to sell Sinazongwe Farm. As such the assets and liabilities of Sinazongwe were disclosed in accordance with IFRS 5. A sale and purchase agreement was signed during the previous period.

The income generated by assets held for sale was as follows:

	March 2020 ZMW'000	March 2020 USD'000	March 2019 ZMW'000	March 2019 USD'000	Sept 2019 ZMW'000	Sept 2019 USD'000
Revenue	15,262	1,097	-	-	41,003	3,328
Cost of sales	(12,411)	(892)	-	-	(34,307)	(2,785)
Administration costs	(8,811)	(633)	-	-	(18,933)	(1,537)
Operating loss	(5,960)	(428)	-	-	(12,237)	(994)
Depreciation	(3,463)	(249)	-	-	(5,142)	(417)
Loss from discontinued operations before tax	(9,423)	(677)	-	-	(17,379)	(1,411)
Tax (expense)/credit	-	-	-	-	-	-
Loss for the period	9,423	(677)	-	-	(17,379)	(1,411)

The assets and liabilities of the unit held for sale are as follows:

	March 2020 ZMW'000	March 2020 USD'000	March 2019 ZMW'000	March 2019 USD'000	Sept 2019 ZMW'000	Sept 2019 USD'000
Property, plant and equipment	131,857	7,301	-	-	135,357	10,254
Plantation development expenditure	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-
Total non-current assets	131,857	7,301	-	-	135,357	10,254
Inventories	-	-	-	-	-	-
Trade and other receivables	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-	-
Total current assets	-	-	-	-	-	-
Assets classified as held for sale	-	-	-	-	-	-
Interest bearing liabilities	-	-	-	-	-	-
Deferred liability	-	-	-	-	-	-
Deferred income tax	-	-	-	-	-	-
Total non-current liabilities	-	-	-	-	-	-
Trade and other payables	-	-	-	-	-	-
Total current liabilities	-	-	-	-	-	-
Liabilities classified as held for sale	-	-	-	-	-	-

The cash flow effects of the unit held for sale are as follows:

	March 2020 ZMW'000	March 2020 USD'000	March 2019 ZMW'000	March 2019 USD'000	Sept 2019 ZMW'000	Sept 2019 USD'000
Cash inflow from operating activities	(9,423)	(677)	-	-	(17,349)	(1,411)

16. **Events subsequent to reporting date**

The divestment of Sinazongwe Farm to Chenguang Biotech (Zambia) Agri-Dev Limited for a total consideration of USD 10 million was finalised in April 2020.