



Half-year Report

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

Interim results for the Half Year Ended 31 March 2021

Zambeef (AIM: ZAM), the fully integrated cold chain foods and retail business with operations in Zambia, Nigeria and Ghana, today announces its results for the half-year ended 31 March 2021.

Financial Highlights

Figures in 000's	2021	2020	%	2021	2020	%
	ZMW	ZMW		USD	USD	
Revenue	2,150,473	1,797,633	20%	102,501	129,233	-21%
Cost of sales	(1,411,049)	(1,171,504)	20%	(67,257)	(84,220)	-20%
Gross profit	739,424	626,129	18%	35,244	45,013	-22%
Administrative expenses	(584,654)	(500,630)	17%	(27,867)	(35,991)	-23%
Operating profit	154,770	125,499	23%	7,377	9,022	-18%
Share of loss equity accounted investment	(915)	(1,898)	-52%	(44)	(136)	-68%
Exchange losses	(42,558)	(62,870)	-32%	(2,029)	(4,520)	-55%
Finance costs	(56,360)	(48,241)	17%	(2,686)	(3,468)	-23%
Profit before taxation	54,937	12,490	340%	2,618	898	192%
Taxation charge	(21,846)	(927)	2257%	(1,041)	(67)	1454%
Group (loss)/profit for the period from continued operations	33,091	11,563	186%	1,577	831	90%
Profit/(Loss) from discontinued operations	20,843	(9,423)	-321%	993	(677)	-247%
Total Profit for the period	53,934	2,140	2420%	2,570	154	1569%
EBITDA	259,888	182,665	42%	12,387	13,141	-6%
Gross Profit Margin	34.38%	34.83%		34.38%	34.83%	
EBITDA Margin	12.09%	10.16%		12.09%	10.16%	
Debt/Equity (Gearing)	27.6%	28.9%		27.57%	28.93%	
Debt-To-EBITDA	3.88	5.48		3.88	5.48	

PERFORMANCE OVERVIEW

The Group had a strong start to the financial year, delivering results ahead of pre-pandemic levels. Demand for products, particularly poultry products, remained strong allowing the Group to remain in line with revenue expectations. The cost containment embarked on by management also continued to yield significant savings and contributed positively to the results. Improvements in the load shedding situation, following the good regional rains, resulted in reduced generator fuel costs and improved production efficiencies.

Notwithstanding, the half year period continued to present challenges in the operating environment, resulting from the Covid-19 pandemic and the previous 2020 economic uncertainties, despite greater stability compared to the second half of the 2020 financial year. The rising inflation put pressure on consumer disposable income and reduced the share of wallet going towards food spend. Supply constraints on some of Zambeef's product lines further put pressure on cost of inputs.

KEY FINANCIAL HIGHLIGHTS

Revenue was ZMW2.2 billion (USD103 million) and we achieved a gross profit of ZMW739.4 million (USD35.2 million), measuring 20% and 18% above the prior year in kwacha terms, but both down by 21% and 22% in USD terms, respectively. The performance in USD was adversely impacted by the steady depreciation of the local currency.

The Group's strong performance was driven by growth in the poultry, retail and cropping divisions. Management continued optimising top line growth through revenue management while the continued cost control measures helped deliver strong Earnings Before Interest Taxes, Depreciation and Amortisation (EBITDA).

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

Despite being slightly lower than the prior year (measured in USD), exchange losses and financing costs remained high in kwacha terms, eroding bottom-line performance. The depreciation of the kwacha led to increased financing costs and exchange losses on our dollar denominated debt, notwithstanding continued principal repayments during the period.

Zambeef's Total Profit for the period increased from ZMW2.1m to ZMW53.9m (USD0.154m to USD2.57m).

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

"Despite the macroeconomic headwinds and Covid-19 related uncertainties continuing into the current year, we saw a relatively more stable environment during the period under review in terms of the rate of depreciation of the kwacha. Despite these challenges, the Group generated an operating profit, including discontinued operations, of ZMW175.6 million (USD8.4 million) compared to ZMW116 million (USD8.3 million) achieved in first half of the previous financial year. This achievement, in the face of such economic and market difficulties, illustrates the Group's fundamental strengths as a diversified and resilient business.

"The Board remains committed to achieving the Group's strategic priorities while navigating the seasonal market and economic challenges. The focus will be on optimising the assets of core businesses to pay down debt and to invest for the future.

"The macro-economic climate is expected to remain challenging for Zambia in 2021, characterised by high national debt levels and continued foreign currency supply constraints which could negatively affect business activity across the economy.

"The Group remains committed to delivering value to shareholders and is positioned to navigate the turmoil while capitalising on opportunities."

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About Zambeef Products plc

Zambeef Products plc is the largest integrated cold chain food products and agribusiness company in Zambia and one of the largest in the region, involved in the primary production, processing, distribution and retailing of beef, chicken, pork, milk, eggs, dairy products, fish, flour and stockfeed, throughout Zambia and the surrounding region, as well as Nigeria and Ghana it has 236 retail outlets throughout Zambia and West Africa.

The Company is one of the largest suppliers of beef in Zambia. Five beef abattoirs and three feedlots are located throughout Zambia, with a capacity to slaughter 230,000 cattle a year. It is also one of the largest chicken and egg producers in Zambia, with a capacity of 8.8m broilers and 22.4 million day-old chicks a year. It is one of the largest piggeries, pig abattoirs and pork processing plants in Zambia, with a capacity to slaughter 75,000 pigs a year, while its dairy has a capacity of 120,000 litres per day.

The Group is also one of the largest cereal row cropping operations in Zambia, with approximately 7,787 hectares of row crops under irrigation, which are planted twice a year, and a further 8,694 hectares of rainfed/dry-land crops available for planting each year.

CHAIRMAN'S REPORT

Dear Shareholder,

It is my great pleasure to present to you the Chairman's Report with respect to the financial half year period ended March 31, 2021.

Despite the 2020 macroeconomic headwinds and Covid-19 related uncertainties continuing into the current year, we saw a relatively more stable environment during the period under review in terms of the rate of depreciation of the kwacha and the easing of monetary policy. However, the period saw adverse market conditions in respect of securing supply, which saw a sharp rise in food inflation.

The Group generated an operating profit, including discontinued operations, of ZMW175.6 million (USD8.4 million) compared to ZMW116 million (USD8.3 million) achieved in the previous half-year period. The operating profit excluding discontinued operations was ZMW154.8 million (USD7.4 million) compared to ZMW125.5 million (USD9.0 million) achieved in the previous half-year period. The Group's performance had shown resilience in the face of market difficulties, illustrating the strengths of the vertically integrated business model which is key to creating long-term shareholder value.

The Board remains committed to achieving the Group's strategic priorities while navigating the seasonal market and economic challenges. The focus will be on optimising the assets of core businesses, to pay down debt and to invest for the future.

The Economic Environment

The Zambian economy has been under significant pressure stemming from the national debt burden, which was exacerbated by the impact of the coronavirus pandemic. Despite indications of recovery in the global economy from the effects of the coronavirus pandemic, the Zambian economic recovery remains gradual in the face of a high debt burden, high inflation and a volatile currency.

The Zambian kwacha has depreciated by 10% since the end of the 2020 full financial year period. The pace of depreciation of the local currency has slowed down owing to monetary policy interventions and the prospective benefits of a higher copper price on the international exchange markets.

Inflationary pressures, particularly food inflation, have 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. Inflation for the half-year period under review closed at 22.8% compared to 14% for the previous corresponding period. The resultant bumper harvest from the good summer rainfall season is expected to drive down food inflation in the second half of the financial year.

Divisional Performance review

Retail and Cold Chain Food Products

The Group continues to prioritise revenue optimisation, asset utilisation and cost control as pillars to drive profitability in the combined retail and cold chain food products divisions. Revenue grew by 29% and operating profit growth of 61% in kwacha terms was achieved.

The division experienced supply challenges during the period which resulted in inputs price increases. As a result, volumes declined across product categories. However, demand for our products was high as we remained competitively priced.

Management positioned the Poultry division as a focus point for growth this year and continues to implement measures to improve production efficiencies and therefore profitability. Increased demand for broilers and eggs allowed for revenue improvement in the Poultry division despite a volume decline.

Stockfeed

Volumes were flat compared to prior year during the period owing to slow growth and some declines on major product lines. The shortage of day-old chicks on the market limited customers buying of broiler feed while an export ban reduced export sales and the ability to earn foreign currency. The high cost of imported materials negatively impacted costs of sales.

Cropping

Zambia had a good summer rainfall season during the half year period, and as a result, yields for the summer crop are expected to be in line with expectations. The country is expected to deliver a bumper harvest which will result in lower maize prices which will help stabilise food inflation.

Strategy review

The board undertook a review of the medium to long-term strategy to position the business to respond to the challenges and opportunities for the future. I am happy to update shareholders that the process is proceeding according to plan. Part of the strategy review process included a review of our operational business units and also governance structures. The board review which I announced at the annual general meeting included a review of the composition of the board in terms of both compliment and size and I am pleased to announce that this process has since been concluded.

Outlook

Although we expect some level of stability, the macro-economic climate is expected to remain challenging during the second half period. The kwacha is expected to continue depreciating at a steady rate with expected improvements towards the end of the calendar year. The copper price, which is a major foreign exchange earner for the country, is expected to continue holding as production increases. Monetary policy easing is expected to continue and inflation is expected to stabilise following the summer crop bumper harvest. The Covid-19 pandemic and how it will evolve has further potential to impact our operations. There are fears of a potential third wave as the country navigates through the winter season that occurs during the following reporting period.

The group remains committed to delivering value to shareholders and is positioned to navigate the turmoil while capitalising on opportunities.

Acknowledgement

On behalf of the Company and the Board of Directors, I would like to express my sincere gratitude to Margaret Mudenda, John Rabb, David Osborne and Professor Enala Mwase who resigned from the board in February and March 2021. Their dedication and contributions to the success of the business over the years will be greatly missed.

Since my last Report, we welcomed Monica Musonda, Pearson Gowero and Roman Frenkel to our Board of Directors. Their industry experience and backgrounds will be key in driving the business into the next phase of the Groups evolution as a regional food provider.

I would also want to thank my fellow board members for steering the Group through this challenging period. To our management and staff, I express my gratitude to them for another solid performance, dedicated efforts and resilience in the face of challenges. I am proud of our achievements to date, and I am excited by the potential opportunities upon which we will build on our progress.

Michael Mundashi
Chairman

11 June 2021

CHIEF EXECUTIVE OFFICER'S REVIEW

Overview

The half year period continued to present challenges in the operating environment, resulting from the Covid-19 pandemic and 2020 economic uncertainties, despite greater stability compared to the second half of the 2020 financial year. Inflation continued to rise, although the exchange rate depreciated at a much slower rate. Money supply continued to improve in the economy. High inflation put pressure on disposable incomes as prices of goods and services increased resulting in depressed consumer spending. Due to the low supply of livestock from producers, after the devastating effects on their profitability by the previous drought and depreciation of the currency, the retail and cold chain food products supply was negatively affected. The resultant surge in food product prices to our customers forced them towards more affordable offerings of our products.

The load shedding situation improved towards the end of the calendar year 2020 following good regional rains as a result of the La Nina weather pattern, resulting in reduced generator fuel expenditure and improved production efficiencies.

Despite the challenges noted above, Zambeef has had a strong start to the financial year, delivering results ahead of pre-pandemic levels as revenue increased and costs were contained.

The Group delivered operating profit, including discontinued operations, of ZMW175.6 million (USD8.37 million), equating to a growth of 51.3% in kwacha terms and a flat performance of 0.3% growth in US dollar terms, compared with ZMW116.1 million (USD8.35million) in HY2020. The operating profit excluding discontinued operations was ZMW154.8 million (USD7.4 million) compared to ZMW125.5 million (USD9.0 million) achieved in the previous half-year period.

Our revenue, including discontinued operations, was ZMW2.2 billion (USD106.9 million) and we achieved a gross profit of ZMW782.1 million (USD37.2 million), respectively 23.7% and 24.3% above the prior year in kwacha terms, but both down by 18% and 17.6% in US dollar terms, respectively.

The Group's strong performance was driven by growth in the Poultry, Retail and Cropping divisions. Management continued optimising top line growth through revenue management while the continued cost control measures helped deliver strong Earnings Before Interest Taxes, Depreciation and Amortisation (EBITDA), and ensured resultant operating leverage.

Exchange losses and financing costs remained high in kwacha terms, eroding bottom-line performance. The depreciation of the kwacha led to increased financing costs and exchange losses on our dollar denominated debt, notwithstanding continued principal repayments during the period.

Our diversified and vertically integrated business with strong brands, supportive partners and an experienced management team helped deliver the encouraging results.

Strategic focus

Our strategic focus is to optimise our asset utilisation and maximise returns. We remain committed to our strategy of focussing on our core businesses, in which we strive to be the best in class. The continued deleveraging and divestiture of non-core assets will enable us to free up cash to invest into our core businesses and therefore deliver shareholder value.

Retail and Cold Chain Food Products (CCFP)

The period saw traditionally high volume sales lines come under pressure amidst a high inflationary environment and reduced customer spending. Despite high demand in our key product lines, supply constraints negatively impacted volume growth. Revenue growth was mainly driven by pricing increases on traditional product categories and aided by sales volume growth of traded goods and affordable categories. Shoprite in-store butcheries were a source of revenue growth as they proved relatively more resilient to inflationary pressures.

Sales volumes came under pressure on the back of supply constraints due to constrained livestock producer profitability levels. Significant producer price increases were necessary under the review period to livestock producers to increase output. The large price increases that were necessary to stimulate supply resulted in customers moving towards more affordable protein offerings. The Poultry division was a major contributor of revenue growth due to high demand for it as a relatively affordable protein source, in the form of chicken and eggs.

Despite the challenges, the Retail and CCFP business registered a healthy revenue growth of 29% above HY2020. Management employed a revenue optimisation strategy, responding quickly to the evolving volatile operating environment.

Retail and CCFP delivered an operating profit growth of 61% in kwacha terms. Operational efficiency improvements and overhead spend discipline ensured translation of the top line growth to the bottom-line. Reduced load shedding helped reduce generator set fuel costs, which further contributed to the increased profitability, particularly in the second quarter.

Stockfeed (Novatek)

Revenue for the division was 17% above prior year mainly due to price, as volumes remained flat on prior year. The demand for poultry feed reduced following a day-old chick supply shortage across the market. An export ban on animal feed from Zambia resulted in a further slowdown of production volumes. However, fish feed continues to register exponential growth following the

sector specific lifting of the export ban and government's efforts to make Zambia a regional player in the aquaculture sector. The depreciation of the kwacha to the USD and ZAR negatively impacted foreign currency denominated costs.

Cropping

The revenue decline registered in the Cropping business is due to the timing of wheat sales and the impact of the sale of Sinazongwe farm. However, operating profit increased in kwacha terms despite the decline in dollar terms. Zambia experienced a good rainfall season and the yield on the summer crop is expected to be in line with expectations.

Outlook

Although we expect the macroeconomic situation to remain volatile, we expect more stability in the medium term than we experienced in the second half of 2020. Copper prices have rallied following the global recovery from the economic downturn caused by the coronavirus pandemic.

The Covid-19 pandemic and how it evolves will continue to be an important factor in how we perform for the remainder of the year. We believe that a healthy, sustainable and profitable growth trend can only be achieved when we work together with our partners, communities and customers. We remain committed to implementing and enforcing Covid-19 protocols in our outlets.

Despite the macro-economic headwinds and uncertainty caused by the Covid-19 pandemic, Zambeef's underlying performance is expected to remain resilient.

Rehabilitating our balance sheet remains a priority. We have focused on deleveraging and thereby demonstrating to our shareholders that we have a clear path to take care of pending debt maturities. Our current strategy will help relieve exchange losses and financing cost pressures to the bottom line, which will increase free cash flow to enable us to invest for the future.

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	
	2021 ZMW'000	2020 ZMW'000	2021 ZMW'000	2020 ZMW'000	2021 ZMW'000	2020 ZMW'000	2021 ZMW'000	2020 ZMW'000
Total								
Retailing	1,392,447	1,138,678	138,614	120,170	(166,941)	(166,107)	(28,327)	(45,937)
CCFP	950,587	745,736	235,600	196,628	(133,156)	(104,790)	102,444	91,837
Less Interco	(841,687)	(721,059)						
Combined Retail & CCFP	1,501,347	1,163,355	374,214	316,798	(300,097)	(270,897)	74,117	45,900
Stock Feed	748,062	641,656	144,290	122,378	(76,981)	(60,753)	67,309	61,625
Cropping	163,313	256,990	191,473	161,896	(102,673)	(85,151)	88,800	76,735
Others	145,964	109,476	29,447	25,067	(14,174)	(11,634)	15,273	13,434
Total	2,558,686	2,171,477	739,424	626,129	(493,925)	(428,435)	245,499	197,694
Less: Intra/ Inter Group Sales	(408,213)	(373,844)						
Central Overhead					(90,729)	(72,195)	(90,729)	(72,195)
Group Total	2,150,473	1,797,633	739,424	626,129	(584,654)	(500,630)	154,770	125,499

Table 2: Divisional financial summary in USD'000

USD Division	Revenue		Gross Profit		Overheads		Operating Profit	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
Total								
Retailing	66,370	81,861	6,608	8,640	(7,957)	(11,942)	(1,350)	(3,302)
CCFP	45,309	53,612	11,228	14,135	(6,347)	(7,533)	4,883	6,602
Less Interco	(40,119)	(51,838)						
Combined Retail & CCFP	71,560	83,635	17,836	22,775	(14,304)	(19,475)	3,533	3,300
Stock Feed	35,656	46,129	6,877	8,798	(3,669)	(4,368)	3,208	4,430
Cropping	7,784	18,475	9,127	11,638	(4,894)	(6,122)	4,233	5,516
Others	6,957	7,870	1,404	1,802	(675)	(836)	728	966
Total	121,957	156,109	35,244	45,013	(23,542)	(30,801)	11,702	14,212
Less: Intra/ Inter Group Sales	(19,456)	(26,876)						
Central Overhead					(4,325)	(5,190)	(4,325)	(5,190)
Group Total	102,501	129,233	35,244	45,013	(27,867)	(35,991)	7,377	9,022

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

Retail and CCFP

The combined Retail and CCFP divisions generated an EBIT margin of 5% which increased by 99 basis points from the previous financial year generating an absolute value increase of 61% to ZMW 74.1 million (HY2020: ZMW 45.9 million) in kwacha terms and 7.1% increase to USD 3.5 million (HY2020: USD 3.3 million) in dollar terms.

The strong performance was underpinned by revenue optimisation in Poultry products mainly due to favourable price and high demand given the relative affordability of Chicken and Egg as a source of protein. Cost pressure arising from supply constraints negatively impacted on the profitability in Pork, Beef and Milk.

West Africa Retail

Our Nigerian business was impacted by the sporadic protests related to the Shoprite announcement of the intention to pull out of the Nigeria market and the EndSARS protests. In addition, the business experienced supply challenges across its major product lines. Despite all these challenges, revenue increased by 43% to ZMW 155.7 million (HY2020: ZMW 109 million) mainly due to pricing and exchange translational effects with dollar revenue declining by 5%. However, operating profit declined by 89% in dollar terms due to rising costs.

Stockfeed (Novatek)

Sales volumes were flat on prior year mainly due to declines on key volume categories. Shortage of day-old chicks slowed the growth of broiler feed while an export ban impacted export sales.

Revenue grew by 17% in kwacha terms (23% decline in USD terms), while the operating profit only grew by 9.2% to ZMW 67 million (HY2020: ZMW 62 million) or declined by 28% to USD 3.2 million (HY2020: USD 4.4 million) in dollar terms. The gross margin increased to 19.3% from 19.1% in the prior year owing to favourable pricing despite rising costs of inputs.

Overheads increased by 27% to ZMW 77 million (HY2020: ZMW 61 million) owing to high repairs and maintenance costs and labour costs.

Cropping

The Cropping business is key to Zambeef, providing raw material inputs for value added processing within the Group and serving as a currency hedge by being able to generate USD cash flow.

Revenue decreased 37% to ZMW 163 million (HY2020: ZMW 257 million) or 58% to USD 7.8 million (HY2020: USD 18.5 million) in dollar terms, mainly due to timing of wheat sales during this year's cycle and the impact of the previous years sale of Sinazongwe farm and currently the assets held for sale at Chiawa farm. Gross profit increased 18% compared to the prior half-year, with only a 21% increase in the overheads even in the context of the depreciation of the kwacha.

Zambia experienced a good rainfall season and the summer harvest is expected to be in line with expectations. However, the price of maize is expected to be lower than the prior year following the expected bumper harvest predicted for Zambia.

Other businesses

Total revenue from the Group's other business units increased by 33% to ZMW 146 million (HY2020: ZMW 109 million) mainly due to growth in both the milling and leather to shoe businesses. This translated to gross profit growth of 17% in kwacha terms due to cost pressures in Milling arising from the increase in price of wheat in kwacha terms following the depreciation of the currency.

The leather to shoe business turnaround strategy is beginning to pay off as the division saw an increase in demand for its products, particularly school shoes, following the opening of schools after Covid-19 related closures. Management focus has been to optimise production efficiencies, control overhead costs, innovation and look for new market opportunities for its products.

Walter Roodt

Chief Executive Officer

11 June 2021

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2021

	Note	Unaudited		Audited
		31 Mar 2021	31 Mar 2020	30 Sept 2020
Group		ZMW'000s	ZMW'000s	ZMW'000s
Revenue	5(i)	2,150,473	1,797,633	3,875,104
Net profit/(loss) arising from price changes in fair value of biological assets	9	17,242	10,408	(14,381)
Cost of sales		(1,428,291)	(1,181,912)	(2,645,101)
Gross profit	5(i)	739,424	626,129	1,215,622
Administrative expenses		(587,575)	(501,168)	(1,011,968)
Other income		2,921	538	6,877
Operating profit		154,770	125,499	210,531
Share of loss equity accounted investment		(915)	(1,898)	(3,177)
Exchange losses on translating foreign currency transactions and balances		(42,558)	(62,870)	(137,705)
Finance costs		(56,360)	(48,241)	(92,322)
Profit/(loss) before taxation	5(i)	54,937	12,490	(22,673)
Taxation charge	6(a)	(21,846)	(927)	(112,957)
Group profit/(loss) for the period from continued operations		33,091	11,563	(135,630)
(Loss)/profit from discontinued operations	15	20,843	(9,423)	33,435
Total (loss)/profit for the period		53,934	2,140	(102,195)
Group profit/(loss) attributable to:				
Equity holders of the parent		54,056	1,650	(103,419)
Non-controlling interest		(122)	490	1,224
		53,934	2,140	(102,195)
Other comprehensive income				
Exchange gains on translating presentational currency		117,226	434,406	625,042
Remeasurement of net defined benefit liability		-	-	6,229
Remeasurement of leases		-	(12)	315
Total comprehensive income for the period		171,160	436,534	529,391
Total comprehensive income/(loss) for the period attributable to:				
Equity holders of the parent		173,523	433,889	525,030
Non-controlling interest		(2,363)	2,645	4,361
		171,160	436,534	529,391
Earnings per share		Ngwee	Ngwee	Ngwee
Basic and diluted earnings per share from continued operations	7	8.29	2.76	(45.53)
Basic and diluted earnings per share from discontinued operations	7	5.20	(2.35)	11.12
Total	7	13.49	0.41	(34.41)

The accompanying notes form part of the financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2021**

	Note	Unaudited		Audited
		31 Mar 2021	31 Mar 2020	30 Sept 2020
Group		USD'000s	USD'000s	USD'000s
Revenue	5(ii)	102,501	129,233	239,648
Net profit/(loss) arising from price changes in fair value of biological assets	9	822	748	(889)
Cost of sales		(68,079)	(84,968)	(163,581)
Gross profit	5(ii)	35,244	45,013	75,178
Administrative expenses		(28,006)	(36,029)	(62,583)
Other income		139	38	425
Operating profit		7,377	9,022	13,020
Share of loss equity accounted investment		(44)	(136)	(197)
Exchange losses on translating foreign currency transactions and balances		(2,029)	(4,520)	(8,516)
Finance costs		(2,686)	(3,468)	(5,709)
Profit/(loss) before taxation	5(ii)	2,618	898	(1,402)
Taxation charge	6(f)	(1,041)	(67)	(6,986)
Group profit/(loss) for the period from continued operations		1,577	831	(8,388)
Profit/(loss) from discontinued operations	15	993	(677)	2,068
Total profit/(loss) for the period		2,570	154	(6,320)
Group profit/(loss) attributable to:				
Equity holders of the parent		2,577	119	(6,396)
Non-controlling interest		(7)	35	76
		2,570	154	(6,320)
Other comprehensive income				
Exchange (losses)/gains on translating presentational currency		(11,265)	(42,051)	(52,402)
Remeasurement of net defined benefit liability		-	-	385
Remeasurement of leases		-	(1)	20
Total comprehensive loss for the period		(8,695)	(41,898)	(58,317)
Total comprehensive income/(loss) for the period attributable to:				
Equity holders of the parent		(8,581)	(42,144)	(58,661)
Non-controlling interest		(114)	246	344
		(8,695)	(41,898)	(58,317)
Earnings per share		Cents	Cents	Cents
Basic and diluted earnings per share from continued operations	7	0.40	0.20	(2.82)
Basic and diluted earnings per share from discontinued operations	7	0.25	(0.17)	0.69
Total	7	0.65	0.03	(2.13)

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 2021**

	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 2019	3,006	1,125,012	1,000	1,199,058	381,929	535,704	3,245,709	(4,881)	3,240,828
Loss 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>
Profit for the period	-	-	-	-	-	(105,069)	(105,069)	734	(104,335)
Transfer of surplus depreciation	-	-	-	(16,512)	-	16,512	-	-	-
Other comprehensive income									
Remeasurement of net defined benefit liability	-	-	-	-	-	6,229	6,229	-	6,229
Adjustment on transition to IFRS16	-	-	-	-	-	327	327	-	327
Exchange gains on translating presentational currency	-	-	-	-	189,654	-	189,654	982	190,636
Total comprehensive income for the period	-	-	-	(16,512)	189,654	(82,001)	91,141	(1,716)	92,857
At 30 September 2020	<u>3,006</u>	<u>1,125,012</u>	<u>1,000</u>	<u>1,167,713</u>	<u>1,003,834</u>	<u>470,174</u>	<u>3,770,739</u>	<u>(520)</u>	<u>3,770,219</u>
Profit for the period	-	-	-	-	-	54,056	54,056	(122)	53,934
Transfer of surplus depreciation	-	-	-	(23,141)	-	23,141	-	-	-
Other comprehensive income									
Remeasurement of leases	-	-	-	-	-	-	-	-	-
Exchange gains on translating presentational currency	-	-	-	-	119,467	-	119,467	(2,241)	117,226

Total comprehensive income for the period	-	-	-	(23,141)	119,467	77,197	173,523	(2,363)	171,160
At 31 March 2021	3,006	1,125,012	1,000	1,144,572	1,123,301	547,371	3,944,262	(2,883)	3,941,379

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2021

	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 2019	449	185,095	100	173,209	(197,748)	84,782	245,887	(370)	245,517
Transactions with owners									
Profit for the period	-	-	-	-	-	119	119	35	154
Transfer of surplus depreciation	-	-	-	(1,066)	-	1,066	-	-	-
Other comprehensive income:									
Exchange losses on translating presentational currency	-	-	-	-	(42,262)	-	(42,262)	211	(42,051)
Remeasurement of leases	-	-	-	-	-	(1)	(1)	-	(1)
Total comprehensive income for the period	-	-	-	(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
Loss for the period	-	-	-	-	-	(6,515)	(6,515)	41	(6,474)
Transfer of surplus depreciation	-	-	-	(872)	-	872	-	-	-
Other comprehensive income									
Remeasurement of leases	-	-	-	-	-	21	21	-	21
Remeasurement of defined benefit liability	-	-	-	-	-	385	385	-	385
Exchange gains on translating presentational currency	-	-	-	-	(10,408)	-	(10,408)	57	(10,351)
Total comprehensive income	-	-	-	(872)	(10,408)	(3,237)	(16,517)	98	(16,419)
At 30 September 2020	449	185,095	100	171,271	(250,418)	80,729	187,226	(26)	187,200
Profit for the period	-	-	-	-	-	2,577	2,577	(7)	2,570
Transfer of surplus depreciation	-	-	-	(1,103)	-	1,103	-	-	-
Other comprehensive income									
Remeasurement of leases	-	-	-	-	-	-	-	-	-
Exchange gains on translating presentational currency	-	-	-	-	(11,158)	-	(11,158)	(107)	(11,265)
Total comprehensive income	-	-	-	(1,103)	(11,158)	3,680	(8,581)	(114)	(8,695)
At 31 March 2021	449	185,095	100	170,168	(261,576)	84,409	178,645	(140)	178,505

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - 31 MARCH 2021

	Note	31 Mar 2021	31 Mar 2020	Audited 30 Sept 2020
		ZMW'000s	ZMW'000s	ZMW'000s
ASSETS				
Non - current assets				
Goodwill		166,801	166,801	166,801
Property, plant and equipment	8	3,419,935	3,292,653	3,264,505
Investment in associate		42,911	10,478	43,826
Deferred tax assets	6(e)	8,680	80,073	9,552
		<u>3,638,327</u>	<u>3,550,005</u>	<u>3,484,684</u>
Current assets				
Biological assets	9	689,646	520,437	176,305
Inventories		906,914	682,619	1,103,640
Trade and other receivables		149,606	87,924	132,668
Assets held for disposal	15	175,654	131,857	175,654
Amounts due from related companies		4,949	38,281	9,337
Income tax recoverable	6(c)	19,800	18,329	1,784
Cash and cash equivalents	10	83,678	62,113	111,136
		<u>2,030,247</u>	<u>1,541,560</u>	<u>1,710,524</u>
Total assets		5,668,574	5,091,565	5,195,208
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>2,815,244</u>	<u>2,550,580</u>	<u>2,641,721</u>
		3,944,262	3,679,598	3,770,739
Non-controlling interest		(2,883)	(2,236)	(520)
		<u>3,941,379</u>	<u>3,677,362</u>	<u>3,770,219</u>
Non - current liabilities				
Interest bearing liabilities	11	124,233	234,846	190,218
Leases	12	10,242	19,741	19,750
Deferred liability		10,578	15,737	11,389
Deferred taxation	6(e)	85,041	32,154	69,950
		<u>230,094</u>	<u>302,478</u>	<u>291,307</u>
Current liabilities				
Interest bearing liabilities	11	359,159	391,108	326,899
Leases	12	16,446	24,701	23,259

Trade and other payables		400,006	231,592	321,648
Provisions		120,857	54,310	113,347
Amounts due to related companies		-	1,265	443
Taxation payable	6(c)	23,940	15,253	41
Bank overdrafts	10	<u>576,693</u>	<u>393,496</u>	<u>348,045</u>
		<u>1,497,101</u>	<u>1,111,725</u>	<u>1,133,682</u>
Total equity and liabilities		<u>5,668,574</u>	<u>5,091,565</u>	<u>5,195,208</u>

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION - 31 MARCH 2021

	Note	Unaudited		Audited
		31 Mar 2021	31 Mar 2020	30 Sept 2020
		USD '000s	USD '000s	USD '000s
ASSETS				
Non - current assets				
Goodwill		7,554	9,236	8,282
Property, plant and equipment	8	154,888	182,317	162,091
Investment in associate		1,943	580	2,176
Deferred tax asset	6(i)	<u>394</u>	<u>4,434</u>	<u>474</u>
		<u>164,779</u>	<u>196,567</u>	<u>173,023</u>
Current assets				
Biological assets	9	31,234	28,817	8,754
Inventories		41,074	37,797	54,798
Trade and other receivables		6,776	4,868	6,587
Assets held for disposal	15	7,955	7,301	8,722
Amounts due from related companies		224	2,120	464
Income tax recoverable	6(h)	897	1,015	89
Cash and cash equivalents	10	<u>3,790</u>	<u>3,439</u>	<u>5,518</u>
		<u>91,950</u>	<u>85,357</u>	<u>84,932</u>
Total assets		<u>256,729</u>	<u>281,924</u>	<u>257,955</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>(6,999)</u>	<u>18,099</u>	<u>1,582</u>
		178,645	203,743	187,226
Non-controlling interest		<u>(140)</u>	<u>(124)</u>	<u>(26)</u>
		<u>178,505</u>	<u>203,619</u>	<u>187,200</u>
Non - current liabilities				
Interest bearing liabilities	11	5,626	13,004	9,445
Leases	12	464	1,093	981
Deferred liability		479	872	565
Deferred tax liability	6(j)	<u>3,852</u>	<u>1,780</u>	<u>3,473</u>
		<u>10,421</u>	<u>16,749</u>	<u>14,464</u>
Current liabilities				
Interest bearing liabilities	11	16,266	21,656	16,231
Leases	12	745	1,368	1,155
Trade and other payables		18,116	12,823	15,971
Provisions		5,474	3,007	5,629
Amounts due to related companies		-	69	22
Taxation payable	6(h)	1,084	845	2
Bank overdrafts	10	<u>26,118</u>	<u>21,788</u>	<u>17,281</u>
		<u>67,803</u>	<u>61,556</u>	<u>56,291</u>
Total equity and liabilities		<u>256,729</u>	<u>281,924</u>	<u>257,955</u>

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2021

	Unaudited		Audited
	6 months to	6 months to	Year to
	31 Mar 2021	31 Mar 2020	30 Sept 2020
	ZMW'000s	ZMW'000s	ZMW'000s
Cash inflow/(outflow) from/(on) operating activities			
Profit/(loss) before taxation	54,937	12,490	(22,673)
Finance costs	56,360	48,241	92,322
(Profit)/loss on disposal of property, plant and equipment	(1,345)	-	4,796
Adjustment on transition to IFRS 16	-	(1,187)	-
Depreciation on right-of-use assets	-	304	8,362
Depreciation	84,275	66,285	141,408
Share of loss of equity accounted investment	915	1,898	3,177
Profit/(loss) on discontinued operations	20,843	(9,423)	1,529
Fair value price adjustment	(17,242)	(10,408)	14,381
Net unrealised foreign exchange (gains)/losses	<u>(5,345)</u>	<u>31,935</u>	<u>186,272</u>
Earnings before interest, tax, depreciation and amortisation, fair value adjustments and net unrealised foreign exchange losses	193,398	140,135	429,574
(Increase)/decrease in biological assets	(496,099)	(339,612)	(20,269)
Decrease in inventory	196,726	258,540	(162,481)
Decrease in trade and other receivables	(16,938)	10,101	(34,643)
Decrease in amounts due from related companies	4,388	3,273	(2,410)
Decrease in trade and other payables and provisions	85,868	(26,597)	122,496
Increase in amount due to related companies	(443)	1,014	192
(Decrease)/increase in deferred liability	(811)	(625)	1,256
Income tax paid	<u>-</u>	<u>(3,145)</u>	<u>(5,525)</u>

Net cash inflow/(outflow from)/(on) operating activities	<u>(33,911)</u>	<u>43,084</u>	<u>328,190</u>
Investing activities			
Purchase of property, plant and equipment	(59,829)	(57,952)	(92,664)
Proceeds from sale of assets	2,247	342	6,452
Right of use assets	-	-	(15,425)
Proceeds from sale of assets/investments	-	-	<u>167,264</u>
Net cash (outflow)/ inflow (on)/ from investing activities	<u>(57,582)</u>	<u>(57,610)</u>	<u>65,627</u>
Net cash (outflow)/inflow before financing	<u>(91,493)</u>	<u>(14,526)</u>	<u>393,817</u>
Financing			
Long term loans repaid	(81,925)	(56,612)	(162,217)
Repayment of short term funding	(228,246)	-	(623,231)
Receipt of short term funding	232,646	15,602	487,320
Leases obtained	-	3,658	14,329
Leases repaid	(16,321)	-	(35,478)
Finance costs including discontinued operations	<u>(56,360)</u>	<u>(48,241)</u>	<u>(92,322)</u>
Net cash outflow from financing	<u>(150,206)</u>	<u>(85,593)</u>	<u>(411,599)</u>
Decrease in cash and cash equivalents	<u>(241,699)</u>	<u>(100,119)</u>	<u>(17,782)</u>
Cash and cash equivalents at beginning of period	<u>(236,909)</u>	<u>(274,425)</u>	<u>(274,425)</u>
Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>(14,407)</u>	<u>43,161</u>	<u>55,298</u>
Cash and cash equivalents at end of period	<u>(493,015)</u>	<u>(331,383)</u>	<u>(236,909)</u>
Represented by:			
Cash in hand and at bank	83,678	62,113	111,136
Bank overdrafts	<u>(576,693)</u>	<u>(393,496)</u>	<u>(348,045)</u>
	<u>(493,015)</u>	<u>(331,383)</u>	<u>(236,909)</u>

**ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2021**

	Unaudited		Audited
	6 months to 31 Mar 2021	6 months to 31 Mar 2020	Year to 30 Sept 2020
	USD'000s	USD'000s	USD'000s
Cash inflow/(outflow) from/(on) operating activities			
Profit/(loss) before taxation	2,618	898	(1,402)
Finance costs	2,686	3,468	5,709
Profit/(loss) on disposal of property, plant and equipment	(64)	-	297
Adjustment on transition to IFRS 16	-	(90)	-
Depreciation charge on right-of-use assets	-	22	517
Depreciation	4,017	4,765	8,745
Share of loss of equity accounted investment	44	136	196
Profit/(loss) on discontinued operations	993	(677)	95
Fair value price adjustment	(822)	(748)	889
Net unrealised foreign exchange losses/(gains)	<u>(255)</u>	<u>2,296</u>	<u>11,495</u>
Earnings before interest, tax, depreciation and amortisation, fair value adjustments and net unrealised foreign exchange losses	9,217	10,070	26,541
Increase/(decrease) in biological assets	(23,646)	(24,415)	(1,253)
Decrease in inventory	9,377	18,587	(10,048)
Decrease in trade and other receivables	(807)	726	(2,142)
Decrease in amounts due from related companies	209	235	(149)
Increase/(decrease) in trade and other payables	4,093	(1,912)	7,575
(Decrease)/increase in amount due to related companies	(21)	73	12
(Decrease) in deferred liability	(39)	(45)	102
Income tax paid	-	<u>(226)</u>	<u>(342)</u>
Net cash inflow/(outflow) from/(on) operating activities	<u>(1,617)</u>	<u>3,093</u>	<u>20,296</u>
Investing activities			
Purchase of property, plant and equipment	(2,852)	(4,166)	(5,731)
Proceeds from sale of assets	107	25	399
Right of use asset	-	-	(954)
Proceeds from sale of assets/investments	-	-	<u>10,344</u>
Net cash outflow on investing activities	<u>(2,745)</u>	<u>(4,141)</u>	<u>4,058</u>
Net cash outflow before financing	<u>(4,362)</u>	<u>(1,048)</u>	<u>24,354</u>
Financing			
Long term loans repaid	(3,820)	(4,070)	(10,032)
Repayment of short term funding	(10,773)	-	(38,542)
Receipt of short term funding	10,952	1,123	30,137
Leases obtained	-	263	886
Leas repaid	(778)	-	(2,194)
Finance costs including discontinued operations	<u>(2,686)</u>	<u>(3,468)</u>	<u>(5,709)</u>
Net cash outflow from financing	<u>(7,105)</u>	<u>(6,152)</u>	<u>(25,454)</u>
Decrease in cash and cash equivalents	<u>(11,467)</u>	<u>(7,200)</u>	<u>(1,100)</u>
Cash and cash equivalents at beginning of period	<u>(11,763)</u>	<u>(20,790)</u>	<u>(20,790)</u>
Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>902</u>	<u>9,641</u>	<u>10,127</u>
Cash and cash equivalents at end of period	<u>(22,328)</u>	<u>(18,349)</u>	<u>11,763</u>
Represented by:			
Cash in hand and at bank	3,790	3,439	5,518
Bank overdrafts	<u>(26,118)</u>	<u>(21,788)</u>	<u>(17,281)</u>
	<u>(22,328)</u>	<u>(18,349)</u>	<u>(11,763)</u>

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