

2nd December 2020

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

Full-year results for the year ended 30 September 2020 and Notice of AGM

Zambeef (AIM: ZAM), the fully integrated cold chain foods and retail business with operations in Zambia, Nigeria and Ghana, today announces its audited results for the year ended 30 September 2020.

Financial Highlights

Figures in 000's	2020	2019	%	2020	2019	%
	ZMW	ZMW		USD	USD	
Revenue	3,875,104	3,134,967	23.6%	239,648	254,462	-5.9%
Cost of sales	(2,659,482)	(2,053,420)	29.5%	(164,470)	(166,674)	-1.3%
Gross profit	1,215,622	1,081,547	12.4%	75,178	87,788	-14.4%
Administrative expenses	(1,005,091)	(920,338)	9.2%	(62,158)	(74,703)	-16.8%
Operating profit	210,531	161,209	30.6%	13,020	13,085	-0.5%
Finance costs	(92,322)	(82,790)	11.5%	(5,709)	(6,720)	-15.0%
Exchange losses	(137,705)	(36,730)	274.9%	(8,516)	(2,981)	185.7%
Share of loss equity accounted investment	(3,177)	(3,036)	4.6%	(197)	(246)	-19.9%
Profit before taxation	(22,673)	38,653	-158.7%	(1,402)	3,138	-144.7%
Taxation charge	(112,957)	(2,780)	3963.2%	(6,986)	(226)	2991.2%
Group income for the year from continuing operations	(135,630)	35,873	-478.1%	(8,388)	2,912	-388.0%
Profit/(Loss) from discontinued operations	33,435	(17,379)	292.4%	2,068	(1,411)	246.6%
Group income for the year	(102,195)	18,494	-652.6%	(6,320)	1,501	-521.1%
EBITDA*	435,803	224,904	93.8%	26,951	18,255	47.6%
Gross Profit Margin	31.4%	34.50%		31.4%	34.50%	
EBITDA Margin	11.2%	7.2%		11.2%	7.2%	
Debt/Equity (Gearing)	20.95%	27.30%		20.95%	27.30%	
Debt-To-EBITDA	1.83	3.94	-53.6%	1.47	3.68	-60.0%

*EBITDA is defined as Earnings before interest, tax, depreciation, amortisation, fair value adjustments, loss of equity accounted investments, loss on disposal and net unrealised foreign exchange losses.

PERFORMANCE OVERVIEW

The financial year ended 30th September 2020 ("YE 2020") was characterised by a difficult operating and economic environment due to adverse macro-economic fundamentals and the Covid-19 pandemic. The Zambian Kwacha weakened by 54% against the USD, resulting in high inflation and reduced customer spending.

The Group also experienced challenges stemming from reduced electricity supply because of continued load-shedding, resulting in high diesel generator fuel expenditure and repairs and maintenance costs. This, coupled with a 49% increase in the electricity tariff at the beginning of the calendar year, significantly increased operational costs and eroded margins.

Despite the challenges noted above, Zambeef posted an operating profit of ZMW210.5 million (USD13.0 million), a 30.6% growth in Kwacha terms and 0.5% reduction in US Dollar terms, compared with ZMW161.2 million (USD13 million) in 2019. The Group's strong underlying performance was driven by growth in the Stockfeed, Dairy and Beef divisions. The Groups achievement, in the face of challenging operational and economic headwinds, demonstrates its strength as a diversified and vertically integrated operation.

KEY FINANCIAL HIGHLIGHTS

Revenue and gross profit increased by 24% and 12% respectively in Kwacha terms for the Group due to pricing across most of the divisions despite an increase in input costs. However, due to the depreciation of the Zambian Kwacha, results in USD reduced by 6% and 15% respectively in comparison to 2019.

The continued focus on cost control helped deliver a below inflationary increase of 10% from ZMW 921 million in the previous corresponding period to ZMW 1 billion in the period under review.

Finance costs reduced by 15% in USD which can be attributed to the net debt reduction following improved operating cashflow generation and Sinazongwe sale proceeds. No new long term debt positions were undertaken by the Group and payments were made towards reducing principal amounts on term debt.

The Group ultimately recorded a loss of ZMW 102 million (USD 6.3 million) for 2020 compared to a profit of ZMW 18.5 million (USD 1.5 million) in the previous period. The loss can be mainly attributed to the operating profit growth erosion by foreign exchange losses, financing costs and the impairment of deferred tax.

Zambeef's management remains committed to focusing on core divisions to generate cash flow that will be channelled towards deleveraging the business and investing in higher returning projects. Our plans are underpinned by:

- Consistent revenue growth through optimising existing retail infrastructure, driving our CCFP and Stockfeed operations;
- Continued capital investment in the best performing areas of the business;
- Cash generation through improved margins, cost control, working capital management and prudent capital expenditure;
- Continued divestment of non-core assets; and
- Environmental and food safety improvement projects.

Zambeef's management will continue to focus resources on the Group's profitable business divisions, while improving those divisions that need additional attention to ensure that all areas of the business contribute fully to Group profitability.

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

"On the back of a challenging 2019 financial year, 2020 followed suit and proved to be an even tougher year for the Zambeef Group. The 2020 financial year was characterised by difficult economic and market conditions that were exacerbated by the Coronavirus (COVID-19) pandemic. Despite

significant growth in the first half of the financial year, macro-economic headwinds - in particular those associated with the Kwacha depreciation - accumulated in the second half and negatively impacted the bottom line financial performance.”

“The Board believes the key to sustainable growth, while mitigating the effects of economic cycles lies in remaining committed to achieving its strategic priorities. As such, the key focus remains on the core divisions that generate sustainable and strong cash flows, while reducing debt to release cash for reinvestment in higher returning projects.

“We expect the macro-economic climate to remain challenging in the 2021 financial year, characterised by an increase in volatility. The country’s national debt level remains a threat to macro-economic stability in the short to medium term. We anticipate the COVID-19 pandemic will have minimal impact on our operations in 2021 as Zambia will adjust to living with the virus and resume life under the ‘new normal’.

“Zambeef continues to de-risk the business by focusing on the reduction of debt to reduce the impact of foreign currency volatility on future earnings. The net debt for the Group declined by 41% in Dollar terms and 10% in Kwacha terms during the 2020 financial year.

“The Group is committed to the continued strengthening of its earnings potential and unlocking value through reducing debt levels in the medium term. This will mitigate foreign exchange and interest rate risk exposures, and free up cash for reinvestment in higher returning projects.”

Copies of Zambeef’s Annual Report and Accounts for the year ended 30 September 2020 and Notice of Annual General Meeting (AGM) will shortly be available on the Group’s website.

The Group’s AGM will be held on the 24th of December 2020 via Zoom at 10.00 a.m. (Zambian time).

For further information, please visit www.zambeefplc.com or contact:

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About Zambeef Products PLC

The 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 region, as well as Nigeria and Ghana. The Group also has large cereal row cropping operations (principally maize, soya beans and wheat), with approximately 7,787 hectares of row crops under irrigation, which are planted twice a year and a further 8,694 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.

CHAIRMANS REVIEW

It is my pleasure to present to you my inaugural report as Chairman of Zambeef PLC with respect to the financial year ended 30 September 2020.

On the back of a challenging 2019 financial year, 2020 followed suit and proved to be an even tougher year for the Zambeef Group. The 2020 financial year was characterised by difficult economic and market conditions that were exacerbated by the Coronavirus (COVID-19) pandemic. Despite significant growth in the first half of the financial year, macro-economic headwinds, in particular those associated with the Kwacha depreciation, accumulated in the second half and negatively impacted on profitability.

The Group generated operating profit of ZMW 210.5million (USD 13.0 million) compared with ZMW 161.2 million (USD 13.1 million) in the prior financial year. Loss before tax was ZMW 22.7 million (USD 1.4 million) compared with a profit before tax of ZMW 38.7 million (USD 3.1 million) achieved in the prior financial year. The loss position is mainly attributed to a deferred tax asset impairment, higher financing and exchange losses following the depreciation of the local currency.

The Board believes the key to sustainable growth, while mitigating the effects of adverse economic cycles, lies in remaining committed to achieving its strategic priorities. As such, the key focus remains on the core divisions that generate sustainable and strong cash flows, while reducing debt to release cash for reinvestment in higher returning projects.

The Economic Environment

The global economy experienced a deep recession in 2020 as a result of the unprecedented reduction in production output and consumer demand following the slowdown in the first half of the calendar year. This COVID-19 related slowdown took a toll on the Zambian economy, which in turn impacted our customer base.

The COVID-19 pandemic, although a health crisis, had far-reaching effects on global trade and transformed social interaction. In the Zambian context, despite proactive and timely monetary and fiscal policy interventions by the government to support the economy, GDP is projected to contract by 4.2% in 2020 and rebound to growth of 1.8% in 2021.

The Zambian economy, which was already battling the effects of a high debt burden, cash illiquidity and waning global investor confidence, was left vulnerable when global commodity prices dropped amidst the reduction in global trade following the onset of the pandemic. The sharp depreciation of the local currency that came about as a result of reduced foreign currency inflows had a detrimental effect on the economy. Consumer price inflation closed at 15.7%, 730 basis points above the rate recorded the prior year.

As part of our sustainability programme, and to support Government efforts to contain the spread of COVID-19, Zambeef, in collaboration with partners, donated food and non-food items worth ZMW 1.2 million. As a Group, we are always proud to be part of the solution to the challenges facing the communities in which we operate.

Zambeef Debt Position

Zambeef continues to de-risk the business by focussing on the reduction of debt to mitigate the impact of foreign currency volatility on future earnings. The net debt for the Group declined by 41% in Dollar terms and 10% in Kwacha terms during the 2020 financial year. Term debt repayments during the 2020 financial year amounted to USD 8.9 million, reducing the total term debt to USD 18.2 million from USD 27.2 million in the previous financial year. With no new undertakings of debt, this puts the business in a less leveraged position and improves our debt service coverage ratio. However, our exposure to currency risk with our US Dollar denominated debt caused an increase in our term debt balance in Kwacha terms, due to the depreciation of the currency.

Divisional Performance review

Stockfeed

Stockfeed operations performed well during the year against the backdrop of the 2018/2019 drought and operational headwinds. This division was the largest contributor to operating profit for the Group due to a combination of increased sales volumes, and robust cost management on the back of improved operational efficiencies. The division sold 242,700 tonnes of feed in 2020, compared with 218,769 tonnes in 2019.

Retail and Cold Chain Food Products

The combined Retail and Cold Chain Food Products division posted a marginal 1.8% growth in operating profit in Kwacha terms on the back of an 18% growth in revenue. This was despite depressed consumer spending that negatively impacted sales volumes in our retail outlets. Cost pressures due to the depreciation of the Kwacha, continued load shedding and increased electricity tariffs further eroded margins.

Zambeef's chain of 236 retail outlets - both own-brand and within Shoprite supermarkets - remain at the heart of the business, with demand from our customers driving supply. The Group's focus during the 2020 financial year was to optimise our existing retail store performance. For the year ended September 30, 2020, we rolled out four new macro outlets in strategic locations, compared to seven in 2019. We also leveraged Shoprite's growth, opening three new in-store butcheries.

Cropping

Cropping division revenue grew 37% from the previous year, despite a reduction in volumes, due to a good summer crop price and translational currency effects. However, the division experienced a sharp escalation in costs resulting from the increase in electricity tariffs and US Dollar denominated costs. Load shedding caused electricity shortages that affected the winter wheat yield as optimal irrigation programmes could not be followed. Despite the challenges, the division contributed positively to Group operating profit.

Disposal of Non-Core Assets

The Group entered into a binding sale and purchase agreement with Chenguang Biotech (Zambia) Agri-Dev Limited for the sale of Sinazongwe Farm. The disposal was executed in March 2020 for a cash consideration of USD 10 million. Our Chiawa farm remains listed for sale.

Dividend

As a Group, we are steadfast in our dedication to enhancing shareholder value. However, in view of the financial performance and debt levels, the Directors have elected not to pay a dividend for this financial year.

Outlook

We expect the macro-economic climate to remain challenging in the 2021 financial year, characterised by an increase in volatility. The country's national debt level remains a threat to macro-economic stability in the short to medium term.

We anticipate the COVID-19 pandemic will have minimal impact on our operations in 2021 as Zambia will adjust to living with the virus and resume life under the 'new normal'.

The Group is committed to continued strengthening of its earnings potential and unlocking value through reducing debt levels in the medium term. This will mitigate foreign exchange and, interest rate risk exposures and free up cash for reinvestment in higher returning projects.

Acknowledgement

I express my sincere gratitude to my fellow Board members for leading the Group through this challenging year. To our management and staff, I express our utmost appreciation for your dedicated efforts, for producing solid performance, and for exhibiting resilience in challenging and unusual circumstances. The leadership our staff has demonstrated in adhering to safety protocols during this period of the COVID-19 pandemic is highly commendable.

As a Board we would like to express our deepest gratitude to the Chair of the Audit Committee, Dr. Lawrence Sikutwa, who will be retiring effective 31st December 2020. His leadership, strong commercial acumen and professionalism will be greatly missed. He has played a significant role in the Group and we all wish him the very best.

CHIEF EXECUTIVE OFFICER'S REVIEW

Overview

The financial year ended 30th September 2020 was characterised by a difficult operating environment because of adverse macro-economic fundamentals, worsened by the coronavirus (COVID-19) pandemic.

COVID-19 negatively impacted economic activity and increased unemployment, which directly affected the number of customers visiting our retail outlets.

The Zambian Kwacha weakened 54% against the US Dollar during the financial year, resulting in high inflation and reduced customer spending.

The Group also experienced challenges stemming from reduced electricity supply because of continued load shedding, resulting in high diesel generator fuel expenditure and repairs and maintenance costs. This, coupled with a 49% increase in the electricity tariff at the beginning of the calendar year, significantly increased operational costs and eroded margins.

Despite the challenges noted above, Zambef achieved an operating profit of ZMW 210 million (USD 13.02 million), equating to 30.6% growth in Kwacha terms and a 0.5% reduction in US Dollar terms, compared with ZMW 161.2 million (USD 13.09 million) in 2019.

Our revenue was ZMW 3.9 billion (USD 239.6 million) and we achieved a gross profit of ZMW 1.22 billion (USD 75.2 million), respectively 23.6% and 12.4% above the prior year in Kwacha terms, but both down by 5.8% and 14.4% in US Dollar terms, respectively.

The Group's strong underlying performance was driven by growth in the stockfeed, dairy and beef divisions. Management continued driving efficiencies to enable sustained top-line growth while looking for opportunities to optimise costs. Tight management of overhead costs resulted in strong Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA), and improved operational leverage.

An increase in foreign exchange losses, particularly in the second half, resulted in an erosion of bottom-line performance. The depreciation of the Kwacha led to increased financing costs and exchange losses on our dollar denominated debt. Further, the impairment charge on a deferred tax asset of ZMW 47 million resulted in the Group posting a loss after tax of ZMW 135.6 million (USD 8.4 million) compared with a profit of ZMW 38.7 million (USD 2.9 million) in the prior financial year, a 478% and 388% reduction in Kwacha and Dollar terms respectively.

The Group delivered strong growth in operating profit during the first half of the year, supported by a stable macro-economic environment. The second half of the year saw the Group deliver encouraging results despite the challenging operating and economic environment, which was worsened by COVID-19 lockdowns.

The resilient performance demonstrates our strengths as a diversified and vertically integrated business with competitive brands, strong customer relationships, and an experienced management team.

Management continued driving efficiencies to enable sustained revenue growth while continuing to optimise costs. Our over-arching focus remains on achieving our long-term strategic objectives as they are the core principles that allowed us to achieve relative success during the financial year under review.

Strategic focus

Our strategic focus is to optimise our asset use and maximise returns. Proceeds from the sale of the Sinazongwe Farm and the prospective disposal of the Chiawa farm will enable us to pay down our debt further as we continue de-leveraging. We remain focused on our core businesses, in which we strive to be the best in class.

Retail and Cold Chain Food Products (CCFP)

The uncertainty surrounding COVID-19 and its associated protocols affected footfall in our stores. Despite an increase in revenue, depressed customer spending was evident through volume reductions across most of our product lines. The increase in revenue was mainly driven by price increases and greater sales volume of traded goods. Shoprite in-store butcheries were a source of revenue growth as Shoprite expanded its footprint with three new outlets.

High feed prices in the poultry and pork divisions negatively impacted input costs and resulted in margin erosion in some of our product lines. Despite this, the Group continued to grow revenues in the Retail and Cold Chain Food Products (CCFP) division from the prior full-year period. The beef and dairy divisions performed well, aside from some challenges in the supply of product.

However, retail and CCFP operating profits increased only marginally, having recorded volume declines in some product lines and cost pressures arising from the depreciation of the Kwacha and increased energy costs.

Stockfeed (Novatek)

The division delivered strong operating profit growth of 72.9% in Kwacha terms and 31.7% in US Dollar terms, and maintained margins due to volume growth, pricing and cost optimisation. Maize prices remained high, especially in the first half following the drought experienced in Southern Africa in the 2018/2019 farming season. This, coupled with a weak currency directly impacting input costs, necessitated upward pricing of Novatek products.

The poultry sector continues to be an important source of business for Novatek, accounting for 74% of revenue during the year. Export sales volumes continued to grow and were a major contributor to revenue growth, notwithstanding that for a large part of the year only fish feeds could be exported due to a continuing feed export ban.

Cropping

In the cropping division, operating profit grew by a marginal 4.7% in Kwacha terms and declined 20% in US Dollar terms due to escalating input costs and insufficient electricity supply. Zambia experienced a good rainfall season and the pricing of summer commodities was favourable. The year saw total production decrease by 7% to 133,547 tonnes, mainly because of a reduction in wheat yields and the impact of the Sinazongwe farm sale.

Management continued to manage the risk of disease, with the potential for an outbreak of Bacterial Leaf Streak (BLS) well contained during the winter.

Outlook

Zambeef management remains committed to achieving bottom line growth in line with our strategic objective of de-risking the business.

However, we expect the volatility in the economy to continue impacting the spending power of our customers.

The COVID-19 pandemic has impacted the way we do business. Although it appears to have been contained in Zambia and the region, any escalations could cause enforced lockdowns, which could negatively impact business. The Group remains committed to implementing and enforcing safety protocols in our outlets and places of work.

Key Market Indicators

Reporting Period	Monthly Averaged	Comparatives	2020	2019	Change
Economy					
ROE ZMW/USD	ZMW		16.2	12.3	31%
TBS 364day	%		24.5	24.7	-1%
Annual Inflation rate	%		15.7	8.4	87%
Copper	\$/Ton		6,610	6,102	8%
Commodities					
Maize	\$/ton		252	207	22%
Soya Beans	\$/ton		382	400	-5%
SE Cake	\$/ton		403	442	-9%
Wheat	\$/Ton		415	447	-7%
Input Prices					
Maize Bran	K/Ton		1,190	1,434	-17%
Broiler Grower	K/50kg		310	242	28%
Pig Grower	K/50Kg		251	200	26%
Layer feed	K/50kg		231	175	32%
Day-old chick	K/DOC		6.8	5.9	15%
Selling Prices					
Beef Mixed cut	K/Kg		37.7	36.1	5%
Chicken Frozen	K/Kg		28.2	28.9	-2%
Chicken Live Market	K/Chicken		52.0	38.2	36%
Egg Tray	K/tray of 30 Eggs		35.6	28.0	27%

DIVISIONAL PERFORMANCE

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

Table 1: Divisional financial summary in ZMW'000

DIVISION	REVENUE		GROSS PROFIT		OVERHEADS		EBIT	
	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	2,396,313	2,038,675	243,377	213,502				
CCFP	1,516,371	1,388,492	401,276	367,657				
Less InterCo.	(1,399,926)	(1,303,519)						
Combined Retail & CCFP	2,512,758	2,123,648	644,653	581,159	(535,095)	(473,415)	109,558	107,744
Stockfeed	1,331,965	986,075	255,888	191,011	(129,539)	(103,751)	126,349	73,092
Cropping	651,560	474,202	266,405	270,116	(160,618)	(126,413)	105,787	101,082
Others	203,609	210,348	48,676	39,261	(25,226)	(21,930)	25,226	15,361
Total	4,699,892	3,794,273	1,215,622	1,081,547	(850,478)	(725,509)	366,920	297,279
Less: Intra/Inter Group Sales	(824,788)	(659,306)						
Central Overhead					(156,389)	(136,070)	(156,389)	(136,070)
Group Total	3,875,104	3,134,967	1,215,622	1,081,547	(1,005,091)	(861,579)	210,531	161,209

Table 2: Divisional financial summary in USD'000

DIVISION	REVENUE		GROSS PROFIT		OVERHEADS		EBIT	
	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	148,194	165,477	15,051	17,330				
CCFP	93,777	112,703	24,817	29,842				
Less InterCo.	(86,576)	(105,806)	-					
Combined Retail & CCFP	155,395	172,374	39,868	47,173	(33,092)	(38,427)	6,775	8,745
Stockfeed	82,373	80,390	15,825	15,503	(8,011)	(9,571)	7,814	5,933
Cropping	40,294	38,490	16,476	21,925	(9,933)	(13,720)	6,542	8,205
Others	12,592	17,074	3,010	3,187	(1,450)	(1,940)	1,560	1,247
Total	290,654	307,977	75,178	87,788	(52,486)	(63,658)	22,691	24,130
Less: Intra/Inter Group Sales	(51,006)	(53,515)	-				-	
Central Overhead			-		(9,672)	(11,045)	(9,692)	(11,045)
Group Total	239,648	254,462	75,178	87,788	(62,158)	(74,703)	13,020	13,085

DIVISIONAL REVIEW

Taking each of our key business areas in turn:

Retail and Cold Chain Food Products

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

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

DIVISION	REVENUE		GROSS PROFIT		OVERHEADS		EBIT	
	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	2,177,555	1,853,721						
Retailing West Africa	218,758	184,954						
Total Retailing	2,396,313	2,038,675						
CCFP	1,516,271	1,388,492						
Less Interco	(1,399,926)	(1,303,519)						
Combined Retail & CCFP	2,512,758	2,123,648	644,653	581,159	(535,095)	(473,415)	109,558	107,744

Table 4: Retail and Cold Chain Food Products USD'000

DIVISION	REVENUE		GROSS PROFIT		OVERHEADS		EBIT	
	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	134,666	150,464						
Retailing West Africa	13,528	15,013						
Total Retailing	148,194	165,477						
CCFP	93,777	112,703						
Less InterCo.	(86,576)	(105,806)						
Combined Retail & CCFP	155,395	172,374	39,868	47,172	(33,092)	(38,427)	6,776	8,746

In line with our strategic focus to fully optimise our existing infrastructure and drive efficiencies through our retail network, we rolled out two new retail outlets in strategic locations across Zambia during the year, compared with seven in 2019. Shoprite, in which we operate instore butcheries, expanded by another three retail outlets in Zambia.

Net sales in the combined Retail and Cold Chain Food Products (CCFP) divisions increased by 18% to ZMW2,513 million (2019: ZMW2,124 million) in Kwacha terms and decreased by 10% to USD155 million (2019: USD172 million) in US dollar terms. The gross profit margin decreased marginally for a second year in a row, to 25.7% (2019: 27.4%) despite an 11% growth in gross profit in absolute Kwacha terms, due to escalating costs of inputs amid high inflation and the depreciation of the Kwacha. Overheads increased by 14% to ZMW535 million (2019: ZMW473 million) in Kwacha terms, but fell by 14% in US dollar terms to USD33 million (2019: USD38 million).

The combined Retail and CCFP divisions generated an EBIT margin of 4.4% (2019: 5.1%). The adverse macro-economic conditions and increased generator fuel costs led to the increase in input costs. Operating profit increased by 1.7% to ZMW110 million (2019: ZMW108 million) in Kwacha terms and decreased by 22.5% to USD6.8 million (2019: USD8.7 million) in US dollar terms.

Zambia Retail

Zambia retail revenue increased 17.5% to ZMW2,178 million (2019: ZMW1,854 million) while gross profit increased by 9.7%. However, due to the depreciation in the Kwacha relative to the US dollar, revenue decreased by 10.5% to USD135 million (2019: USD150 million) in US dollar terms.

Strong revenue growth was driven by stockfeed, chicken, cooking oil and other traded goods. Difficult trading conditions and disruptions in supply channels resulted in volume declines across most product lines. However, pricing adjustments helped the Retail division offset that volume related revenue decline.

West Africa Retail

Optimising operations was the main focus in our West Africa business this past year. Revenue increased 18.3% in Kwacha terms and declined 10% in Dollar terms from ZMW185 million (USD15.0 million) in 2019 to ZMW219 million (USD13.5 million) in 2020. During the period, the overhead costs in Kwacha rose by 23%. West African retail

continues 9% to Group retail revenue, and remains profitable. The driver of profitability was mutton and pork sales, which increased, while chicken and beef sales decreased due to supply constraints.

Beef

Beef is the largest contributor to revenue in the CCFP division. Beef sales volumes decreased by 1.8% compared with the previous financial year, with the reduced number of cattle slaughtered owing to supply constraints following a drought in the previous year that also impacted average slaughter weights. Notwithstanding, the division posted 10% growth in revenue and 28% growth in gross profit due to a favourable sales mix and pricing.

Poultry (Zamchick, Zamhatch and ZamEgg)

Combined revenue from the three poultry divisions increased by 17% in 2020. Despite revenue growth, gross profit declined by 27% from ZMW126 million in 2019 to ZMW92 million in 2020, mainly due to higher feed prices. The divisions recorded a combined operating profit of ZMW2.6 million for 2020, a 95% decline from last year (ZMW49 million) and the sharpest decline in operating performance amongst our divisions during the financial year.

The informal and small-scale chicken farming sector increased supply where the formal sector could not supply effectively due to operational headwinds. Increased costs and electricity supply challenges had a lower impact on the informal sector, which positively contributed to sales volumes for Zamhatch and Novatek stockfeeds.

Zamchick volumes and revenue increased by 4% and 21% respectively compared with the prior year. High stockfeed price negatively impacted margins, resulting in a 26% reduction in gross profit for the division. Operational challenges were experienced during the 2019/2020 summer rain season as the industry faced widespread dysbacteriosis, which negatively impacted broiler growth performance.

The egg division, which is characterised by price elasticity, experienced a 12% reduction in volumes sold following average price increases of 22%. Despite a 6.6% increase in revenue, gross profit fell by 100% when compared to prior year.

Pork (Masterpork)

Supply chain disruptions in the Masterpork division stemming from high pig rearing costs led to a 12% reduction in volumes sold. The division performed better than the prior year, with revenue and gross profit growing by 13% and 38% respectively, mainly due to pricing adjustments. Management focussed on optimising the carcass quality of pigs slaughtered through advances in the grading and pricing system.

Milk (ZamMilk)

Milk revenue increased by 6%, and gross profit increased by 36% to ZMW92 million (2019: ZMW67 million). Sales volumes fell by 7% due to a COVID-19-related reduction in demand.

Milk production at Kalundu Dairy increased by 11% from an average of 26.6 litres/cow in 2019 to 29.6 litres/cow in 2020, with a total of 1,379 cows being milked daily at the year end. The feed cost of the milking herd increased by 10% due to the price of maize ingredients (maize meal and maize silage) included in dairy feeds.

Stockfeed (Novatek)

REVENUE		GROSS PROFIT		OVERHEADS		EBIT	
2020	2019	2020	2019	2020	2019	2020	2019
ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
1,331,965	986,075	255,888	191,011	(129,539)	(117,919)	126,349	73,092
USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
82,373	80,039	15,824	15,504	(8,011)	(9,571)	7,814	5,933

Stockfeed performance was strong. Revenue in Kwacha terms grew by 35% (3% in US dollar terms), which translated into a growth of 73% in operating profit. The gross profit margin was maintained at 19% from the previous reporting period, as cost of sales grew at the same pace as revenue. Increased production costs due to running backup diesel generators for prolonged periods, and the increase in transport demands from the logistics fleet, led to a 10% increase in overheads.

The large and growing poultry sector in Zambia consumes 74% of the feed sales generated by Zambeef. The division also recorded an impressive 45% increase in export sales despite export restrictions. The division exported to 11 other African countries, generating much-needed foreign currency revenue.

Cropping

REVENUE		GROSS PROFIT		OVERHEADS		EBIT	
2020	2019	2020	2019	2020	2019	2020	2019
ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
651,560	474,202	266,405	270,116	(160,618)	(169,034)	105,787	101,082
USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
40,294	38,490	16,476	21,925	(9,933)	(13,720)	6,542	8,205

The cropping division is the foundation of Zambeef's vertically integrated business model, providing raw material inputs for value-added processing within the Group and serving as a hedge against the depreciation of the Kwacha, due to its ability to generate US Dollar cash flow.

Revenue for the year was up 37% to ZMW652 million (2019: ZMW474 million) while overheads decreased by 5% to ZMW161 million (2019: ZMW169 million). An increase in cost of sales of 89% resulted in gross profit margin erosion from 57% in 2019 to 41% in 2020. Consequently, and despite a reduction in overheads by 28% in US Dollar terms, operating profit fell by 20% in US Dollar terms.

The summer harvest for soya beans totalled 37,616 tonnes versus 44,982 tonnes in 2019. Improved yields, pushed maize production to 24,065 tonnes, from 19,233 tonnes. The sale of Sinazongwe farm resulted in a reduction in the area of winter wheat planted from 7,047 hectares in 2019 to 5,485 hectares in 2020, with the harvest dropping by 22.4% to 39,077 tonnes (2019: 50,398 tonnes). The slight reduction in wheat yields by 0.4% followed erratic electricity supply.

Other businesses

REVENUE		GROSS PROFIT		OVERHEADS		EBIT	
2020	2019	2020	2019	2020	2019	2020	2019
ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
203,609	210,348	48,676	39,261	(23,450)	(23,900)	25,226	15,361
USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
12,592	17,074	3,010	3,187	(1,450)	(1,940)	1,561	1,247

Total revenue from the Group's other business units decreased by 3% from ZMW210 million in 2019, to ZMW203 million this financial year. Despite the revenue reduction, gross profit increased by 24% and EBIT increased by 64% in Kwacha terms.

Flour Milling

Flour sales volumes for the year declined 25% due to reduced demand following price increments. The drastic drop in maize price at half-year meant that consumers had the option to buy cheaper maize products as a substitute. Despite a 5% drop in revenue, the milling division achieved a 16% growth in operating profit partly due to overhead reductions.

Zamleather

Zamshu shoe sales grew by 7% compared with the previous year. Revenues were up 12% on prior year due to pricing and increased wet-blue leather exports, despite a slowdown of export channels due to the onset of the COVID-19 pandemic. The pandemic also impacted local shoe sales following the suspension of school activities across the country. Zamleather margins increased by 160 basis points as the division sold more higher-grade leather and value-added shoes.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Group	Note	2020 ZMW'000s	2020 USD'000s	2019 ZMW'000s	2019 USD'000s
Revenue	5	3,875,104	239,648	3,134,967	254,462
Net (loss)/gain arising from price changes in fair value of biological assets	16(a)	(14,381)	(889)	10,284	835
Cost of sales		(2,645,101)	(163,581)	(2,063,704)	(167,509)
Gross profit		1,215,622	75,178	1,081,547	87,788
Administrative expenses		(1,011,968)	(62,583)	(920,771)	(74,738)
Other income	6	6,877	425	433	35
Operating profit	7	210,531	13,020	161,209	13,085
Share of loss from equity accounted investment		(3,177)	(197)	(3,036)	(246)
Exchange gains on translating foreign currency transactions and balances		(137,705)	(8,516)	(36,730)	(2,981)
Finance costs	9	(92,322)	(5,709)	(82,790)	(6,720)
(Loss)/profit before taxation		(22,673)	(1,402)	38,653	3,138
Taxation charge	10	(112,957)	(6,986)	(2,780)	(226)
Group (loss)/income for the year from continuing operations		(135,630)	(8,388)	35,873	2,912
Profit/(loss) from discontinued operations	34	33,435	2,068	(17,379)	(1,411)
Group (loss)/income for the year		(102,195)	(6,320)	18,494	1,501

	Note	2020 ZMW'000s	2020 USD'000s	2019 ZMW'000s	2019 USD'000 s
Group (loss)/income attributable to:					
Equity holders of the parent		(103,419)	(6,396)	18,100	1,469
Non-controlling interest		1,224	76	394	32
		(102,195)	(6,320)	18,494	1,501
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Exchange gains/(losses) on translating presentational currency		625,042	(52,402)	106,391	(10,553)
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of net defined benefit liability		6,229	385	8,829	717
Remeasurement of leases		315	20	-	-
Total other comprehensive income		631,586	(51,997)	115,220	(9,836)
Total comprehensive income/(loss) for the year		529,391	(58,317)	133,714	(8,335)
Total comprehensive income/(loss) for the year attributable to:					
Equity holders of the parent		525,030	(58,661)	129,935	(8,367)
Non-controlling interest		4,361	344	3,779	32
		529,391	(58,317)	133,714	(8,335)
		Ngwee	Cents	Ngwee	Cents
Earnings per share					
Basic earnings per share – continued operations	12	(45.12)	(2.79)	11.80	0.96
Basic earnings per share – discontinued operations	12	11.12	0.69	(5.78)	(0.47)
Total Basic earnings per share	12	(34.00)	(2.10)	6.02	0.49
Diluted earnings per share					
Diluted earnings per share – continued operations	12	(45.12)	(2.79)	8.86	0.72
Diluted earnings per share – discontinued operations	12	11.12	0.69	(4.34)	(0.35)
Total Diluted earnings per share	12	(34.00)	(2.10)	4.52	0.37

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020

(i) In Zambian Kwacha	Issued share capital ZMW'000s	Share premium ZMW'000s	Preference share capital ZMW'000s	Foreign exchange reserve ZMW'000s	Revaluation reserve ZMW'000s	Retained earnings ZMW'000s	Total attributable to owners of the parent ZMW'000s	Non-controlling interest ZMW'000s	Total equity ZMW'000s
At 1 October 2019	3,006	1,125,012	1,000	278,923	1,228,724	479,109	3,115,774	(8,660)	3,107,114
Profit for the year	-	-	-	-	-	18,100	18,100	394	18,494
Transfer of surplus depreciation	-	-	-	-	(29,666)	29,666	-	-	-
Other comprehensive income:									
Exchange gain/ (loss) on translating presentational currency	-	-	-	103,006	-	-	103,006	3,385	106,391
Remeasurement of net defined benefit liability	-	-	-	-	-	8,829	8,829	-	8,829
Total comprehensive income	-	-	-	103,006	(29,666)	56,595	129,935	3,779	133,714
At 30 September 2019	3,006	1,125,012	1,000	381,929	1,199,058	535,704	3,245,709	(4,881)	3,240,828
Adjustment on transition to IFRS 16	-	-	-	-	-	315	315	-	315
As at 1 October 2019	3,006	1,125,012	1,000	381,929	1,199,058	536,019	3,246,024	(4,881)	3,241,143
Loss for the year	-	-	-	-	-	(103,419)	(103,419)	1,224	(102,195)
Transfer of surplus depreciation	-	-	-	-	(31,345)	31,345	-	-	-
Other comprehensive income:	-	-	-	-	-	-	-	-	-
Exchange gain/ (loss) on translating presentational currency	-	-	-	621,905	-	-	621,905	3,137	625,042
Remeasurement of net defined benefit liability	-	-	-	-	-	6,229	6,229	-	6,229
Total comprehensive income	-	-	-	621,905	(31,345)	(65,845)	524,715	4,361	529,076
At 30 September 2020	3,006	1,125,012	1,000	1,003,834	1,167,713	470,174	3,770,739	(520)	3,770,219

(ii) In US Dollar	Issued share capital USD'000s	Preference share capital USD'000s	Share premium USD'000s	Foreign exchange reserve USD'000s	Revaluation reserve USD'000s	Retained earnings USD'000s	Total attributable to owners of the parent USD'000s	Non-controlling interest USD'000s	Total equity USD'000s
At 1 October 2018	449	100	185,095	(186,889)	175,617	80,188	254,560	(708)	253,852
Profit for the year	-	-	-	-	-	1,469	1,469	32	1,501
Transfer of surplus depreciation	-	-	-	-	(2,408)	2,408	-	-	-
Other comprehensive income:									
Exchange gains on translating presentational currency	-	-	-	(10,859)	-	-	(10,859)	306	(10,553)
Remeasurement of net defined benefit liability	-	-	-	-	-	717	717	-	717
Total comprehensive income	-	-	-	(10,859)	(2,408)	4,594	(8,673)	338	(8,335)
At 30 September 2019	449	100	185,095	(197,748)	173,209	84,782	245,887	(370)	245,517
Adjustment on transition to IFRS 16	-	-	-	-	-	20	20	-	20
As at 1 October 2019	449	100	185,095	(197,748)	173,209	84,802	245,907	(370)	245,537
Loss for the year	-	-	-	-	-	(6,396)	(6,396)	76	(6,320)
Transfer of surplus depreciation	-	-	-	-	(1,938)	1,938	-	-	-
Other comprehensive income:									
Exchange gains on translating presentational currency	-	-	-	(52,670)	-	-	(52,670)	268	(52,402)
Remeasurement of net defined benefit liability	-	-	-	-	-	385	385	-	385
Total comprehensive income	-	-	-	(52,670)	(1,938)	(4,073)	(58,681)	344	(58,337)
At 30 September 2020	449	100	185,095	(250,418)	171,271	80,729	187,226	(26)	187,200

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020

(i) In Zambian Kwacha	Issued share capital ZMW'000s	Preference share capital ZMW'000s	Share premium ZMW'000s	Revaluation reserve ZMW'000s	Foreign exchange reserve ZMW'000s	Retained earnings ZMW'000s	Total equity ZMW'000s
At 1 October 2018	3,006	1,000	1,125,012	890,335	268,121	502,828	2,790,302
Profit for the year	-	-	-	-	-	2,764	2,764
Transfer of surplus depreciation	-	-	-	(28,183)	-	28,183	-
Other comprehensive income:							
Exchange gain on translating presentational currency	-	-	-	-	92,385	-	92,385
Remeasurement of net defined benefits liability	-	-	-	-	-	1,461	1,461
Total comprehensive income	-	-	-	(28,183)	92,385	32,408	96,610
At 30 September 2019	3,006	1,000	1,125,012	862,152	360,506	535,236	2,886,912
Profit for the year	-	-	-	-	-	26,838	26,838
Other comprehensive income:							
Transfer of surplus depreciation	-	-	-	(33,614)	-	33,614	-
Remeasurement of net defined benefits liability	-	-	-	-	-	1,836	1,836
Exchange gain on translating presentational currency	-	-	-	-	609,324	-	609,324
Total comprehensive income	-	-	-	(33,614)	609,324	62,288	637,998
At 30 September 2020	3,006	1,000	1,125,012	828,538	969,830	597,524	3,524,910

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)

(ii) In US Dollar	Issued share capital USD'000s	Preference share capital USD'000s	Share premium USD'000s	Revaluation reserve USD'000s	Foreign exchange reserve USD'000s	Retained earnings USD'000s	Total equity USD'000s
At 1 October 2018	449	100	185,095	118,696	(158,456)	82,082	227,966
Profit for the year	-	-	-	-	-	202	202
Transfer of surplus depreciation	-	-	-	(2,288)	-	2,288	-
Other comprehensive income:							
Exchange gain on translating presentational currency	-	-	-	-	(9,603)	-	(9,603)
Remeasurement of net defined benefits Liability	-	-	-	-	-	140	140
Total comprehensive income	-	-	-	(2,288)	(9,603)	2,630	(9,261)
At 30 September 2019	449	100	185,095	116,408	(168,059)	84,712	218,705
Profit for the year	-	-	-	-	-	1,661	1,661
Other comprehensive income:	-	-	-	-	-	-	-
Transfer of surplus depreciation	-	-	-	(2,079)	-	2,079	-
Remeasurement of net defined benefits liability	-	-	-	-	-	114	114
Exchange losses on translating presentational currency	-	-	-	-	(45,460)	-	(45,460)
Total comprehensive income	-	-	-	(2,079)	(45,460)	3,854	(43,685)
At 30 September 2020	449	100	185,095	114,329	(213,519)	88,566	175,020

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - 30 SEPTEMBER 2020

ASSETS	Note	2020 ZMW'000s	2020 USD'000s	2019 ZMW'000s	2019 USD'000s
Non-current assets					
Goodwill	13	166,801	8,282	166,801	12,636
Property, plant and equipment	14	3,264,505	162,091	2,841,824	215,290
Investment in associate	15(e)	43,826	2,176	12,376	938
Deferred tax asset	10(e)	9,552	474	56,525	4,282
		3,484,684	173,023	3,077,526	233,146
Current assets					
Biological assets	16	176,305	8,754	170,417	12,910
Inventories	17	1,103,640	54,798	941,159	71,300
Trade and other receivables	18	132,668	6,587	98,025	7,426
Assets held for disposal	34	175,654	8,722	135,357	10,254
Amounts due from related companies	19	9,337	464	41,554	3,148
Income tax recoverable	10(e)	1,784	89	2,767	210
Cash and cash equivalents	20	111,136	5,518	56,753	4,299
		1,710,524	84,932	1,446,032	109,547
Total assets		5,195,208	257,955	4,523,558	342,693
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	21	3,006	449	3,006	449
Preference share capital	21	1,000	100	1,000	100
Share premium	22	1,125,012	185,095	1,125,012	185,095
Other reserves		2,641,721	1,582	2,116,691	60,243
		3,770,739	187,226	3,245,709	245,887
Non-controlling interest		(520)	(26)	(4,881)	(370)
		3,770,219	187,200	3,240,828	245,517

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - 30 SEPTEMBER 2020
(CONTINUED)

	Note	2020 ZMW'000s	2020 USD'000s	2019 ZMW'000s	2019 USD'000s
Non-current liabilities					
Interest bearing liabilities	23	190,218	9,445	228,099	17,280
Leases	24	19,750	981	19,297	1,462
Deferred liability	25	11,389	565	16,362	1,240
Deferred tax liability	10(e)	69,950	3,473	9,138	692
		291,307	14,464	272,896	20,674
Current liabilities					
Interest bearing liabilities	23	326,899	16,231	343,042	25,988
Leases	24	23,259	1,155	21,487	1,628
Trade and other payables	26	321,648	15,971	259,585	19,665
Provisions	27	113,347	5,629	52,914	4,009
Amounts due to related companies	28	443	22	251	19
Taxation payable	10(c)	41	2	1,377	104
Bank overdrafts	20	348,045	17,281	331,178	25,089
		1,133,682	56,291	1,009,834	76,502
Total equity and liabilities		5,195,208	257,955	4,523,558	342,693

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES**COMPANY STATEMENT OF FINANCIAL POSITION - 30 SEPTEMBER 2020**

ASSETS	Note	2020 ZMW'000s	2020 USD'000s	2019 ZMW'000s	2019 USD'000s
Non-current assets					
Property, plant and equipment	14	2,476,394	122,959	2,060,110	156,069
Investments in subsidiaries	15(b)	245,807	12,205	245,807	18,622
Investment in associate	15(e)	43,826	2,176	12,376	938
Deferred tax asset	10(e)	-	-	-	-
		2,766,027	137,340	2,318,293	175,629
Current assets					
Biological assets	16	139,501	6,927	137,215	10,395
Inventories	17	814,081	40,421	683,600	51,788
Assets held for disposal	34	175,654	8,722	135,357	10,254
Trade and other receivables	18	50,555	2,510	28,153	2,133
Amounts due from related companies	19	1,320,117	65,547	1,078,745	81,722
Income tax recoverable	10(c)	565	28	1,529	115
Cash and cash equivalents	20	12,645	628	11,844	897
		2,513,118	124,783	2,076,443	157,304
Total assets		5,279,145	262,123	4,394,736	332,933
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	21	3,006	449	3,006	449
Preference share capital	21	1,000	100	1,000	100
Share premium	22	1,125,012	185,095	1,125,012	185,095
Other reserves		2,395,892	(10,624)	1,757,894	33,061
		3,524,910	175,020	2,886,912	218,705

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

**COMPANY STATEMENT OF FINANCIAL POSITION - 30 SEPTEMBER 2020
(CONTINUED)**

	Note	2020 ZMW'000s	2020 USD'000s	2019 ZMW'000s	2019 USD'000s
Non-current liabilities					
Interest bearing liabilities	23	190,218	9,445	228,099	17,280
Leases	24	8,172	406	11,505	872
Deferred liability	25	3,356	167	3,655	277
Deferred tax liability	10(e)	41,153	2,043	6,630	502
		242,899	12,061	249,889	18,931
Current liabilities					
Interest bearing liabilities	23	326,899	16,231	343,042	25,988
Leases	24	14,461	718	18,266	1,384
Trade and other payables	26	232,844	11,561	158,504	12,008
Provisions	27	61,200	3,039	40,462	3,065
Amounts due to related companies	28	705,110	35,011	490,045	37,124
Bank overdrafts	20	170,822	8,482	207,616	15,728
		1,511,336	75,042	1,257,935	95,297
Total equity and liabilities		5,279,145	262,123	4,394,736	332,933

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 ZMW'000s	2020 USD'000s	2019 ZMW'000s	2019 USD'000s
Cash inflow from operating activities					
(Loss)/profit before taxation		(22,673)	(1,402)	38,653	3,138
Finance costs	9	92,322	5,709	82,790	6,720
Loss / (profit) on disposal of property, plant and equipment		4,796	297	(986)	(80)
Depreciation	14	141,408	8,745	121,921	9,896
Charge on right of use assets	14	8,362	517	-	-
Share of loss on equity accounted investment		3,177	196	3,036	246
Profit/(loss) on discontinued operations		1,529	95	(17,379)	(1,411)
Fair value price adjustment	16	14,381	889	(10,284)	(835)
Net unrealised foreign exchange losses		192,501	11,905	7,153	581
Earnings before interest, tax, depreciation and amortisation, fair value adjustments and net unrealised foreign exchange losses		435,803	26,951	224,904	18,255
(Increase)/decrease in biological assets		(20,269)	(1,253)	21,541	1,748
Increase in inventory		(162,481)	(10,048)	(301,348)	(24,460)
(Increase)/decrease in trade and other receivables		(34,643)	(2,142)	58,289	4,731
(Increase)/decrease in amounts due from related companies		(2,410)	(149)	8,718	708
Increase/(decrease) in trade and other payables		122,496	7,575	(27,028)	(2,194)
Increase in amounts due to related companies		192	12	19	2
Decrease in deferred liability		(4,973)	(308)	(6,249)	(507)
Income tax paid	10(c)	(5,525)	(342)	(9,652)	(783)
Net cash inflow/(outflow) from/(on) operating activities		328,190	20,296	(30,806)	(2,500)
Investing activities					
Purchase of property, plant and equipment	14	(92,664)	(5,731)	(113,825)	(9,239)
Right of use assets	14	(15,425)	(954)	-	-
Proceeds from the sale of assets		6,452	399	11,776	956
Proceeds from the sale of assets/investments		167,264	10,344	-	-
Net cash inflow/(outflow) from / (on) investing activities		65,627	4,058	(102,049)	(8,283)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)**

	Note	2020 ZMW'000s	2020 USD'000s	2019 ZMW'000s	2019 USD'000s
Net cash inflow/ (outflow) before financing activities		393,817	24,354	(132,855)	(10,783)
Financing activities					
Long term loans repaid	29	(162,217)	(10,032)	(96,913)	(7,866)
Repayment short term funding	29	(623,231)	(38,542)	(215,124)	(17,461)
Receipt of short-term funding	29	487,320	30,137	334,580	27,157
Lease finance repayment	29	(35,478)	(2,194)	(47,007)	(3,816)
Lease finance obtained	29	14,329	886	47,714	3,873
Finance costs	9	(92,322)	(5,709)	(82,790)	(6,720)
Net cash outflow on financing activities		(411,599)	(25,454)	(59,540)	(4,833)
Decrease in cash and cash equivalents		(17,782)	(1,100)	(192,395)	(15,616)
Cash and cash equivalents at beginning of the year		(274,425)	(20,790)	(135,743)	(11,090)
Effects of exchange rate changes on the balance of cash held in foreign currencies		55,300	10,127	53,713	5,916
Cash and cash equivalents at end of the year	20	(236,909)	(11,763)	(274,425)	(20,790)
Represented by:					
Cash in hand and at bank	20	111,136	5,518	56,753	4,299
Bank overdrafts	20	(348,045)	(17,281)	(331,178)	(25,089)
		(236,909)	(11,763)	(274,425)	(20,790)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES
COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 ZMW'000s	2020 USD'000s	2019 ZMW'000s	2019 USD'000s
Cash inflow from operating activities					
Profit before taxation		34,203	2,115	54,334	4,389
Finance costs		68,747	4,252	67,371	5,469
Depreciation	14	80,462	4,976	71,049	5,767
Fair value price adjustment	16	15,464	956	(10,162)	(825)
Loss on disposal of property, plant and equipment		1,216	75	1,821	148
Share of loss on equity accounted investment		3,177	196	3,036	246
Loss on discontinued operations		1,529	96	(17,379)	(1,411)
Net unrealised foreign exchange differences		90,962	5,626	6,223	505
Earnings before interest, tax, depreciation and amortisation		295,760	18,292	176,293	14,288
(Increase)/ decrease in biological assets		(2,286)	(141)	31,296	2,541
Increase in inventory		(130,482)	(8,069)	(202,281)	(16,419)
(Increase)/decrease in trade and other receivables		(26,184)	(1,619)	63,228	5,133
Increase in amounts due from related companies		(202,963)	(12,552)	(282,239)	(22,910)
Increase/ (decrease) in trade and other payables		95,078	5,880	(31,817)	(2,583)
Increase in amounts due to related companies		215,065	13,300	161,412	13,102
(Decrease)/ increase in deferred liability		(299)	(18)	57	26
Income tax paid	10(c)	(5,314)	(329)	(5,822)	(473)
Net cash inflow/(outflow) from/(on) operating activities		238,375	14,744	(89,873)	(7,295)
Investing activities					
Purchase of property, plant and equipment	14	(35,385)	(2,188)	(23,743)	(1,927)
Proceeds from disposal of investment		167,264	10,344	-	-
Proceeds from sale of assets		4,205	260	1,120	91
Net cash inflow/(outflow) from/(on) investing activities		136,084	8,416	(22,623)	(1,836)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)

	Note	2020 ZMW'000s	2020 USD'000s	2019 ZMW'000s	2019 USD'000s
Net cash inflow before financing activities		374,459	23,160	(112,496)	(9,131)
Financing activities					
Long term loans repaid	29	(162,217)	(10,032)	(96,913)	(7,866)
Short term funding repaid	29	(623,231)	(38,542)	(215,124)	(17,461)
Short term funding obtained	29	487,320	30,137	334,580	27,157
Lease finance repayment	29	(30,835)	(1,907)	(43,953)	(3,568)
Lease finance obtained	29	14,329	886	47,714	3,873
Interest paid		(68,747)	(4,252)	(67,371)	(5,469)
Net cash outflow on financing activities		(383,381)	(23,710)	(41,067)	(3,334)
Decrease in cash and cash equivalents		(8,922)	(550)	(153,563)	(12,465)
Cash and cash equivalents at beginning of the year		(195,772)	(14,381)	(76,971)	(6,288)
Effects of exchange rate changes on the balance of cash held in foreign currencies		46,517	7,077	34,762	3,922
Cash and cash equivalents at end of the year	20	(158,177)	(7,854)	(195,772)	(14,831)
Represented by:					
Cash in hand and at bank	20	12,644	628	11,844	897
Bank overdrafts	20	(170,821)	(8,482)	(207,616)	(15,728)
		(158,177)	(7,854)	(195,772)	(14,831)

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

Notes can be read via the following link to the full Financial Statements: