



Feeding The Nation - Beyond 2020



Annual
Report **2020**



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Zambeef at a Glance

Zambeef Products PLC (“Zambeef”) is the largest integrated cold chain food products and agribusiness company in Zambia and one of the largest in the Southern Africa region. Zambeef is quoted on both the Lusaka Securities Exchange and the AIM market of the London Stock Exchange.

It is involved in the primary production, processing, distribution and retailing of beef, chicken, pork, eggs, dairy, fish, flour, stockfeed and day-old chicks throughout Zambia and the surrounding region. It has further retail operations in Nigeria and Ghana.

Zambeef also has one of the largest row cropping operations in Zambia, growing maize, soybeans and wheat. Zambeef plants nearly 23,000 hectares annually, with most of the resulting crops being used in the Zambeef animal feed and flour milling businesses.



Our Purpose

Zambeef’s vision is to be one of the most accessible, affordable and quality cold chain food providers in the region, delivered through our extensive retail and distribution network throughout Zambia and West Africa.



Our Business Model

Our vertically integrated business model provides strong foundations for growth and:

- Underpins margin capture and value add;
- Secures supply chain;
- Reduces risk and earnings volatility.

Zambeef at a Glance (continued)

DIVISIONS



Retail and Distribution

Zambeef's products are retailed through 236 outlets (2019: 226) directly to end-consumers, in a value-added form, either through the Zambeef concession agreement to operate Shoprite's in-store butcheries (71 in 2020; 69 in 2019) or through Zambeef's own retail and wholesale distribution network in Zambia (165 in 2020; 157 in 2019).

- 65 Zambeef retail outlets (2019: 65)
- 39 Zambeef Macros (2019: 35)
- 29 Novatek retail outlets (2019: 28)
- 31 Zamshu outlets (2019: 28)
- 1 Bakery (2019: 1)
- 39 Shoprite butcheries in Zambia (2019: 38)
- 32 Shoprite butcheries in West Africa: 25 in Nigeria and 7 in Ghana (2019: 31)

Zambeef also operates one of the largest transport and trucking fleets in Zambia (244 trucks), giving Zambeef control over its logistics and distribution.



Cold Chain Food Production

- The largest processor of beef in Zambia.
- Five beef abattoirs (capacity to slaughter 230,000 head p.a.) and three feedlots located across Zambia (standing capacity 11,000 head).
- Meat processing plant with a capacity to process over 100,000 cattle p.a.
- One of the largest chicken processors, producing fresh and frozen products (capacity 8.8m broilers p.a.) and a table egg producer (285,000 layers). The Group's breeding and hatchery operations also supply large quantities of day-old broiler chicks (capacity 22.4m p.a.) to small- and medium-scale poultry producers.
- One of the largest piggeries and pork processing plants in Zambia, producing bacon, pork sausages and other meat products. (capacity to slaughter 75,000 head p.a.)
- Dairy farm with approximately 3,077 cows and a dairy parlour milking capacity of 2,000 cows per day.
- Dairy processing plant (capacity 120,000 litres/day) to process milk, lacto and a wide range of value-added products including yoghurt, drinking yoghurt, cheese, butter and milk-based juices.

Zambeef at a Glance (continued)

Stock feed



- The leading stockfeed producer in Zambia, operating two feed mills, in Lusaka and Mpongwe, with a capacity of 300,000 tonnes p.a.
- Novatek products are certified by the Zambia Bureau of Standards (ZS 017, ZS 018 and ZS 019) and the company is the only stockfeed producer in Zambia with ISO 22,000 Food Safety Management certification.
- Novatek supplies 48% of the feed produced to Zambeef livestock farming operations, and supplies 141 branded shops owned by external agents in addition to Zambeef retail outlets (2019: 132).

Cropping



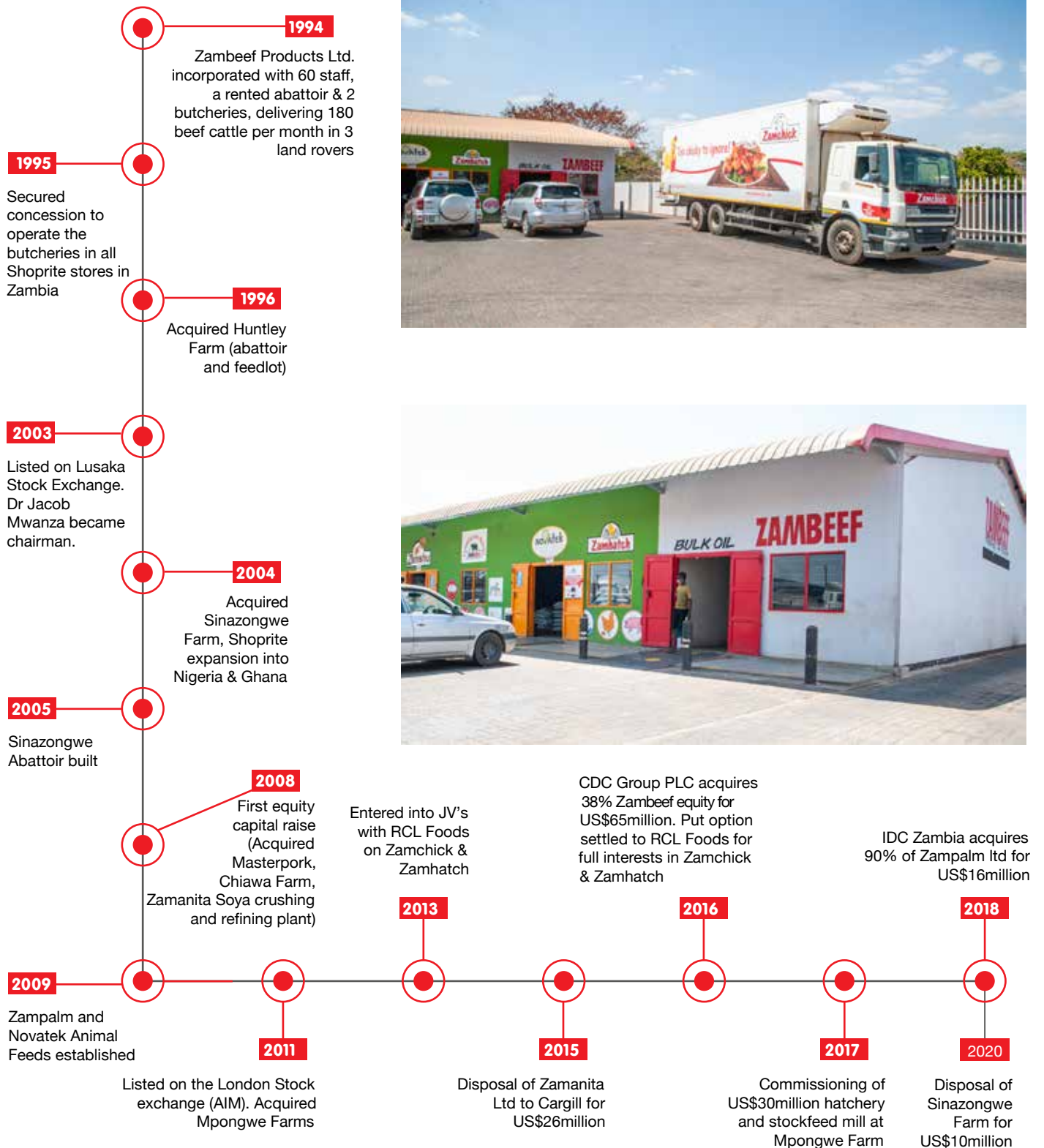
- One of the largest row cropping operations in Zambia.
- 7,787 ha of irrigated and 8,694 ha of rainfed, arable land.
- Double cropping of irrigated land means Zambeef plants 22,737 ha p.a.
- Crop production focuses on soybeans and maize during summer and wheat during winter.

Others

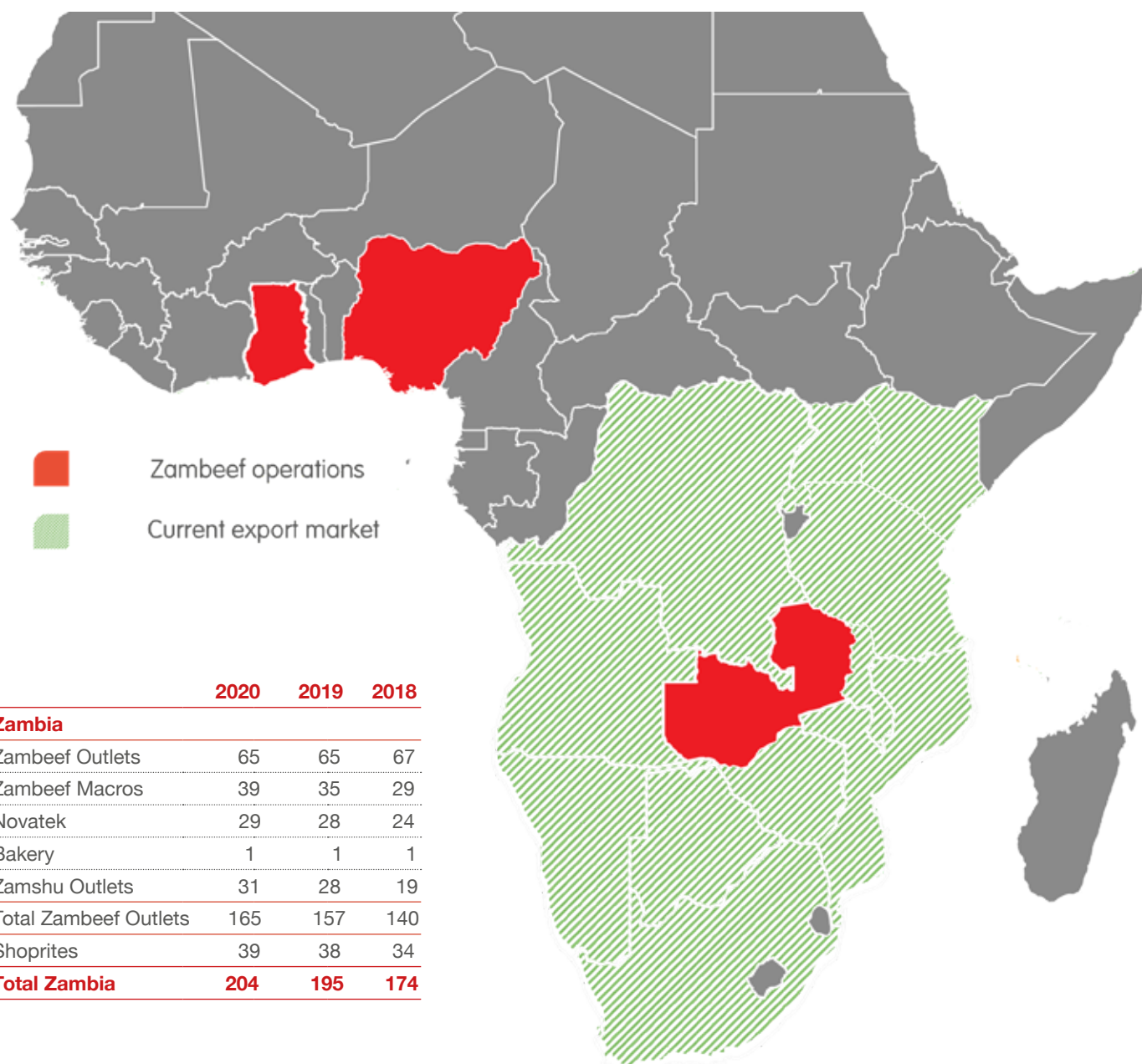


- Wheat mill with a capacity to mill 26,000 MT of wheat p.a.
- The largest tannery in Zambia, with a processing capacity of 130,000 hides p.a.
- The largest shoe manufacturing plant in Zambia, with a production capacity of 200,000 pairs p.a.
- One bakery with the capacity to bake 1.2 million loaves of bread p.a.

History & Key Milestones



Feeding a growing region



	2020	2019	2018
Zambia			
Zambeef Outlets	65	65	67
Zambeef Macros	39	35	29
Novatek	29	28	24
Bakery	1	1	1
Zamshu Outlets	31	28	19
Total Zambeef Outlets	165	157	140
Shoprites	39	38	34
Total Zambia	204	195	174

	2020	2019	2018
Nigeria			
Shoprites	25	25	25
Master Meats Outlets	0	0	1
Total Nigeria	25	25	26

	2020	2019	2018
Ghana			
Shoprites	7	6	6
Total Ghana	7	6	6

	2020	2019	2018
Total Zambeef	165	157	141
Total Shoprites	71	69	65
Total Retail Network	236	226	206

Chairman's 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 ZMW210.5million (USD13.0 million) compared with ZMW161.2 million (USD13.1 million) in the prior financial year. Loss before tax was ZMW22.7

million (USD1.4 million) compared with a profit before tax of ZMW38.7 million (USD3.1 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 ZMW1.2 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 USD8.9 million, reducing the total term debt to USD18.2 million from USD27.2 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 USD10 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, Zambeef achieved an operating profit of ZMW210 million (USD13.02 million), equating to 30.6% growth in Kwacha terms and a 0.5% reduction in US Dollar terms, compared with ZMW161.2 million (USD13.09 million) in 2019.

Our revenue was ZMW3.9 billion (USD239.6 million) and we achieved a gross profit of ZMW1.22 billion (USD75.2 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 ZMW47 million resulted in the Group posting a loss after tax of ZMW135.6 million (USD8.4 million)

compared with a profit of ZMW38.7 million (USD2.9 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	32%
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	4%
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	2019	2020	2019	2020	2019	2020	2019
	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	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
Stock Feed	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 Over-head					(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



Divisional Performance (continued)



Table 2: Divisional financial summary in USD'000

DIVISION	REVENUE		GROSS PROFIT		OVERHEADS		EBIT	
	2020	2019	2020	2019	2020	2019	2020	2019
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Retailing	148,194	165,477	15,051	17,330				
CCFP	93,777	112,703	24,817	29,843				
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
Stock Feed	82,373	80,039	15,824	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)	1,561	1,247
Total	290,654	307,977	75,178	87,788	(52,486)	(63,658)	22,692	24,130
Less: Intra/ Inter Group Sales	(51,006)	(53,515)	-				-	
Central Overhead			-		(9,672)	(11,045)	(9,672)	(11,045)
Group Total	239,648	254,462	75,178	87,788	(62,158)	(74,703)	13,020	13,085

Divisional Performance (continued)



Taking each of our key business areas performance in turn:

Retail and Cold Chain Food Products

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

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

DIVISION	REVENUE		GROSS PROFIT		OVERHEADS		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
Retailing Zambia	2,177,555	1,853,721						
Retailing West Africa	218,758	184,954						
Total Retailing	2,396,313	2,038,675						
CCFP	1,516,371	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	2019	2020	2019	2020	2019	2020	2019
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	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 contributes 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	15,503	(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.

Sustainability Report



Zambeef is committed to a sustainable 'triple bottom line' approach to its operations in order to help deliver a positive economic, social, and environmental impact. We believe that economic sustainability is not our traditional corporate capital, but is measured in how our business impacts its economic environment. We believe that when our business strengthens the local economy, it will continue to succeed, since it contributes to the overall economic health of its support networks and community. The societal and environmental consequences of our actions play a significant role in how our business is managed.

We believe that we can economically succeed whilst delivering a sound social and environmental performance. Zambeef is committed to provide a healthy and safe workplace for its employees and contractors, protecting the environment and being a responsible corporate citizen in the communities

where we have a presence. This commitment is enshrined in both our Environmental & Social Policy and Health, Safety & Welfare Policy.

Zambeef has committed to uphold the principles set out in the International Finance Corporation (IFC) Performance Standards (PS) on environmental and social sustainability.

The Board of Directors provides oversight through its Environmental and Social Committee. Through this Committee, the Board provides strategic advice and guidance regarding systemic and strategic environmental and social issues. The Committee ensures that the Company has adequate and robust systems in place for the management and monitoring of the environmental, health, safety and social performance, under applicable legislation and Good International Industry Practice. Zambeef has an environmental and social action plan (ESAP) that has been agreed on with its development finance

partners to help ensure continuous improvement at an operational level. The Committee also monitors the adequacy of the resources allocated to implementing the ESAP.

Zambeef has a dedicated environmental and social corporate team comprising ten employees, dedicated to compliance and improvements in the operational Divisions. Across the various business entities, there are twenty-six additional employees who are dedicated to environmental and social activities at the operational level.

Environmental performance

Zambeef strives toward international best practice through continuous improvement in environmental and social management practices.

During the year under review, the company submitted four Environmental Project Briefs (EPB) to the Zambia Environmental Management Agency (ZEMA) as governed by Statutory Instrument

No. 28 of 1997 'Environmental Impact Assessments Regulations' together with the Environmental Management Act (EMA) No. 12 of 2011. This practice also fulfils the requirements of IFC Performance Standard 1: 'Assessment and Management of Environmental and Social Risks and Impacts'.

The projects listed below were approved by the ZEMA Board;

1. Replacement of an old wood fired incinerator at Mongu Abattoir with a 200 kg/hour diesel incinerator, whose emissions comply with EU standards.
2. Construction of two new agrochemical storage facilities at Nampamba and Chambatata Farms in the Mpongwe District of the Copperbelt Province.
3. Installation of a 50,000 litre above ground diesel tank at the Zamhatch operation in Mpongwe.
4. Installation of three 22,500 litre above ground diesel tanks at Huntley Farm in the Chibombo District of Central Province.

Zambeef carried out several other upgrades in its operations, aimed at improving compliance in various areas.

1. Animal Welfare
 - i. Construction of group housing for weaned calves at Kalundu Dairy Farm
 - ii. Construction of lairage for broiler chickens at Huntley Farm
 - iii. Replacement of a significant portion of the roof at the Huntley Farm cattle feedlot
2. Occupational Health and Safety
 - i. Upgrade of the agrochemical store at Huntley Farm in order to improve ventilation and segregation
3. Employee Welfare
 - i. New employee housing units at Kalundu Dairy Farm
4. Resource Efficiency

i. Bulk water flow meters were installed in order to enhance measurement and monitoring of trends in both our agricultural and industrial water consumption

ii. Water yield sustainability studies at Mpongwe, Huntley and Kalundu Farms were also commissioned.

Social performance

Zambeef continues to align its social investments to the United Nations Sustainable Development Goals (UN SDGs).

Inclusive business model: Zambeef believes in inclusivity and continues to source the bulk of its raw materials from rural communities in Zambia. 100% of the beef processed by the business is sourced from local farmers, 80% of the pork processed by Masterpork is externally sourced from local farmers. Out-growers supply 70% of the broiler chickens processed by Zamchick and 85% of the maize used at Novatek Animal Feeds is externally sourced from small and medium scale rural farmers.

This strong linkage to rural based suppliers helps fight poverty in these otherwise 'economically excluded' communities, meeting the aspirations of UN SDG 1, of 'ending poverty in all its forms everywhere'.

Community engagement: Zambeef continues engaging with neighbouring communities in the areas where we operate. Consultations are held regularly and more specifically when developmental projects are undertaken at company sites. Zambeef fully complies with IFC PS 5 in all its land related engagements.

Support to vulnerable communities/ groups through foodstuff donations:

The company renders support to the vulnerable (hospices, hospitals, orphanages, care homes) through donations of foodstuffs. This is done on a weekly basis for those institutions without adequate storage facilities. There are currently 21 institutions hosting vulnerable people that the company supports through the food supply program.

This gesture by the company aligns strongly with UN SDG 2, whose main aspiration is to 'end hunger, achieve food security and improved nutrition..'

Support to educational and healthcare institutions: Zambeef continues to fund educational and healthcare institutions. This includes institutions like the Mpongwe School and Mpongwe Medical Clinic, wholly owned by the company. The teachers, teaching aids, healthcare workers, equipment and facilities are fully funded by the company. The Mpongwe School and Medical Clinic expenses amounted to US\$170,000.00 in the year under review.

The company also supports community and government schools and healthcare institutions in the communities where it operates.

These company activities align with UN SDG 3 and 4, whose aspirations are to 'ensure healthy lives and promote well-being for all at all ages' and 'ensure inclusive and equitable quality education and promote lifelong learning opportunities for all'.

Zambeef also supports several traditional ceremonies and sporting activities.

Economic performance

Zambeef is a significant contributor to the country's economic activities, with a gross turnover of 1.9% (USD 0.38 billion) of the country's Gross Domestic Product (GDP) which is forecasted at 19.70 billion by the end of 2020.

Employment

- Zambeef continues to be one of the largest employers in the country, with 7,082 staff, 14 % of who are females.
- 99% of employees are Zambian citizens.
- The Group's cropping division provides significant employment to rural communities, where poverty levels are higher than in urban areas.
- Most of Zambeef's raw material are located and provide employment to communities in rural areas.

Sustainability Report (continued)

Taxes

- The Group is a significant contributor to government revenues.

Local capital markets

- A significant percentage of the Group's shareholding is owned by local institutional investors and pension funds, including the National Pension Scheme Authority (NAPSA), which means every working Zambian has a stake in the company. 25% of the Group's total shares were held by Pension funds at the close of the 2020 FY.

Export earnings

- The Group is a member of the Zambia Development Agency's elite Million Dollar Club of leading exporters.
- For the FYE 30 September 2020, the Group recorded foreign exchange export income of over USD2.3 million, while total Group USD-denominated revenues were USD29.4 million.

Skills development

- The Group is fully committed to developing and training its employees at all levels.
- During the year, specific trainings in food safety, occupational health and safety, safe handling of hazardous materials (asbestos, chemicals) were offered to employees.
- The Group's continual reinvestment in human resources has resulted in many senior positions being held by Zambians.

Food security

- Zambeef plays a pivotal role in the national food security of Zambia, ensuring that the country has sufficient capacity to feed its growing population and a surplus for export to help feed neighbouring countries. The company produced over 133,547 metric tonnes of grains (39,077 MT of wheat, 37,616 MT of Soya beans and 24,065 MT of maize) in the year under review.

SDG 1: No Poverty

We work closely with small and medium scale farmers supplying beef, chicken, pork and milk to our cold chain food products businesses. We also receive soya beans and maize at our Novatek stock feed operations.

SDG 2: Zero Hunger

We render support to the vulnerable (hospices, hospitals orphanages and care homes) through the donation of foodstuffs

Social Performance

SDG 3: Good Health & Wellbeing

The company funds and supports public healthcare institutions and medical clinics owned wholly by the company

SDG 4: Quality Education

The company supports community and government schools located within the vicinities of the various farms it owns. In some cases the company has constructed class rooms and rehabilitated public school infrastructure.





Corporate Governance

Corporate Governance



Zambeef Products Plc (“Zambeef” or the “Company”) values excellence in corporate governance, and the principles that enhance openness, integrity, transparency and accountability. High ethical standards in the conduct of business, and a verifiable framework of corporate governance policies and procedures, underpin all of Zambeef’s decision-making and management.

The Board of Directors believes that good corporate governance must be demonstrated and verifiable. This fosters trust and confidence in the management of our business among all our stakeholders.

Corporate Governance Codes

The Board has a Corporate Governance Code that complies with the Lusaka Securities Exchange (LuSE) Corporate Governance Code. Further to this, the Company has formally adopted the Quoted Companies Alliance (QCA) Corporate Governance Code (“QCA Code”) on a ‘comply or explain’ basis as required by the AIM Rules for Companies.

The Chairman of the Board

acknowledges his leadership role and responsibility in promoting good corporate governance for Zambeef. The Board is confident that it is applying the QCA Code across the main areas of delivering growth, maintaining a dynamic management framework, and building trust. The Company will provide annual updates on its compliance with the QCA Code in its Annual Report.

BOARD OF DIRECTORS

The Board is responsible for the performance and direction of Zambeef, through the establishment of strategic objectives and key policies, as well as approving major business decisions, in accordance with its charter.

The Board comprises 11 Directors, of whom nine are Non-Executive Directors, and two are Executive Directors. Six Non-Executive Directors are considered independent by the Board in terms of the guidelines prescribed in the QCA Code. They are Michael Mundashi, Dr Lawrence Sikutwa, John Rabb, Margaret Kunda Chalwe Mudenda, Prof. Enala Lyson Tembo-Mwase and Jonathan Andrew Kirby.

Details of the current Directors, their roles and background are available on the Company’s website at www.zambeefplc.com.

The Board believes that its overall composition is appropriate, with no individual or group dominating the decision-making process, and with a good balance of knowledge, experience and independence. The role of the Chairman is separate from that of the Chief Executive Officer (CEO) and considered to be independent.

The role of the Chairman is to

provide leadership to the Board and ensure its effectiveness in all aspects of its remit, and provide leadership in corporate governance implementation and practice.

The role of the CEO is to lead the strategic development of the Group, ensure its clear communication to the Board and, once approved by the Board, its implementation. In addition, the CEO oversees the management of the Group and its executive management.

Interaction with stakeholders in line with QCA Code guidelines

Zambeef has several shareholder meetings, formally through Annual General Meetings (AGM), Extraordinary General Meetings (EGM), where required, and informally through half-yearly meetings with institutional shareholders. Shareholders’ views are communicated in an open and frank manner, with senior management taking due note of their concerns when expressed. The Board believes that these engagements have proven successful, as shareholder views have fed into the current corporate strategy. The CEO and Chief Financial Officer (CFO) meet and conduct formal results presentations with shareholders on a half-yearly basis.

The Group publishes the outcome of all shareholder resolutions immediately after each AGM or EGM. As required under the AIM Rules, Zambeef maintains all market announcements and Annual Reports on its website for the last 10 years.

The Zambeef business model has identified and underscores the importance of maintaining strong working relationships with:

- key small-scale suppliers across grains and livestock;
- larger commercial raw material/ input suppliers and livestock suppliers;
- its wide customer base across stockfeed, cold chain food products, and other products;
- regulators such as the Zambia Environmental Management Agency (ZEMA), Patents and Companies Registration Agency (PACRA), Water Resources Management Agency (WARMA), Lusaka Securities Exchange (LuSE), Securities and Exchange Commission (SEC), and AIM Nominated Advisor;
- financiers; and
- social responsibility partners in communities.

Their feedback is received through face-to-face meetings, the customer careline, technical advisor meetings and written communication. Product improvement programmes are adopted based on customer feedback. Corporate governance advice is continually received and implemented from LuSE and AIM.

CORPORATE GOVERNANCE IN ACTION

Listing on exchanges in Lusaka and London requires the Company to comply with LuSE and UK specific corporate governance codes. The UK Corporate Governance Code does not apply to companies floated on the Alternative Investment Market (AIM) of the London Stock Exchange, the market on which Zambeef is listed. For the purposes of being listed on AIM, the Company has agreed to maintain standards of corporate governance. In this regard, and bearing in mind the size and scale of the operations of the Company, the Company has adopted the QCA Code and the earlier QCA guidelines as the basis of its corporate governance standards. Further and where appropriate, the Company has introduced features

from the UK Corporate Governance Code.

The Company's corporate governance practices are put together in the Corporate Governance Handbook that was approved by the Board in September 2019. In doing this, the Company has had regard to the provisions in the Articles of Association and Investment Agreement. The Handbook will be updated from time-to-time as necessary.

The Handbook contains the following aspects:

- Share Dealing Code
- Disclosure Policy
- AIM Rules Compliance Policy
- LuSE Listing Rules Compliance Policy
- Anti-Corruption and Bribery Policy
- Social Media Policy
- Related Party Transactions Policy
- Delegation of Authority
- Board Charter
- Terms of Reference for the Remuneration and Succession Committee
- Terms of Reference for the Audit and Risk Committee
- Terms of Reference for the AIM and MARS Compliance Committee
- Terms of Reference for the Environmental and Social Committee
- Memorandum on Inside Information and;
- Group Code of Ethics

Some of the above mentioned policies are outlined below:

Share Dealing Code

The Company has adopted a share-dealing code for dealings in shares by Directors and senior employees appropriate for an AIM-listed company. The Directors ensure that they comply with Rule 21 of the AIM rules for Companies

relating to Directors' dealings and take all reasonable steps to ensure compliance by the Company's relevant employees, including obtaining the advice and opinion of its AIM Nominated Advisor. In compliance with the Market Abuse Regulation (MAR), the Non-Executive Director Margaret Mudenda is responsible for share dealings by the Directors, assisted by the Company Secretary as the Compliance Officer.

Risk Management

An effective Group Risk Assessment/ Risk Management tool, based on recommended best practice and regular inputs from senior management, is formally reviewed quarterly. Formal risk assessments are carried out at group level, and are carried out per company and division, with respective Heads of Business Units/ General Managers, every quarter. This provides the Audit and Risk Committee and directors with regular updates and mitigating action plans on all the major risks facing the Group.

The Group risk assessment is used by the Board to execute and deliver strategy. For example, the Group risk assessment has highlighted foreign exchange and interest rate risks as high-impact risk areas, and this has been noted in the Company's debt reduction and efficient cash management strategy, which forms part of the current business plan and corporate strategy. Assurance is gained from Internal Audit.

Internal Audit

The dedicated and independent Internal Audit function, operating under an Internal Audit Charter, reports directly to the Audit Committee of the Board, to maintain its independence and objectivity. It independently reviews and monitors governance processes, the risk management framework/processes, and related mitigating action plans implemented by management. It also provides objective assurance of the operation and validity of internal control systems through its regular

Corporate Governance (continued)

compliance audit programmes, making recommendations for improvements as required.

The Board requires competitive bidding for significant purchases and contracts, above determined thresholds, through a formal Board-approved Delegations of Authority policy that covers the Board and senior management.

Incident Reporting, AntiBribery and Corruption, and Whistleblowing policies and procedures

The Company has detailed policies and procedures covering Incident Reporting, AntiBribery and Corruption (ABC), and Whistleblowing.

The Group's ABC programme has been formulated in conjunction with CDC Group PLC (CDC), following best international practice. It is well structured, documented and rigorously monitored.

There is a dedicated internal Whistleblowing Manager, managing reports and complaints. These complaints can

be made in various forms, and anonymously, without fear of adverse consequences. This policy has active senior management encouragement and is widely communicated within the Group, with a verifiable and transparent process of handling complaints. This has resulted in valuable information being obtained for further action.

Internal Audit closely monitors, reviews and reports on all of these policies to the Audit and Risk Committee of the Board.

Group Code of Ethics and Conduct

The Company has implemented, and widely disseminated to all stakeholders (including suppliers), a Group Code of Ethics and Conduct, in line with the LuSE Corporate Governance Code section on Organisational Integrity. This Code of Ethics covers the important principles and more detailed ethical guidelines regarding responsibility, accountability, transparency, and fairness.

The Board firmly believes that a culture based on ethical

BOARD ENGAGEMENT

Attendance by the Directors during the year:

	Board		Audit		E&S		Remuneration	
	A	B	A	B	A	B	A	B
NON EXECUTIVE								
Michael Mundashi	5	5	-	-	-	-	-	-
*Dr. Jacob Mwanza.	1	1						
Dr. Lawrence Sikutwa	5	5	4	4	-	-	-	-
John Rabb	5	5	-	-	4	4	3	3
David Osborne	5	4	4	4	4	4	-	-
Yollard Kachinda	5	4	-	-	-	-	3	2
Margeret Mudenda	5	5	4	4	-	-	3	3
Enala Mwase	5	4			4	3	-	-
Frank Braeken	5	4	-	-	-	-	3	3
Jonathan Kirby	5	5	4	4	-	-	3	3
EXECUTIVE								
Walter Roodt	5	5	4	3	4	4	3	3
Faith Mukutu	5	5	4	4	-	-	-	-
*Francis Grogan	1	1						
***Danny Museteka	5	4	4	3	4	3	3	2

* Director left during the year

** Director joined during the year

*** Company Secretary

A indicates the number of meetings held during the period in which the Director was a member of the Board and/or Committee.

B indicates the number of meetings attended during the period in which the Director was a member of the Board and / or Committee.

Corporate Governance (continued)

values and behaviour is integral to achieving Zambeef's objectives. Without sound ethical behaviour, it would be difficult for stakeholders to keep trust in the organisation to achieve these objectives. The expected behaviours are clearly detailed in the Group Code of Ethics. The Board monitors, via its Audit and Risk Committee, that management has widely disseminated the Group Code of Ethics among all stakeholders. The Audit and Risk Committee of the Board has the remit to review any cases of ethical misconduct against Directors or senior management. Such cases may be reported through the Group's Whistleblowing Policy, incident reporting, or direct reports to the Audit Committee or Board. Monitoring of compliance to the Code is further provided by the internal audit department's review work on incident reports from disciplinary proceedings, management and staff conflict of interest reports, control procedures and anti-corruption and bribery matters.

In the Board's opinion there have been no significant ethical issues noted and it believes that the corporate culture is healthy.

Board Evaluation

The Board carries out an annual self assessment of its performance during the year, based on its Board Charter's objectives, with the Company Secretary collating and reporting on the findings from each Board member.

Areas covered in the self assessment include:

- Management of Board meetings and discussions;
- External and Internal Board relationships;
- Skills of Board members;
- Reaction to events;
- Chairman;
- Chairman and CEO relationships;
- Attendance and contribution in meetings;
- Open channels of communication;
- Risk and Control frameworks;
- Composition;
- Terms of reference;
- Committees of the Board;
- Company Secretary;
- Timeliness of information;
- Board agenda;
- AGM;
- External stakeholders;
- Induction and training; and

- Succession planning.

Board Committees

The Board has three principal standing committees led by Non-Executive Chairpersons, each with written terms of reference. The terms of reference are in line with recommended best practice for AIM listed companies under the QCA Code, and also per requirements from co-operating partners.

- Remuneration and Succession Committee

Chairman – John Rabb

Members - Yollard Kachinda, Jonathan Kirby, Margaret Mudenda and Frank Braeken

Responsibilities:

- Regularly review the structure, size, knowledge, experience and diversity of the Board, as well as the sub-committees of the Board, and make recommendations to the Board with regard to changes.
- Responsible for identifying, evaluating and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- Give full consideration to succession planning for Directors and other senior executive management, and in particular, for the key roles of Chairman and CEO of the Company. The appointment of CEO and directors can only be made following a formal, rigorous assessment by this committee and its formal recommendations being made to the Board, having also evaluated the balance of skills, knowledge, experience and diversity on the Board.
- Determine and agree with the Board the framework or broad policy for the remuneration of the CEO, the Chairman of the Board, the Executive Directors, the Company Secretary, and such other members of the executive management of the Group to whom the Board has extended the remit of the committee.
- Determining the remuneration policy by taking into account all factors which it deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of the QCA Code and associated guidance. The objective of such policy shall be to ensure that members of the Group executive management are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group.
- The committee ensures reporting of the Remuneration Committee's agreed fees and remuneration, for both the executive directors and non-executive

Corporate Governance (continued)

directors, in the formal Report of the Directors in the Annual Report. This requires formal approval by the shareholders in an AGM. The Chairman ensures he is available to answer questions/comments put forward by the shareholders in the AGM regarding directors fees and remuneration.

- Perform evaluations of the Board, Board Committees (and their constituents), and recommend training where necessary.

• **Audit and Risk Committee**

Chairman - Dr Lawrence Sikutwa

Members – Margaret Mudenda, David Osborne and Jonathan Andrew Kirby

Independent advisor and co-opted member - Hastings Mtine (QCA Code principle 6: He has extensive experience as a Chartered Accountant in the fields of financial reporting, external audit, internal audit, corporate governance and risk management gained in public practice and on various corporate boards. He is a former Senior Partner for KPMG Zambia. He provides a detailed review and advisory service to the Audit Committee across each of these areas.)

Responsibilities:

- The primary role of the Audit Committee is to ensure the integrity of the financial reporting and audit process, including review of the interim and annual financial statements before they are submitted to the board for final approval.
- To ensure that a sound risk management and internal control system is maintained and reviewing the system for monitoring compliance with applicable laws and regulations.
- To give due consideration and review of corporate governance matters in accordance with relevant frameworks including the LuSE Corporate Governance Code and the QCA Code.
- Monitor and review the reports and function of the internal audit department, in line with its own charter, which requires systematic evaluation of the effectiveness of risk management, control, compliance and governance processes for the Group.
- Monitor and review the reports of the external auditors and their performance.
- At least once a year, the members of the committee should meet the external auditors without the presence of any Executive Director.
- The committee should also consider and make recommendations to the Board, to be put to

shareholders for approval at the Annual General Meeting, as regards the appointment and/or reappointment of the company's external auditor.

- Monitor the ethical conduct of the Company, its executives and senior officials.

• **Environmental and Social Committee**

Chairperson - Professor Enala Lyson Tembo- Mwase

Members – John Rabb and David Osborne

Responsibilities:

- Provide strategic advice and guidance to the Board in relation to systemic and strategic environmental and social ("E&S") issues which affect the Company's business model and strategy.
- Ensure that the Company has in place adequate and robust systems, policies and procedures for monitoring the E&S management of the Company, in accordance with applicable legislation and Good International Industry Practice ("GIIP"), defined by IFC Performance Standards.
- Monitor the implementation of the Environmental and Social Action Plan and any corrective action plans that may be developed in due course.
- Oversee any Company investigations relating to breaches of E&S laws, regulations and standards and/or the Company's E&S policies, management systems and plans.
- Ensure good corporate citizenship through promotion of equality, prevention of unfair discrimination and reduction of corruption.
- Ensure contribution to development of the communities in which its activities are predominantly conducted, or within which its products or services are predominantly marketed.

Directors' Interests in other companies

In compliance with Section 110 of the Companies Act of Zambia, all Directors are required to declare to the Board their interests in other companies, and this is taken into account if any such company enters into any contract with any Group company. The Group has a Related-Parties Transactions policy which aims to ensure transparency in related-party transactions and appropriate management of any approved transactions.

Related-party transactions

The board gives authorisation for any transactions carried out by the group with any anyone or business considered

Corporate Governance (continued)

a related party. Such transactions are evaluated as to whether the parties are treated fairly and in accordance with market conditions. For recurrent transactions carried out with clients during the Groups's ordinary course of business under normal market conditions that are not significant, the Board gives prior authorisation for the general terms of the transaction.

Directors' shareholdings

In compliance with Sections 30, 110 and 195 of the Companies Act of Zambia, all Directors are required to disclose their shareholdings in the Company and any related companies.

Company Secretary

The Board appoints the Company Secretary, and all Directors have access to his services. If deemed necessary, the Board may seek independent professional advice on some matters.

The Company Secretary ensures:

- Sufficient and timeous information is provided to all the Directors prior to Board and sub-committee meetings.

- Promotion of Good Corporate Governance and related frameworks and standards.
- Good relations and liaison with the Security and Exchange Commission (SEC), the Lusaka Securities Exchange (LuSE), and Patents and Companies Registration Agency (PACRA).
- Maintenance of statutory registers.
- Key liaison for investors and contact point for shareholders.
- Updates on relevant statutory amendments and developments are provided.

In 2019, the Board constituted a Search Committee, the mandate of which was to search, interview and recommend to the Board a suitable candidate to replace Dr Jacob Mwanza, who retired December 31, 2019. Mr Michael Mundashi replaced Dr Mwanza as the Board Chairman effective January 1, 2020, having been elected by the Board and confirmed at the AGM of December 2019.



Board of Directors



Dr. Jacob Mwanza
(age 84)
Retired on
December 31, 2019
Nationality:
Zambian

Qualifications:
PhD (Cornell
University, (USA)
MA Economics (W.
Germany).

Experience:
Over 31 years' business management experience, both in the public and private sectors. Previously Governor of the Bank of Zambia, currently Chancellor of the University of Zambia.

External appointments
Has served and is currently serving on several boards, including IMF Advisory Group on Sub-Saharan African Economic and Social Affairs, Pangaea Securities, David Shepard Foundation and Kafue Sanctuary.



Francis Grogan
(age 59)
Retired on
December 31, 2019
Nationality: Irish

Qualifications:
BSc Agriculture
(Ireland)

Experience:
Over 23 years' experience in agriculture and meat, both in Ireland and Zambia. Co-founder of Zambeef.

External appointments
Other directorships include Chisamba Ranching and Cropping Ltd, Fraca Meat Company Ltd and Tractorzam Ltd.



Michael Mundashi
(age 62)
Chairman
Nationality:
Zambian

Qualifications:
Bachelor of Laws Degree (University of Zambia); Post Graduate qualification as an Advocate of the High Court of Zambia

Experience:
Over 31 years post qualification experience in both the public and private sectors. Served as Chairman of the Zambian Tax Appeals Court and as Independent Non- Executive Chairman of Standard Chartered Bank Zambia Plc.

External appointments
Currently serving as Chairman of Sanlam Insurance; Director of Nico General Insurance. Also, full time Managing Partner of the law firm of Mulenga Mundashi Legal Practitioners.



Walter Roodt
(age 44)
CEO Nationality:
Namibian

Qualifications:
BSc. (Agric.) Animal Science (University of Pretoria, RSA); MSc. (Agric.) Nutrition Science (University of Pretoria, RSA); Senior Executive Programme (London Business School, UK)

Experience:
Over 16 years of experience in Agriculture in Southern Africa.

External appointments:
Director of City Dental Ltd.



Faith Mukutu
(age 40)
Chief Financial
Officer Nationality:
Zambian

Qualifications:
A.C.C.A.
(Chartered Certified Accountant)
– Zambia Centre for Accountancy Studies, Zambia; Certified Accounting Technician – Zambia Centre for Accountancy Studies, Zambia

Experience:
Over 16 years experience in senior finance positions of major corporates, including Zambia Sugar Plc and Zambian Breweries (part of SABMiller Group)

External appointments
Current directorships include: Bayport Financial Services Ltd; National Breweries Plc.



Margaret Chalwe-Mudenda
(age 48)
Non-Executive
Director Nationality:
Zambian

Qualifications:
LLB (University of Zambia); postgraduate diploma in legislative drafting (Zambia Institute of Advanced Legal Education); LLM in Information Technology and Telecommunications (Southampton University, UK).

Experience:
Over 11 years' legal experience including finance, banking and labour law. Over seven years' experience in ICT and telecommunications. Former Director General of Zambia Information and Communications Authority.

External appointments
Currently serving on the Boards of CitiBank Zambia Limited, Liquid Telecom, Madison Financial Services Plc.



Prof. Enala Tembo-Mwase
(age 61)
Non-Executive
Director Nationality:
Zambian

Qualifications:
BSc Biological Sciences (University of Zambia)
MSc Medical Parasitology (University of London, UK)
PhD in Zoology – Entomology (University of London, UK)

Experience:
Over 31 years' research and teaching experience. Associate Professor at University of Zambia. A founding member of the Zambia Association of Women in Science and Technology. Has previously served on a number of boards and technical committees.



John Rabb
(age 77)
Non-Executive
Director Nationality:
South African

Qualifications:
BSc (Agriculture)
MBA (RSA).

Experience:
Over 31 years' business management experience. Formerly Managing Director of the Wooltru Group in South Africa, which was listed on the Johannesburg Stock Exchange.

External appointments
Has served on, and is currently serving on, several boards, including Wellspring Ltd.



Yollard Kachinda
(age 57)
Non-Executive
Director Nationality:
Zambian

Qualifications:
BSc (Ed.)
Mathematics and Statistics (University of Zambia)
MSc Social Protection Financing (Maastricht University, Netherlands)

Experience:
Over 26 years' experience at the Zambian National Pension Scheme Authority (NAPSA), Zambeef's biggest local shareholder.

External appointments
Director General of NAPSA. Currently serving on the Board of Directors of ZCCM-IH



Dr. Lawrence Sikutwa
(age 66)
Non-Executive
Director Nationality:
Zambian

Qualifications:
MBA FCII
Post Grad Diploma in Insurance (UK).
Honorary doctorate (University of Lusaka)

Experience:
Over 31 years' experience in business management. Previously General Manager of Zambia State Insurance Corporation Limited.

External appointments
Currently Chairman of Lawrence Sikutwa Associates Ltd Group of Companies.



Jonathan Kirby
(age 58)
Non-Executive
Director Nationality:
South African

Qualifications
Bachelor of Accounting (University of the Witwatersrand, RSA) Higher Diploma in Tax Law (Rand Afrikaans University, RSA) CA (RSA)

Experience:
Over 31 years' business management and banking in London, Hong Kong, Singapore and South Africa. Previously Vice President (Finance) of AB Inbev Africa and CFO of SABMiller Africa.

External appointments
Currently on the board of Delta Corporation, Zimbabwe and Consol Holdings (Pty) Ltd, South Africa.



David Osborne
52
(age 55)
Non-Executive
Director Nationality:
British

Qualifications
Cambridge University; Trinity College (Natural Sciences).

Experience:
Over 31 years' investment experience in private equity and infrastructure in UK, Europe, Africa and Asia. Previously Managing Partner and Head of the Islamic Infrastructure Fund at CapAsia.

External appointments
Director of Direct Equity Team and Head of Portfolio Management with CDC Group PLC



Frank Braeken
(age 60)
Non-Executive
Director Nationality:
Belgian

Qualifications:
MBA in Finance (Leuven University, Belgium) Degree in Law with major in Corporate Law (Catholic University Advanced Management Program (Wharton Penn University, USA)

Experience:
Over 31 years of experience in the Fast-Moving Consumer Goods (@FMCG@) industry. Previously head of Unilever Africa and Chief Investment officer of Amatheon Agri Holding

External appointments
Currently serving on the boards of Buhler AG, Alliance for a Green Revolution in Africa, F.M.B BWC-LLC, Marie Stopes International and AECF Limited.

REPORT OF THE DIRECTORS

In compliance with Section 275 of the Zambian Companies Act, the Directors submit their report on the activities of the Group for the year ended 30 September 2020.

1. Principal activities

Zambeef Products PLC and its subsidiaries ("The Group") is one of the largest agri-businesses in Zambia. The Group is principally involved in the production, processing, distribution and retailing of beef, chicken, pork, milk, dairy products, eggs, edible oils, stock feed and flour. The Group also has large row cropping operations (principally maize, soya beans and wheat), with approximately 7,787 Ha of row crops under irrigation and 8,694 Ha of rain-fed/dry-land crops available for planting each year. The Group also has operations in West Africa in Nigeria and Ghana.

2. The Company

The Company, Zambeef Products Plc, is a public limited company incorporated and domiciled in Zambia.

Business address

Plot 4970, Manda Road
Industrial Area

Lusaka
ZAMBIA

Postal address

Private Bag 17
Woodlands

Lusaka
ZAMBIA

3. Share capital

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

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

4. Results

The Group's results are as follows:

Group	Notes*	2020		2019	
		ZMW'000s	USD'000s	ZMW'000s	USD'000s
Revenue	5	3,875,104	239,648	3,134,967	254,462
(Loss)/Profit before taxation		(22,673)	(1,402)	38,653	3,138
Taxation charge	10	(112,957)	(6,986)	(2,780)	(226)
Profit/ (Loss) from discontinued operation		33,435	2,068	(17,379)	(1,411)
Group (loss) profit for the year		(102,195)	(6,320)	18,494	1,501
Group (loss)/profit 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

*See notes to the financial statements

REPORT OF THE DIRECTORS (CONTINUED)

5. Dividends

There has been no dividend proposed for the year ended 30 September 2020 (2019: ZMW nil).

6. Management

The senior management team comprise the following:

Walter Roodt	-	Chief Executive Officer
Faith Mukutu	-	Chief Financial Officer
Mike Lovett	-	Chief Operating Officer
Danny Museteka	-	Company Secretary
Yusuf Koya	-	Group Head – Banking & Administration
Pravin Abraham	-	Chief Internal Auditor
Ebrahim Israel	-	General Manager – International Retailing
Murray Moore	-	General Manager – Beef and Dairy
Robert Hoskins Davies	-	General Manager – Chiawa Farm
Francis Mondomona	-	General Manager – Huntley Farm
Richard Franklin	-	General Manager – Zamleather Limited
Mathews Ngosa	-	General Manager – Zam Chick Limited, Zamhatch Limited
Willem Abraham Vorster	-	General Manager – Dairy
Alun Maskell	-	General Manager – Masterpork Limited
Christian Engelbrecht	-	General Manager – Stock Feed
Theo de Lange	-	Group Technical Manager
Bartholomew Mba	-	Dairy Processing Manager
Lenard Mwanamumbula	-	Piggery Manager
Muyunda Milupi	-	Poultry Manager
Ivor Chilufya	-	Group Financial Manager
Mulwanda Sichula	-	Group Financial Controller
Nathan Chishimba	-	Commercial Manager Retailing
Phillip Diedericks	-	Commercial Manager
Mboo Mumba	-	Project Manager
Niyaas Dalal	-	Finance Manager – Zambeef Products Plc
Timothy Kunda	-	Finance Manager – Novatek Animal Feeds
Simon Nkhata	-	Finance Manager – Zambeef Retailing Limited
Winston Magutswi	-	Finance Manager – Masterpork Limited
Billy Mudenda	-	Finance Manager – Zamleather Limited
Baron Chisola	-	Finance Manager – Zampalm Limited, Group Inventory
Muyoma Hapeza	-	Finance Manager – Zamhatch Limited, Zam Chick Limited
Shadreck Banda	-	Financial Controller – Group Fixed Assets
Chizola Daka	-	Financial Controller – Group Suppliers
Gbenga Ibitoye	-	Financial Controller – West Africa
Caroline Mulaga	-	Group Head – Debtors and Credit Control
Anthony Seno	-	Head of IT
Awaren Mutaka	-	Group Head – Human Resource
Mathews Mbasela	-	Head of Payroll Processing
Chishala Malekano	-	Marketing Manager
Eddie Tembo	-	Chief Security Manager
Jones Kayawe	-	Head of Environment, Health and Safety
Devar Muzhona	-	Logistics Manager
Field Musongole	-	Maintenance Manager

REPORT OF THE DIRECTORS (CONTINUED)

6. Management (continued)

Ernest Gondwe	-	Regional Manager – Shoprite & Excellent Meats
Francis Mulenga	-	Regional Manager – Shoprite
Noel Chola	-	Regional Manager – Shoprite
Rodgers Chinkuli	-	Regional Manager – Zambeef Outlets
Hillary Anderson	-	National Retail Manager - Shoprite
Lufeyo Nkhoma	-	General Manager – Master Meats Ghana
Clement Mulenga	-	General Manager – Master Meats Nigeria

7. Directors and Secretary

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

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

8. Directors' interests

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

	30 September 2020		30 September 2019	
	Direct	Indirect	Direct	Indirect
Jacob Mwanza (Dr)*	-	-	1,399,629	-
Francis Grogan*	-	-	995,000	3,596,631
John Rabb	-	14,000,000	-	14,000,000
Frank Braeken	375,000	-	375,000	-
	375,000	14,000,000	2,769,629	17,596,631

* Retired on 31 December 2019.

REPORT OF THE DIRECTORS (CONTINUED)

9. Directors fees and remuneration

ZMW	Salary	Bonus	Housing Allowance	Car Allowance	Air Fares Allowance	Medicals
NON-EXECUTIVE						
Jacob Mwanza	236,615	-	-	-	-	-
Michael Mundashi	800,000					
Yollard Kachinda	307,472	-	-	-	-	-
Margaret Mudenda	368,966					
Lawrence Sikutwa	307,472	-				
Enala Mwase	307,472	-	-	-	-	-
Jonathan Kirby	368,966					
John Rabb	368,966	-	-	-	-	-
Frank Braeken	307,736	-	-	-	-	-
		-	-	-	-	-
EXECUTIVE						
Francis Grogan	1,665,955	-	-	Company Car	-	Yes
Walter Roodt	3,461,822	-	-	Company Car	-	Yes
Faith Mukutu	3,567,733	-	-	Company Car	-	Yes
Danny Museteka	2,858,697	-	-	-	-	Yes

In addition to the above, all Executive Directors are entitled to a gratuity of 25 per cent of their gross basic salary paid over the two-year contract term, less statutory deductions for tax.

Further, the Board co-opted Mr. Hastings Mtine into the Audit Committee as an expert advisor. Mr. Mtine's remuneration was ZMW83,013.52 for the year under review.

REPORT OF THE DIRECTORS (CONTINUED)

10. Significant Shareholdings

As at 30 September 2020, the Company has been advised of the following notable interests in its ordinary share capital:

Investor Name	Current Position	% of Shareholding
CDC Group Plc	52,601,435	17.5%
M & G Investment Management	46,304,408	15.4%
Africa Life	42,709,562	14.2%
National Pension Scheme Authority (Zambia)	24,797,818	8.2%
Sussex Trust	14,000,000	4.7%
Eastspring Investment	11,995,062	4.0%
SBM Securities	10,948,691	3.6%
Rhodora	8,639,374	2.9%
Red Fort Partnership	8,175,000	2.7%

CDC Group Plc are also the holders of 100,057,658 convertible redeemable preference shares. These shares have three voting rights for every four preference shares held resulting in CDC having 34.8% of the voting rights.

11. Employees

The Group employed an average of 7,082 (30 September 2019 – 7,407) employees and total salaries and wages were ZMW493.5 million (USD30.5 million) for the year ended 30 September 2020 (30 September 2019 – ZMW453.7million [USD36.8 million]).

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

	Headcount
Oct-19	7,123
Nov-19	7,314
Dec-19	7,697
Jan-20	6,953
Feb-20	7,388
Mar-20	7,209
Apr-20	6,946
May-20	6,805
Jun-20	6,956
Jul-20	6,830
Aug-20	6,929
Sep-20	6,834

REPORT OF THE DIRECTORS (CONTINUED)

12. Safety, Health and Environmental issues

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

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

13. Legal matters

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

14. Gifts and donations

The Group made donations of ZMW7.9 million (USD 0.5million) (30 September 2019: ZMW2 million [USD0.165 million]) to a number of activities.

15. Export sales

The Group made exports of ZMW37.5 million (USD2.3 million) during the period (30 September 2019: ZMW46.5 million [USD3.8 million]).

16. Property, plant and equipment

Assets totalling ZMW92.7 million (USD5.7 million) were purchased by the Group during the period (30 September 2019 – ZMW113.8 million [USD9.2 million]).

17. Other material facts, circumstances and events

The Directors are not aware of any material fact, circumstance or event which occurred between the accounting date and the date of this report which might influence an assessment of the Group's financial position or the results of its operations. The outbreak of the COVID-19 pandemic has had a negative effect on the country's economy. However, the consumer demand for Zambeef's products stood up well and the current trading conditions are expected to continue in the near future. The effect on the business, in terms of sales, from the pandemic has been minimal.

18. Events since the year end

There have been no significant events affecting the Group since the year-end.


19. Annual financial statements

The annual financial statements set out on pages 48 to 132 have been approved by the directors.

20. Auditor

In accordance with the provisions of section 257(1) of the Zambian Companies Act, the auditors, Messrs Grant Thornton, will retire as auditors of the Company at the forthcoming Annual General Meeting, and having expressed their willingness to continue in office a resolution for their re-appointment will be proposed at the Annual General Meeting.

By order of the Board



Danny Shaba Museteka
Company Secretary

Date: 1st December 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 265 of the Zambian Companies Act 2017 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the financial position of Zambeef Products PLC and its subsidiaries and of its financial performance and its cash flows for the year then ended. In preparing such financial statements, the Directors are responsible for:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error;
- selecting appropriate accounting policies and applying them consistently;
- making judgements and accounting estimates that are reasonable in the circumstances; and
- preparing the financial statements in accordance with the applicable financial reporting framework, and on the going concern basis unless it is inappropriate to presume that the Group will continue in business.


The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Zambian Companies Act 2017. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirm that in their opinion:

- (a) the financial statements give a true and fair view of the financial position of Zambeef Products PLC and its subsidiaries as at 30 September 2020, and of its financial performance and its cash flows for the year then ended;
- (b) at the date of this statement there are reasonable grounds to believe that the Group will be able to pay its debts as and when these fall due; and
- (c) the financial statements are drawn up in accordance with the provisions of the second schedule to Section 164 of the Companies Act and International Financial Reporting Standards.

This statement is made in accordance with a resolution of the Directors.

Signed at **Lusaka** on 1st December 2020



Mr. Michael Mundashi
Chairman



Walter Roodt
Chief Executive Officer



Zambeef Products PLC and its subsidiaries

**Financial Statements
30 September 2020**

Grant Thornton
5th Floor Mukuba
Pension House
Dedan Kimathi Road
P.O. Box 30885
Lusaka, Zambia

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Zambef Products PLC (the 'Company') and its subsidiaries (the 'Group') for the year ended 30 September 2020, which comprise the consolidated statement of comprehensive income, the consolidated and separate statement of changes in equity, the consolidated and separate statements of financial position and the consolidated and separate statements of cash flows and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the consolidated and company financial position of Zambef Products PLC as at 30 September 2020, and of its consolidated and company financial performance and its consolidated and company cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act and the Securities Act of Zambia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and Zambef Products PLC in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Partners

Edgar Hamuwele (Managing)
Christopher Mulenga
Wesley Beene
Rodia Musonda
Chilala Banda

Audit • Tax • Advisory

Chartered Accountants

Zambian Member of Grant Thornton International

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INDEPENDENT AUDITOR'S REPORT (continued)

TO THE SHAREHOLDERS OF ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

Key Audit Matters (continued)

Description of matter	How the matter was addressed in our audit
<p>Valuation of biological assets</p> <p>The valuation of biological assets is determined through use of estimates and category of the animals.</p> <p>Due to the judgements required in arriving at biological asset values, the valuation of biological assets was considered a key matter.</p>	<p>We counted the livestock at the year-end and engaged an expert to review the categorization and quality of the animals. We also measured the crop fields, checked the subsequent yields and the quality of the crop.</p> <p>We also analysed the valuations of biological assets.</p>
<p>Classification, measurement and impairment of financial assets</p> <p>The Group applies IFRS 9 'Financial Instruments' in the preparation of the consolidated financial statements.</p> <p>The Directors are required to review the classifications of assets and ensure these classifications are in accordance with the requirements of IFRS 9. The Directors also reviewed the fair valuations and impairment model.</p> <p>Due to the complex and subjective judgements required in estimating the timing and valuation of impairment and in estimating the fair value of assets, this was considered a key audit matter.</p>	<p>We reviewed the classification of the financial assets for compliance with the reporting standard.</p> <p>In considering the reasonableness of the impairment provision, we tested the aging of the outstanding receivables to determine those that were overdue.</p> <p>We further assessed their recoverability through testing of subsequent receipts.</p>
<p>Valuation of goodwill</p> <p>Goodwill amounting to K167 million (USD 8.3 million) was carried in the consolidated statement of financial position. Under IAS 36, the Company is required to test the amount of goodwill for impairment at least annually. The impairment tests were significant to our audit due to the complexity of the assessment process and judgements and assumptions involved which are affected by expected future market and economic developments.</p>	<p>We challenged the cash flow projections included in the annual goodwill impairment tests. For our audit we furthermore assessed and tested the assumptions and methodologies used by management.</p>

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Chairman's report, report of the Directors, Chief Executive Officer's review, Sustainability report and Corporate Governance Statements, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (continued)

TO THE SHAREHOLDERS OF ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act and the Securities Act of Zambia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and/or the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (continued)

TO THE SHAREHOLDERS OF ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

Auditor's Responsibilities for the Audit of the Financial Statements (continued)


We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements of Zambeef Products PLC and its subsidiaries as at 30 September 2020 have been properly prepared in accordance with the Zambian Companies Act 2017 and Securities Act of Zambia and the accounting and other records and registers have been properly kept in accordance with the Act.



Chartered Accountants



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

Lusaka

Date: 1st December 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Group	Note	2020	2020	2019	2019
		ZMW'000s	USD'000s	ZMW'000s	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
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)
Earnings per share					
		Ngwee	Cents	Ngwee	Cents
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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2020

(i) In Zambian Kwacha	Issued share capital	Share premium	Preference share capital	Foreign exchange reserve	Revaluation reserve	Retained earnings	Total attributable to owners of the parent	Non-controlling interest	Total equity
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
At 1 October 2018	3,006	1,125,012	1,000	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 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 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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2020 (CONTINUED)

(i) In US Dollars	Issued share capital	Share premium	Preference share capital	Foreign exchange reserve	Revaluation reserve	Retained earnings	Total attributable to owners of the parent	Non- controlling interest	Total equity
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s
At 1 October 2018	449	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 (losses)/ 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 (losses)/ 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

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

(i) In Zambian Kwacha	Issued share capital	Preference share capital	Share premium	Revaluation reserve	Foreign exchange reserve	Retained earnings	Total equity
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2020

(i) In US Dollars	Issued share capital	Preference share capital	Share premium	Revaluation reserve	Foreign exchange reserve	Retained earnings	Total equity
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	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 gain 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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 30 SEPTEMBER 2020

ASSETS	Note	2020	2020	2019	2019
		ZMW'000s	USD'000s	ZMW'000s	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(c)	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
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

The financial statements on pages 48 to 132 were approved by the Board of Directors on 1st December 2020 and were signed on its behalf by:


Michael Mundashi
 Chairman


Walter Roodt
 Chief Executive Officer

COMPANY STATEMENT OF FINANCIAL POSITION 30 SEPTEMBER 2020
FOR THE YEAR ENDED 30 SEPTEMBER 2020

ASSETS	Note	2020	2020	2019	2019
		ZMW'000s	USD'000s	ZMW'000s	USD'000s
Non-current assets					
Property, plant and equipment	14	2,476,394	122,959	2,060,110	156,069
Investment in subsidiaries	15(b)	245,807	12,205	245,807	18,622
Investment in associate	15(e)	43,826	2,176	12,376	938
		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
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

The financial statements on pages 48 to 132 were approved by the Board of Directors on 1st December 2020 and were signed on its behalf by:


Michael Mundashi
 Chairman


Walter Roodt
 Chief Executive Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	2020	2020	2019	2019
		ZMW'000s	USD'000s	ZMW'000s	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		186,272	11,495	7,153	581
Earnings before interest, tax, depreciation and amortisation, fair value adjustments and net unrealised foreign exchange losses		429,574	26,541	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		(1,256)	(102)	(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		(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)
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		55,298	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)

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	2020	2020	2019	2019
		ZMW'000s	USD'000s	ZMW'000s	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	95	(17,379)	(1,411)
Net unrealised foreign exchange differences		180,954	11,193	6,223	505
Earnings before interest, tax, depreciation and amortisation, fair value adjustments and net unrealised foreign exchange losses		385,752	23,858	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		(22,402)	(1,385)	63,228	5,133
Increase in amounts due from related companies		(275,999)	(17,069)	(282,239)	(22,910)
Increase/ (decrease) in trade and other payables		74,340	4,597	(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)
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

1. The Group

Zambeef Products PLC and its subsidiaries ("Group") is one of the largest agri-businesses in Zambia. The Group is principally involved in the production, processing, distribution and retailing of beef, chicken, pork, milk, dairy products, eggs, edible oils, stock feed and flour. The Group also has large row cropping operations (principally maize, soya beans and wheat), with approximately 7,787 Ha of row crops under irrigation and 8,694 Ha of rain-fed/dry-land crops available for planting each year. The Group also has operations in West Africa in Nigeria and Ghana..

2. Principal accounting policies

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

(a) Basis of consolidation

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

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. Profit or loss and other comprehensive income of subsidiaries acquired or disposed off during the year are recognised from the effective date of acquisition or up to the effective date of disposal, as applicable.

(b) Going Concern

At the reporting date loans and other finance amounts repayable within twelve months amount to ZMW347.2 million (USD17.2 million) [2019: ZMW364.5 million (USD27.6 million)]. After reviewing the available information including the Group's strategic plans and continuing support from the Group's working capital funders, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The Group will settle all current liabilities from the continued liquidation of stock and expected increase in income from the key markets in stockfeed and cropping which continue to perform well. The stocks are fast moving consumer goods. The Group also has access to bank financing facilities for working capital funding.

The outbreak of the COVID-19 pandemic has had a negative effect on the country's economy. However, the consumer demand for Zambeef's products stood up well and the current trading conditions are expected to continue in the near future. The effect on the business, in terms of sales, from the pandemic has been minimal but has been negatively affected by the steep depreciation of the currency resulting in exchange losses.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

2. Principal accounting policies (continued)

(c) Basis of presentation

The financial statements are prepared in accordance with the provisions of the Zambian Companies Act 2017 and International Financial Reporting Standards (IFRS). The financial statements are presented in accordance with IAS 1 “Preparation of financial statements” (Revised 2007). The Group has elected to present the “Statement of Comprehensive Income” in one statement namely the “Statement of Comprehensive Income”.

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

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

(d) Foreign currencies

(i) Presentation and functional currency

The Company has twelve operating branches, of which eleven have a functional currency of Zambian Kwacha (ZMW) and one (the Mpongwe Farms Branch) has a functional currency of United States Dollars (USD) being an operational branch set up during the year ended 30 September 2012. Management have chosen a variant on the functional currency of Mpongwe due to the following factors:

- the majority of farm input costs (fertilizer, farming chemicals, agricultural machinery spares, etc.), which are primarily sourced from overseas, are driven by USD to ZMW exchange rate due to origin prices being USD;
- the pricing of Mpongwe’s principal outputs (wheat, soya and maize) are significantly influenced by world USD denominated grain prices;
- the capital raised attached to the acquisition of the Mpongwe assets was denominated in foreign currency;
- the Mpongwe assets were purchased in USD; and
- the majority of financial liabilities associated with working capital funding and capital expenditure are sourced in USD and repayable in USD, with a substantial portion of the Company’s term liabilities secured on the assets of Mpongwe.

In light of this, Mpongwe’s assets and liabilities are translated to ZMW and consolidated with other branches of the Company for reporting and tax purposes in Zambia.

As a result of using a functional currency of USD for Mpongwe, there arose an exchange difference of ZMW609.3 million (2019: ZMW92.4 million) upon translating all assets and liabilities, which has been recognised as an unrealised gain in the statement of comprehensive income of the Company. All the assets and liabilities for Mpongwe are translated from the functional currency USD to the local currency ZMW which gives rise to exchange differences.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

2. Principal accounting policies (continued)

(d) Foreign currencies (continued)

(i) Presentation and functional currency (continued)

The Group's reporting currency is Kwacha (ZMW). The presentation of the financial statements and related disclosures in USD is supplementary information.

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

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

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

The following exchange rates have been applied:

ZMW: USD	Average exchange rate	Closing exchange rate
Year ended 30 September 2019	12.32	13.20
Year ended 30 September 2020	16.17	20.14

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

(iii) Basis of translating transactions and balances

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

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

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

2. Principal accounting policies (continued)

(d) Foreign currencies (continued)

(iv) Basis of translating foreign operations

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

ZMW: Nigeria Naira	Average exchange rate	Closing exchange rate
Year ended 30 September 2019	29.21	27.25
Year ended 30 September 2020	23.10	19.00

ZMW: Ghana Cedi	Average exchange rate	Closing exchange rate
Year ended 30 September 2019	0.42	0.41
Year ended 30 September 2020	0.35	0.29

(e) New standards adopted as at 1 October 2019

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

IFRS 16 'Leases'

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

2. Principal accounting policies (continued)

(e) New standards adopted as at 1 October 2019 (continued)

IFRS 16 'Leases' (continued)

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

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

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 15.5%.

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

The following is a reconciliation of the financial statement line items from IAS 17 to IFRS 16 at 1 October 2019:

	Carrying amount at 30 September 2019	Remeasurement	IFRS 16 carrying amount at 1 October 2019
	ZMW'000	ZMW'000	ZMW'000
Property, plant and equipment	2,841,824	15,425	2,857,249
Lease liabilities	(40,784)	(15,425)	(56,209)
Total	2,801,040	-	2,801,040

	Carrying amount at 30 September 2019	Remeasurement	IFRS 16 carrying amount at 1 October 2019
	US\$'000	US\$'000	US\$'000
Property, plant and equipment	215,290	766	216,056
Lease liabilities	(3,090)	(766)	(3,856)
Total	212,200	-	212,200

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

2. Principal accounting policies (continued)

(e) New standards adopted as at 1 October 2019 (continued)

IFRS 16 'Leases' (continued)

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

	ZMW'000	USD'000
Total operating lease commitments disclosed at 30 September 2019	15,881	1,203
Recognition exemptions:		
Leases of low value assets	(1,359)	(103)
Leases with remaining life less than 12 months	(13,079)	(991)
Operating lease liabilities before discounting	1,443	109
Discounted using incremental borrowing rate	(254)	(19)
Operating lease liabilities	7,063	351
Finance lease obligations	40,784	3,090
Total lease liabilities recognised under IFRS 16 at 1 October 2019	49,036	3,531

(f) Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, other standards and amendments that are not yet effective and have not been adopted early by the Group include:

- IFRS 17 Insurance Contracts
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Conceptual Framework for Financial Reporting

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore the disclosures have not been made.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

2. Principal accounting policies (continued)

(g) Business combinations

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net asset acquired is credited to the statement of comprehensive income in the period of acquisition. Changes in the Group's ownership interest that do not result in a loss of control are accounted for as equity transactions. Purchase of non-controlling interests are recognized directly within equity being the difference between the fair value of the consideration paid and the relevant share acquired of the carrying value of the net assets to the subsidiary.

Contingent and deferred consideration arising as a result of acquisitions is stated at fair value. Contingent and deferred consideration is based on management's best estimate of the likely outcome and best estimate of fair value, which is usually, but not always, a contracted formula based on a multiple of net profit after tax. All acquisition expenses are recognised in the statement of comprehensive income.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Investments in associates are accounted for using the equity method. The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate adjusted, where necessary to ensure consistency with the accounting policies of the Group. Unrealised gains and losses on transactions with the Group and its associates are eliminated to the extent of the Group's interest in those entities where the unrealised losses are eliminated. Management exercises judgement in determining the impairment of the underlying asset.

(h) Discontinued operations

A discontinued operation is a component of the entity that has been disposed of. A component can be distinguished operationally and for financial reporting purposes if:

- its operating assets and liabilities can be directly attributed to it
- its income (gross revenue) can be directly attributed to it
- at least a majority of its operating expenses can be directly attributed to it.

Profit or loss from discontinued operations, including prior year comparatives, is presented in a single amount in the income statement. This amount comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the disposal of the Group's share of the entity's net assets.

The disclosures for discontinued operations in the prior years relate to all operations that have been discontinued by the reporting date for the latest period presented.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell.

Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any profit or loss arising from the sale of a discontinued operation or its remeasurement to fair value less costs to sell is presented as part of a single line item, profit or loss from discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

2. Principal accounting policies (continued)

(i) Impairment testing of goodwill and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

(j) Revenue recognition

Revenue arises mainly from the sale of cold chain food products, stock feed and cropping.

To determine whether to recognise revenue, the Group follows a 5 step process:

- 1) identifying the contracts with a customer;
- 2) identifying the performance obligations;
- 3) determining the transaction price;
- 4) allocating the transaction price to the performance obligations; and
- 5) recognising revenue when/as performance obligations are satisfied.

Revenue is recognised at the point in time when control has passed to the customer. This is when delivery of the product is made to the customers or when customers collect the product from one of the group's locations.

A liability is recognised for all amounts received in advance for which the performance obligation of transferring the goods to the customer has not been met. Similarly, if the Group satisfies a performance obligation before it receives consideration, the Group recognises a receivable in the statement of financial position.

Cropping

Revenue from cropping is from the sale of wheat, soya and maize grain. The price of the grain is agreed as per the contract with the customers and the customers are only invoiced when customer takes delivery of the grain. Revenue is recognised when performance obligations are satisfied by delivering the grain.

Cold chain food products

The cold food chain products are mainly beef, chicken, pork, fish, milk and dairy products. These products are sold through the group's retailing network, most of which is through cash sales. The credit sales are only invoiced when the products are delivered to the customer or when the customer collects the products.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

2. Principal accounting policies (continued)

(j) Revenue recognition (continued)

Stockfeed

Stockfeed is sold through the Group's retail network and on contract to certain customers. The sales through the retail network are cash sales. The credit sales are invoiced when the customer takes delivery of the stock feed.

Chicks

Revenue for the sale of day-old chicks is generated through direct sales to customers through the Zambeef outlets and through agents. Customers and agents make advance payments before getting delivery of the chicks.

Mill and bakery

The revenue for mill and bakery is from the sale of flour mill and bread. The flour mill and bread are sold through the Group's retail network and are mainly for cash sales.

(k) Property, plant and equipment

All classes of property, plant and equipment are stated at valuation except for plantation development expenditure and capital work in progress which are stated at historical cost. Capital work in progress relates to internally constructed building parts and plant and machinery and are categorised as such on completion. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss in the statement of comprehensive income during the financial year in which they are incurred.

The Group has adopted a policy of revaluing all classes of property, plant and equipment, excluding capital work in progress. Revaluations are conducted at least every five years.

The assets' residual values and useful lives are reviewed at each reporting date and adjusted where appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Management considers available market information at the reporting date to assess whether the asset values are appropriate.

Increases in the carrying amount arising on revaluation of property, plant and equipment are recognised in other comprehensive income and accumulated in the revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus in shareholders' equity; all other decreases are charged to the statement of comprehensive income. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost, net of any related deferred income tax, is transferred from the revaluation surplus to retained earnings.

Depreciation is calculated to write off the cost of property, plant and equipment on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

Buildings	2%
Motor vehicles	20%
Aircraft	10%
Furniture & equipment	10%
Plant & machinery	10%

Land and capital work in progress are not depreciated.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income in other income. When revalued assets are sold, the amounts included in the revaluation surplus relating to these assets are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

2. Principal accounting policies (continued)

(l) Leased assets

As described in Note 2 (e), the Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under IAS 17.

Accounting policy applicable from 1 October 2019

The Group as a lessee

For any new contracts entered into on or after 1 October 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

2. Principal accounting policies (continued)

(l) Leased assets(continued)

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been presented on the face of the balance sheet. Take-on values of right of use assets and liabilities have been based on future lease payments, discounted at the prevailing incremental borrowing rate to present values. The incremental borrowing rates are based on the cost of borrowing from third party financiers.

Accounting policy applicable before 1 October 2019

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

(m) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

2. Principal accounting policies (continued)

(m) Financial instruments (continued)

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

2. Principal accounting policies (continued)

(m) Financial instruments (continued)

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due. Refer to Note 18 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

2. Principal accounting policies (continued)

(n) **Biological assets**

Biological assets are valued at their fair values less estimated point of sale costs as determined by the Directors. The fair value of livestock is determined based on market prices of animals of similar age, breed and genetic merit. Standing crops are revalued to fair value at each reporting date based on the estimated market value of fully grown standing crops adjusted for the age and condition of the crops at the reporting date. Feedlot, standing and dairy cattle, chickens (broilers and layers), and pigs have been classified as current biological assets based on Directors' expectation of their useful economic life. Upon maturity of biological assets, they are transferred to inventory through harvest and culling.

Net gains and losses arising from changes in fair value less estimated point of sale costs of biological assets are recognised in profit and loss in the statement of comprehensive income.

(o) **Inventory**

Inventory is stated at the lower of cost and net realizable value. Cost is determined on a first in first out basis and includes all expenditure incurred in the normal course of business in bringing the goods to their present location and condition, including production overheads based on normal level of activity. Net realizable value takes into account all further costs directly related to marketing, selling and distribution.

Biological assets are transferred to inventory at the point of harvest/slaughter at fair value in accordance with IAS 41.

(p) **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, bank overdrafts, deposits held at call with banks and balances held with banks.

Bank overdrafts are defined as facilities which are repayable on demand and classified as current liabilities.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

2. Principal accounting policies (continued)

(q) Interest bearing liabilities

Short term interest bearing liabilities include all amounts expected to be repayable within twelve months from the reporting date, including instalments due on loans of longer duration. Long term interest bearing liabilities represent all amounts payable more than twelve months from the reporting date.

(r) Other income

Other income is income not related to the operation or management of the specific business activities of the Group, but which arises from the function of operating an agri-business. Other income comprises the fair value of the consideration received or receivable.

(s) Taxation

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

2. Principal accounting policies (continued)

(t) Employee benefits

(i) Pension obligations

The Group has a plan with National Pension Scheme Authority (NAPSA) where the Group pays an amount equal to the employee's contributions. Employees contribute 5 per cent. of their gross earnings up to the statutory cap.

(ii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits in exchange for the termination of an employee's employment as a result of either its termination of an employee's employment before normal retirement date or when an employee decides to accept an offer of benefits in exchange for the termination of employment.

(u) Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the year in which the dividends are approved by the Company's shareholders at a general meeting.

(v) Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Preference shares are classified as equity if they are non-redeemable and any dividends are discretionary, or are redeemable but only at the group's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

The revaluation reserve within equity comprises gains and losses due to the revaluation of property, plant and equipment. This reserve is non-distributable.

Foreign currency translation differences arising from translating to presentational currency and translating foreign operations are included in the foreign exchange reserve. These reserves are non-distributable.

Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income. All transactions with owners of the parent are recorded separately within equity.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

2. Principal accounting policies (continued)

(w) Segmental reporting

IFRS 8 requires segments to be identified on the basis of the internal reports about operating units of the Group that are regularly reviewed by the Chief Executive Officer and the Chief Financial Officer who are the Chief Operating Decision Makers (CODMs) to allocate resources and to assess their performance. The Group operates 12 main reportable divisions which match the main external revenues earned by the Group:

- Retailing Zambia
- Retailing – West Africa
- Beef
- Chicken
- Day-old chicks
- Pork
- Milk and dairy
- Eggs
- Stockfeed
- Crops
- Mill and Bakery
- Leather and shoe

The business activities are grouped in these segments based on the nature of their business and in the case of Retailing - West Africa the geographical area in which they conduct their business.

Due to the nature of the Group's operations, namely that groups of assets and liabilities are each used to generate a number of the revenue streams above, balance sheet items cannot be discretely allocated to the above components, and the CODM also review management information regarding the operating assets and liabilities of the main reporting entities within the Group as follows:

- Zambeef
- Retailing
- Master Pork
- Other

The 'Other' segment includes the foreign subsidiaries, Zamleather Limited, Zam Chick Limited and Zamhatch Limited. Foreign subsidiaries include the Group's two majority-owned subsidiaries in Nigeria and Ghana. Inter and intra-divisional, and inter-company sales are recognised based on an internally set transfer price. The prices are reviewed periodically and aim to reflect what each business segment could achieve if it sold its output to external parties at arm's length.

(x) Provisions (Restructuring costs and legal claims)

Provisions for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with adopted IFRS requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income, expenses and contingent liabilities. Estimates are based on historical experience and other assumptions that are considered reasonable under the circumstances.

Significant management judgements

Recognition of deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Management applies judgement in assessing whether a deferred tax asset is recognised on carried forward trading losses based on anticipated future profits. This takes into account projections made by the business and expected future market conditions.

Estimation Uncertainty

Information about estimates and assumptions that may have the most significant effects on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

(i) Valuation of biological assets and inventory

Biological assets are measured at fair value less estimated costs to sell. In estimating fair values and costs to sell, management considers the most reliable evidence at the times the estimates are made.

The most significant estimate relates to management's assessment of anticipated yield per hectare for establishing the fair value of standing crops. This assessment considers historic yields, climate conditions and certain other key factors. Realisation of the carrying amounts of biological assets of ZMW176.3 million (USD8.7 million); ZMW14.4 million (USD0.9 million) (2019: ZMW170.4 million [USD12.9 million]; ZMW10.3 million [USD0.8 million]) is affected by price changes in different market segments, and ZMW524.4 million (USD32.4 million) (2019: ZMW613.5 million [USD49.8 million]) is affected by physical changes in different segments. Refer note to 16.

Inventories are measured at the lower of cost and net realizable value. In estimating net realizable values, management considers the most reliable evidence available at the times the estimates are made. Future realization of the carrying amounts of inventory assets of ZMW1,103.6 million (USD54.8 million) (2019: ZMW941.2 million [USD71.3 million]) is affected by price changes in different market segments.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

4. Management of financial risk

The Group's Board of Directors believes that the Group is well positioned in an improving economy. Factors contributing to the Group's strong position are:

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

Overall, the Group is in a strong position and has sufficient capital and liquidity to service its operating activities and debt.

4.1 Financial risk

The Group is exposed to a range of financial risks through its financial assets and financial liabilities. The most important components of this financial risk are cash flow risk, interest rate risk, foreign exchange risk and credit risk. These risks are exposed to general and specific market movements.

The Group manages these positions with a framework that has been developed to monitor its customers and return on its investments.

4.2 Credit risk

The Group has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The area where the Group is exposed to credit risk is amounts due from customers.

The Group structures the levels of credit risk it accepts by placing limits on its exposure to the level of credit given to a single customer. Such risk is subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved annually by the Board of Directors.

4.3 Interest risk

The Group has exposure to both variable and fixed interest rates on its borrowings. The area where the Group is exposed to interest risk is where the variable rate benchmark such as LIBOR, Zambian Treasury Bill rate, or the Bank of Zambia Policy rate may change.

The Group structures its debt with low spreads over the variable rate benchmark and protects itself with matching fixed interest rates on its borrowings. Management periodically review economic conditions relating to such variable benchmarks and is allowed to consider alternate debt structures where the need may arise.

4.4 Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group sets the amount of capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of the economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of the dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

4. Management of financial risk (continued)

Capital structure

	2020 ZMW'000s	2019 ZMW'000s
(i) In Zambian Kwacha		
Cash and cash equivalents	(236,909)	(274,425)
Interest bearing liabilities	(560,126)	(611,925)
Equity	3,770,739	3,245,709
	2,973,704	2,359,359

	2020 USD'000s	2019 USD'000s
(ii) In United States Dollars		
Cash and cash equivalents	(11,763)	(20,790)
Interest bearing liabilities	(27,812)	(46,358)
Equity	187,226	245,887
	147,651	178,739

The Directors define capital as equity plus cash less borrowings and its financial strategy in the short term is to minimize the level of debt in the business whilst ensuring sufficient finances are available to continue the Group's business activities.

4.5 Foreign exchange risk

The Group is exposed to foreign exchange risk arising from exchange rate fluctuations. Foreign currency denominated purchases and sales, together with foreign currency denominated borrowings, comprise the currency risk of the Group. These risks are minimised by matching the foreign currency receipts to the foreign currency payments as well as holding foreign currency bank accounts and export sales.

4.6 Agricultural risk

Agricultural production by its nature contains elements of significant risks and uncertainties which may adversely affect the business and operations of the Group, including but not limited to the following: (i) any future climate change with a potential shift in weather patterns leading to floods or droughts and associated crop losses; (ii) potential insect, fungal and weed infestations resulting in crop failure and reduced yields; (iii) wild and domestic animal conflicts and crop raiding; and (iv) livestock disease outbreaks. Adverse weather conditions represent a significant operating risk to the business, affecting the quality and quantity of production and the levels of farm inputs.

The Group minimises these risks through a robust insurance policy on biological stock (crop and livestock) and grain inventory.

5. Segmental reporting

An operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Makers ('CODMs'), which is the Chief Executive Officer and Chief Financial Officer, to make decisions about the allocation of resources and assessment of performance about which discrete financial information is available. Gross margins and other operating results are reviewed by the CODM and used for such purposes; some of the other costs are shared. The CODM reviews information regarding the operating divisions which match the main external revenues earned by the Group, and management information regarding the operating assets and liabilities of the main business divisions within the Group.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

5. Segmental reporting (continued) Year ended 30 September 2020

The segment information for the reporting period is as follows:

(i) In Zambian Kwacha

Segment	Revenue ZMW'000s	Revenue ZMW'000s	Gross Profit ZMW'000s	Gross Profit ZMW'000s
Retailing – Zambia		2,177,555		188,754
Master Meats Nigeria	164,275		37,924	
Master Meats Ghana	54,483		16,699	
Retailing West Africa		218,758		54,623
Total Retailing		2,396,313		243,377
Beef	522,585		164,307	
Chicken	300,668		39,037	
Day old chicks	128,326		53,126	
Pork	285,581		53,194	
Milk and dairy	218,207		91,760	
Eggs	61,004		(148)	
Total Cold Chain Food Production		1,516,371		401,276
Gross Combined Retail and CCFP		3,912,684		644,653
Less: Intra/Inter Sales		(1,399,926)		
Combined Retail & CCFP		2,512,758		644,653
Stock Feed		1,331,965		255,888
Crops		651,560		266,405
Mill and Bakery	173,659		34,107	
Leather and shoe	29,950		14,569	
Total Other		203,609		48,676
Total		4,699,892		1,215,622
Less: Intra/Inter Group Sales		(824,788)		
Group total		3,875,104		1,215,622
Central operating costs and other income				(1,005,091)
Operating profit				210,531
Foreign exchange losses				(137,705)
Finance costs				(92,322)
Share of loss on equity accounted investment				(3,177)
Loss before tax				(22,673)

Segment	Zambia ZMW'000s	Nigeria ZMW'000s	Ghana ZMW'000s	Total ZMW'000s
Cold Chain Food Production	3,693,926	164,275	54,483	3,912,684
Stockfeed	1,331,965	-	-	1,331,965
Cropping	651,560	-	-	651,560
Other	203,609	-	-	203,609
Sub-total	5,881,060	164,275	54,483	6,099,818
Intra/inter group sales	(2,224,714)	-	-	(2,224,714)
Total	3,656,346	164,275	54,483	3,875,104

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

5. Segmental reporting (continued) Year ended 30 September 2020

(i) In Zambian Kwacha

Operating assets/(liabilities)	Zambeef	Retailing	Masterpork	Other	Total
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Property plant and equipment	2,476,394	224,825	81,835	481,451	3,264,505
Biological assets and inventories	953,583	81,293	25,930	219,139	1,279,945
Cash, cash equivalents and bank overdrafts	(158,177)	(119,683)	5,257	35,694	(236,909)
Trade and other receivables	50,555	15,436	14,121	52,556	132,668
Trade and other payables	(232,842)	(33,502)	(3,589)	(51,715)	(321,648)

Year ended 30 September 2019

(i) In Zambian Kwacha

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

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

5. Segmental reporting (continued)
Year ended 30 September 2019

Segments	Zambia	Nigeria	Ghana	Total
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Cold Chain Food Production	3,242,213	138,732	46,222	3,427,167
Stockfeed	986,075	-	-	986,075
Cropping	474,202	-	-	474,202
Other	210,348	-	-	210,348
Sub-total	4,912,838	138,732	46,222	5,097,792
Intra/inter group sales	(1,962,825)	-	-	(1,962,825)
Total	2,950,013	138,732	46,222	3,134,967

Operating assets/(liabilities)	Zambeef	Retailing	Masterpork	Other	Total
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Property plant and equipment	2,060,110	209,897	84,443	487,374	2,841,824
Biological assets and inventories	777,065	70,921	19,195	200,645	1,067,826
Cash, cash equivalents and bank overdrafts	(195,772)	(96,500)	1,461	16,386	(274,425)
Trade and other receivables	28,153	10,129	11,912	47,831	98,025
Trade and other payables	(158,504)	(49,327)	(19,654)	(32,100)	(259,585)

Year ended 30 September 2020

(ii) In US Dollars

Segment	Revenue	Revenue	Gross Profit	Gross Profit
	USD'000s	USD'000s	USD'000s	USD'000s
Retailing – Zambia		134,666		11,673
Master Meats Nigeria	10,159		2,345	
Master Meats Ghana	3,369		1,033	
Retail – West Africa		13,528		3,378
Total Retailing		148,194		15,051
Beef	32,318		10,161	
Chicken	18,594		2,414	
Day old chicks	7,936		3,285	
Pork	17,661		3,291	
Milk and dairy	13,495		5,675	
Eggs	3,773		(9)	
Total Cold Chain Food Production		93,777		24,817
Gross Combined Retail and CCFP		241,971		39,868
Less: Intra/Inter Sales		(86,576)		-
Combined Retail & CCFP		155,395		39,868
Stock Feed		82,373		15,824
Crops		40,294		16,476
Mill and Bakery	10,740		2,109	
Leather and shoe	1,852		901	
Total Other		12,592		3,010
Total		290,654		75,178
Less: Intra/Inter Group Sales		(51,006)		-
Group total		239,648		75,178
Central operating costs and other income				(62,158)
Operating profit				13,020
Foreign exchange losses				(8,516)
Finance costs				(5,709)
Share of loss on equity accounted investment				(197)
Loss before tax				(1,402)

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

5. Segmental reporting (continued) Year ended 30 September 2020

(ii) In US Dollars

Segment	Zambia	Nigeria	Ghana	Total
	USD'000s	USD'000s	USD'000s	USD'000s
Cold Chain Food Production	228,444	10,159	3,369	241,972
Stockfeed	82,373	-	-	82,373
Cropping	40,294	-	-	40,294
Other	12,592	-	-	12,592
Sub-total	363,703	10,159	3,369	377,231
Intra/inter group sales	(137,583)	-	-	(137,583)
Total	226,120	10,159	3,369	239,648

Operating assets/(liabilities)	Zambeef	Retailing	Masterpork	Other	Total
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s
Property plant and equipment	122,959	11,163	4,063	23,906	162,091
Biological assets and inventories	47,347	4,036	1,288	10,881	63,552
Cash, cash equivalents and bank overdrafts	(7,854)	(5,943)	261	1,773	(11,763)
Trade and other receivables	2,510	766	701	2,610	6,587
Trade and other payables	(11,561)	(1,663)	(519)	(2,228)	(15,971)

Year ended 30 September 2019

(ii) In US Dollars

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

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

5. Segmental reporting (continued)
Year ended 30 September 2019

Segment	Zambia	Nigeria	Ghana	Total
	USD'000s	USD'000s	USD'000s	USD'000s
Cold Chain Food Production	263,166	11,261	3,752	278,179
Stockfeed	80,039	-	-	80,039
Cropping	38,490	-	-	38,490
Other	17,074	-	-	17,074
Sub-total	398,769	11,261	3,752	413,782
Intra/inter group sales	(159,320)	-	-	(159,320)
Total	239,449	11,261	3,752	254,462

Operating assets/(liabilities)	Zambeef	Retailing	Masterpork	Other	Total
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s
Property plant and equipment	156,069	15,901	6,397	36,923	215,290
Biological assets and inventories	58,867	5,373	1,454	15,200	80,894
Cash, cash equivalents and bank overdrafts	(14,831)	(7,311)	111	1,241	(20,790)
Trade and other receivables	2,132	767	902	3,625	7,426
Trade and other payables	(12,282)	(3,737)	(1,489)	(2,158)	(19,666)

Geographical	2020				2019			
	Revenues	Non-current assets	Revenues	Non-current assets	Revenues	Non-current assets	Revenues	Non-current assets
	ZMW'000s	ZMW'000s	USD'000s	USD'000s	ZMW'000s	ZMW'000s	USD'000s	USD'000s
Zambia	3,618,848	3,236,288	223,794	160,690	2,903,553	2,818,694	235,679	213,538
West Africa	218,759	28,217	13,529	1,401	184,954	23,130	15,013	1,752
Rest of world	37,497	-	2,325	-	46,460	-	3,770	-
	3,875,104	3,264,505	239,648	162,091	3,134,967	2,841,824	254,462	215,290

6. Other income

Other income is mainly derived from rental income received by the letting out of guest houses on Mpongwe farm and from sales of scrap.

7. Operating profit

	2020		2019	
	Group	Company	Group	Company
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Operating profit is stated after charging/(crediting):				
Depreciation				
- Owned assets	125,150	74,440	109,453	64,766
- Leased assets	16,258	6,022	12,468	6,283
Staff costs	493,484	255,721	453,701	250,627
Legal and other professional fees	7,568	7,229	7,178	3,065
Directors' remuneration				
- Executive	11,555	11,555	19,020	19,020
- Non-Executive	3,374	3,374	4,727	4,727
	14,929	14,929	23,747	23,747
Auditors' remuneration				
- Audit services	4,825	4,560	2,104	1,303
- Non audit services	-	-	-	-
	4,825	4,560	2,104	1,303
Allowance for credit losses	6,980	3,937	1,201	652
(Loss)/profit on disposal of property, plant and equipment	(4,796)	(1,216)	986	1,821
Rentals under leases	1,359	-	12,842	-

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

7. Operating profit (continued)

Operating profit	2020		2019	
	Group	Company	Group	Company
	USD'000s	USD'000s	USD'000s	USD'000s
Operating profit before taxation is stated after charging/(crediting):				
Depreciation				
– Owned assets	7,740	4,604	8,884	5,257
– Leased assets	1,005	372	1,012	510
Staff costs	30,518	15,815	36,826	20,346
Legal and other professional fees	468	447	583	249
Directors' remuneration				
– Executive	716	716	1,543	1,543
– Non-Executive	209	209	384	384
	925	925	1,927	1,927
Auditors' remuneration				
– Audit services	298	282	171	106
– Non audit services	-	-	-	-
	298	282	171	106
Allowance for credit losses	432	243	97	53
(Loss)/profit on disposal of property, plant and equipment	(32)	(75)	80	147
Rentals under operating leases	84	-	1,042	-

8. Staff costs

The Group employed an average of 7,082 employees during the year ended 30 September 2020 (2019: 7,407).

	2020 Number	2019 Number
Zambeef Products PLC, Zambeef Retailing Limited, Zam Chick Limited, Zamhatch Limited & Zamleather Limited	6,467	6,803
Master Pork Limited	299	284
Foreign Subsidiaries	316	320
Total	7,082	7,407

Employee costs for all employees of the Group, including Executive Directors, were:

	2020		2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Salaries and wages	449,513	27,799	436,227	35,408
Social security costs	21,980	1,359	12,856	1,043
Pension costs	21,991	1,360	4,618	375
	493,484	30,518	453,701	36,826

2020	Francis Grogan	Walter Roodt	Faith Mukutu	Danny Museteka	Total
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Salaries and fees	1,083	2,240	2,309	1,848	7,480
Bonus	-	-	-	-	-
Pension contributions	-	10	10	10	30
Airfare Allowance	-	-	-	-	-
Employment taxes	583	1,212	1,249	1,001	4,045
Total	1,666	3,462	3,568	2,859	11,555

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

8. Staff costs (continued)

2019	Francis Grogan	Walter Roodt	Faith Mukutu	Danny Museteka	Total
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Salaries and fees	3,995	1,545	201	1,821	7,562
Bonus	2,959	359	-	240	3,558
Pension contributions	-	10	1	10	21
Airfare Allowance	365	-	-	365	730
Employment taxes	4,236	1,244	100	1,569	7,149
Total	11,555	3,158	302	4,005	19,020

2020	Francis Grogan	Walter Roodt	Faith Mukutu	Danny Museteka	Total
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000 s
Salaries and fees	67	139	143	114	463
Bonus	-	-	-	-	-
Pension contributions	-	1	1	1	3
Airfare Allowance	-	-	-	-	-
Employment taxes	36	75	77	62	250
Total	103	215	221	177	716

2019	Francis Grogan	Walter Roodt	Faith Mukutu	Danny Museteka	Total
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s
Salaries and fees	324	125	16	148	613
Bonus	240	29	-	19	288
Pension contributions	-	1	-	1	2
Airfare Allowance	30	-	-	30	60
Employment taxes	344	101	8	127	580
Total	938	256	24	325	1,543

Details of Directors' contracts may be found in the Directors' Report.

9. Finance costs

	2020		2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Interest on bank loans and overdrafts	90,190	5,577	79,296	6,436
Finance lease cost	2,132	132	3,494	284
Total	92,322	5,709	82,790	6,720

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

10. Taxation

The Group has various tax rates applicable on the basis of individual entities being defined as agricultural entities or divisions (income tax rate of 10%) or manufacturing entities or divisions (income tax rate of 35%). The Group has further obtained tax holidays through investment incentives offered by the Zambian Government.

(i) In Zambian Kwacha	2020		2019	
	Group	Company	Group	Company
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
(a) Tax charge				
Current tax:				
Tax charge	5,172	6,277	9,222	6,803
Deferred tax:				
Deferred taxation (note 10(e))	107,785	34,523	(6,442)	27,388
Tax charge for the year	112,957	40,800	2,780	34,191
(b) Reconciliation of tax charge				
(Loss)/profit before taxation	(22,673)	66,109	38,653	55,795
Taxation on accounting (loss)/profit	(27,631)	7,390	(24,681)	6,805
Effects of:				
Permanent differences:				
Disallowable expenses	27,087	17,612	3,774	533
Timing differences:				
Livestock and crop valuations adjustment	2,328	-	1,924	1,923
Other income	(2,897)	(2,754)	1,342	4
Unrealised exchange losses/(gains)	7,975	8,106	(903)	(834)
Other disallowable items	(1,690)	(24,077)	27,766	(1,628)
Tax charge	5,172	6,277	9,222	6,803
(c) Movement in taxation account				
Taxation recoverable at 1 October	(1,390)	(1,529)	(960)	(2,510)
Charge for the year	5,172	6,278	9,222	6,803
Taxation paid	(5,525)	(5,314)	(9,652)	(5,822)
Taxation recoverable as at 30 September	(1,743)	(565)	(1,390)	(1,529)
Analysed as follows:				
Taxation payable	41	-	1,377	-
Taxation recoverable	(1,784)	(565)	(2,767)	(1,529)
	(1,743)	(565)	(1,390)	(1,529)

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

10. Taxation (continued)

(d) Tax returns for the year ended 30 September 2020 will be made on the due date.

(e) Deferred taxation

	Group			Company		
	1 October	Recognised in profit or loss	30 September	1 October	Recognised in profit or loss	30 September
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Year ended 30 September 2020						
Temporary Differences/ Biological Valuation	14,162	4,125	18,287	13,716	1,213	14,929
Property and Equipment	58,464	47,734	106,198	60,872	2,428	63,300
Tax Loss	(111,277)	56,831	(54,446)	(65,175)	32,101	(33,074)
Other Provisions	(8,736)	(905)	(9,641)	(2,783)	(1,219)	(4,002)
Deferred Income Tax Liability	(47,387)	107,785	60,398	6,630	34,523	41,153
Year ended 30 September 2019						
Temporary Differences/ Biological Valuation	13,444	718	14,162	13,012	704	13,716
Property and Equipment	38,384	20,080	58,464	32,733	28,139	60,872
Tax Loss	(86,754)	(24,523)	(111,277)	(64,695)	(480)	(65,175)
Other Provisions	(6,019)	(2,717)	(8,736)	(1,808)	(975)	(2,783)
Deferred Income Tax Liability	(40,945)	(6,442)	(47,387)	(20,758)	27,388	6,630

Summary	2020		2019	
	Group	Company	Group	Company
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Deferred tax asset	(9,552)	-	(56,525)	-
Deferred tax liability	69,950	41,153	9,138	6,630
	60,398	41,153	(47,387)	6,630

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

10. Taxation (continued)

(ii) In US Dollars	2020		2019	
	Group	Company	Group	Company
	USD'000s	USD'000s	USD'000s	USD'000s
(a) Tax charge				
Current tax:				
Tax charge	320	388	749	553
Deferred tax:				
Deferred taxation (note 10(e))	6,666	2,135	(523)	2,223
Tax charge for the year	6,986	2,523	226	2,776

(b) Reconciliation of tax charge

	2020		2019	
	Group	Company	Group	Company
	USD'000s	USD'000s	USD'000s	USD'000s
(Loss)/profit before taxation	(1,402)	4,088	3,138	4,529
Taxation on accounting (loss)/profit	(1,709)	457	(2,003)	552
Effects of:				
Permanent differences:				
Disallowable expenses	1,675	1,089	306	43
Timing differences:				
Livestock and crop valuations adjustment	144	-	156	156
Other income	(179)	(170)	109	1
Unrealised exchange losses/(gains)	494	501	(73)	(67)
Other disallowable items	(105)	(1,489)	2,254	(132)
Tax charge for the year	320	388	749	553

(c) Movement in taxation account

	2020		2019	
	Group	Company	Group	Company
	USD'000s	USD'000s	USD'000s	USD'000s
Taxation recoverable at 1 October	(106)	(115)	(78)	(205)
Charge for the year	320	388	749	553
Taxation paid	(342)	(328)	(783)	(473)
Foreign exchange differences	41	27	6	10
Taxation recoverable as at 30 September	(87)	(28)	(106)	(115)
Analysed as follows:				
Taxation payable	2	-	104	-
Taxation recoverable	(89)	(28)	(210)	(115)
	(87)	(28)	(106)	(115)

(d) Tax returns for the year ended 30 September 2020 will be made on the due date.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

10. Taxation (continued)

(e) Deferred taxation

	Group			Company		
	1 October	Recognised in profit or loss	30 September	1 October	Recognised in profit or loss	30 September
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s
Year ended 30 September 2020						
Temporary Differences/ Biological Valuation	1,073	(165)	908	1,113	(190)	923
Property and Equipment	4,429	844	5,273	4,941	(1,026)	3,915
Tax Loss	(8,430)	5,727	(2,703)	(5,326)	2,779	(2,547)
Other Provisions	(662)	183	(479)	(226)	(22)	(248)
Deferred Income Tax Liability	-	77	-	-	594	-
	(3,590)	6,666	2,999	502	2,135	2,043
Year ended 30 September 2019						
Temporary Differences/ Biological Valuation	1,098	(25)	1,073	1,312	(199)	1,113
Property and Equipment	3,136	1,293	4,429	3,300	1,641	4,941
Tax Loss	(7,087)	(1,343)	(8,430)	(6,125)	799	(5,326)
Other Provisions	(492)	(170)	(662)	(182)	(44)	(226)
Deferred Income Tax Liability	-	(278)	-	-	26	-
	(3,345)	(523)	(3,590)	(1,695)	2,223	502

Summary	2020		2019	
	Group	Company	Group	Company
	USD'000s	USD'000s	USD'000s	USD'000s
Deferred tax asset	(474)	-	(4,282)	-
Deferred tax liability	3,473	2,043	692	502
	2,999	2,043	(3,590)	502

All deferred tax assets (including tax losses and other tax credits) have been recognised in the statement of financial position.

11. Dividends

	2020		2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
	Dividends declared or paid	-	-	-

There has been no dividend paid or proposed for 2020 (2019: ZMW nil).

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

12. Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company as the numerator, i.e., no adjustments to profit were necessary in 2019 or 2020. For diluted earnings per share, the number of shares used in the calculation of EPS includes preference shares and outstanding options awarded to management.

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

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

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2020		2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Basic earnings per share				
(Loss)/profit for the year	(103,419)	(6,396)	18,100	1,469
Weighted average number of ordinary shares for the purposes of basic earnings per share.	300,580	300,580	300,580	300,580
Weighted average number of ordinary shares for the purposes of diluted earnings per share.	400,638	400,638	400,638	400,638
	Ngwee	US cents	Ngwee	US cents
Basic earnings per share (ZMW ngwee and US cents) – Continued operations	(45.12)	(2.79)	11.80	0.96
Basic earnings per share (ZMW ngwee and US cents) – Discontinued operations	11.12	0.69	(5.78)	(0.47)
Total Basic earnings per share (ZMW ngwee and US cents)	(34.00)	(2.10)	6.02	0.49
Diluted earnings per share				
Diluted earnings per share – continued operations	(45.12)	(2.79)	8.86	0.72
Diluted earnings per share – discontinued operations	11.12	0.69	(4.34)	(0.35)
Total diluted earnings per share	(34.00)	(2.10)	4.52	0.37

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

13. Goodwill

	ZMW'000s	USD'000s
Cost and Net Book Value		
At 1 October 2018	166,801	13,628
Arising during the year	-	-
Foreign exchange difference	-	(992)
At 30 September 2019	166,801	12,636
Arising during the year	-	-
Foreign exchange difference	-	(4,354)
At 30 September 2020	166,801	8,282

For the purpose of annual impairment testing, goodwill is allocated to the following cash-generating units, which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises, as set out below, and is compared to its recoverable value:

	2020		2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Masterpork Limited	15,699	779	15,699	1,189
Zam Chick Limited	141,786	7,040	141,786	10,741
Zamhatch Limited	9,316	463	9,316	706
	166,801	8,282	166,801	12,636

The recoverable amount of each segment was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using a growth rate determined by management. The present value of the expected cash flows of each segment is determined by applying a discount rate which reflects the Group's cost of borrowing and adjusted for specific risks that apply to each segment.

The Group tests annually for impairment, or more frequently if there are indicators that goodwill might be impaired.

The Board's key assumptions are based on their past experience and future expectations of the market over the longer term. The Group's cost of external borrowing adjusted for dividend payment history, currency risk and in accordance with IAS 36 'Impairment of Assets' is 15%. In arriving at the individual segment discount rate, management considered risks that are specific to each unit. The discount rates used in the value in use calculation for Masterpork, Zamchick and Zamhatch are 17%, 15.5% and 15% respectively.

Masterpork, Zamchick and Zamhatch are expected to achieve a minimum revenue and profitability growth rate of 10%, 9%, 6% based on past growth recorded and future expected growth, and in light of projected increase in Zambia's population and therefore protein consumption.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

13. Goodwill (continued)

Due to the significant headroom within historical impairment calculations, assumptions including growth rates of cash flows and changes to selling prices and direct costs have not been sensitised. Therefore, management is not aware of any significant risk of material adjustment to the goodwill figure in the next financial year. Management's key assumptions on the cashflow include stable increase in profit margins based on the increase in consumption in the domestic market.

Recoverable amount of each operating unit is as follows:

	2020	2020	2019	2019
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Masterpork	125,313	6,222	106,687	8,082
Zamchick	489,678	24,314	602,360	45,633
Zamhatch	1,171,154	58,151	1,942,175	147,135
Total	1,786,145	88,687	2,651,222	200,850

The Board is not aware of any other changes that would necessitate changes to its calculations.

14. Property, plant and equipment

(i) In Zambian Kwacha

(a) Group	Land and buildings	Aircraft	Plant and machinery	Motor vehicles	Furniture and equipment	Capital work in progress	Total
	ZMW'000s		ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Cost or valuation							
As at 1 October 2018	2,052,628	865	815,646	65,605	23,307	46,102	3,004,153
Exchange differences	71,470	-	20,871	(194)	61	110	92,318
Additions	13,868	-	15,621	7,399	4,948	71,989	113,825
Disposals	(2,030)	-	(7,108)	(2,505)	(280)	-	(11,923)
Transfer to held for sale	(116,020)	-	(27,547)	(876)	(420)	(698)	(145,561)
Transfers	23,136	-	57,482	7,099	4,001	(91,718)	-
As at 30 September 2019	2,043,052	865	874,965	76,528	31,617	25,785	3,052,812
Exchange differences	516,215	-	128,710	1,369	820	-	647,114
Additions	7,938	-	27,071	10,079	4,551	43,025	92,664
Adjustment for transition to IFRS16	15,425	-	-	-	-	-	15,425
Disposals	(1,153)	-	(4,875)	(3,203)	(55)	(4,102)	(13,388)
Transfer to held for sale	(146,063)	-	(48,406)	(787)	(387)	-	(195,643)
Transfers	11,499	-	28,720	11,406	2,061	(53,686)	-
As at 30 September 2020	2,446,913	865	1,006,185	95,392	38,607	11,022	3,598,984

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2020

14. Property, plant and equipment (continued)

(a) Group (continued)	Land and buildings	Aircraft	Plant and machinery	Motor vehicles	Furniture and equipment	Capital work in progress	Total
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Depreciation							
As at 1 October 2018	16,972	86	66,820	15,457	2,597	-	101,932
Exchange difference	539	-	(2,044)	3	(26)	-	(1,528)
Charge for the year	18,232	87	83,340	17,459	2,803	-	121,921
Disposals	(77)	-	(222)	(814)	(20)	-	(1,133)
Transfer to held for sale	(4,630)	-	(5,255)	(246)	(73)	-	(10,204)
As at 30 September 2019	31,036	173	142,639	31,859	5,281	-	210,988
Exchange difference	(728)	-	(1,897)	(982)	(543)	-	(4,150)
Charge for the year	19,304	86	95,912	21,893	4,213	-	141,408
Charge on right of use assets	8,362	-	-	-	-	-	8,362
Disposals	-	-	(598)	(1,536)	(6)	-	(2,140)
Transfer to held for sale	(5,044)	-	(14,507)	(329)	(109)	-	(19,989)
As at 30 September 2020	52,930	259	221,549	50,905	8,836	-	334,479
Net book value							
At 30 September 2020	2,393,983	606	784,636	44,487	29,771	11,022	3,264,505
At 30 September 2019	2,012,016	692	732,326	44,669	26,336	25,785	2,841,824

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

	Land and buildings	Plant and machinery	Motor vehicles	Total
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Gross carrying amount				
At 1 October 2019	-	54,801	1,560	56,361
Adjustment on transition to IFRS 16	15,425	-	-	15,425
Additions	-	-	4,020	4,020
Disposals	-	-	-	-
At 30 September 2020	15,425	54,801	5,580	75,806
Depreciation and impairment				
At 1 October 2019	-	8,519	366	8,885
Disposals	-	-	-	-
Depreciation	8,362	6,410	963	15,735
At 30 September 2020	8,362	14,929	1,329	24,620
Carrying amount 30 September 2020	7,063	39,872	4,251	51,186

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

14. Property, plant and equipment (continued)

(ii) In US Dollars

(a) Group	Land and buildings	Aircraft	Plant and machinery	Motor vehicles	Furniture and equipment	Capital work in progress	Total
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s
Cost or valuation							
As at 1 October 2018	168,428	71	67,332	5,411	1,934	1,869	245,045
Foreign translation	(7,701)	(5)	(4,317)	(521)	(210)	1,739	(11,015)
Additions	1,126	-	1,267	601	402	5,843	9,239
Transfer to held for sale	(8,789)	-	(2,087)	(66)	(32)	(53)	(11,027)
Transfers	1,878	-	4,666	576	325	(7,445)	-
Disposals	(165)	-	(577)	(203)	(23)	-	(968)
As at 30 September 2019	154,777	66	66,284	5,798	2,396	1,953	231,274
Foreign translation	(26,534)	(23)	(16,480)	(2,144)	(861)	(104)	(46,146)
Additions	491	-	1,674	623	281	2,661	5,730
Adjustment for transition to IFRS16	954	-	-	-	-	-	954
Transfers	711	-	1,776	705	128	(3,320)	-
Disposals	(71)	-	(301)	(198)	(3)	(254)	(827)
Transfer to held for sale	(9,033)	-	(2,994)	(49)	(23)	-	(12,099)
As at 30 September 2020	121,295	43	49,959	4,735	1,918	936	178,886
Depreciation							
As at 1 October 2019	(4,986)	7	10,895	1,649	370	-	7,935
Charge for the year	1,480	7	6,764	1,417	228	-	9,896
Disposals	(6)	-	(18)	(66)	(2)	-	(92)
Transfer to held for sale	(351)	-	(397)	(19)	(6)	-	(773)
Foreign Translation	6,214	(1)	(6,437)	(568)	(190)	-	(982)
As at 30 September 2019	2,351	13	10,807	2,413	400	-	15,984
Charge for the year	1,194	5	5,931	1,354	261	-	8,745
Charge on right of use assets	517	-	-	-	-	-	517
Disposals	-	-	(37)	(95)	-	-	(132)
Transfer to held for sale	(312)	-	(897)	(20)	(7)	-	(1,236)
Foreign Translation	(1,020)	(5)	(4,623)	(1,219)	(216)	-	(7,083)
As at 30 September 2020	2,730	13	11,181	2,433	438	-	16,795
Net book value							
At 30 September 2020	118,565	30	38,778	2,302	1,480	936	162,091
At 30 September 2019	152,426	53	55,477	3,385	1,996	1,953	215,290

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

14. Property, plant and equipment (continued)

- (a) The Group's property, plant and equipment situated in Zambia were revalued as at 30 September 2017 by Messrs Fairworld Properties Limited, Registered Valuation Surveyors, on the basis of market value. The surplus on valuation totalling ZMW790 million (USD82 million) was transferred to a revaluation reserve.
- (b) The depreciation charge for the year includes ZMW31.3 million (USD1.9 million) (2019: ZMW29.7 million [USD2.4 million]) which relates to the surplus over the original cost of fixed assets shown at a valuation. As this amount should not be taken to reduce the Group's distributable reserve, an equivalent amount has been transferred to distributable reserve from revaluation reserve.
- (c) The capital work in progress depicts all capital expenditure items on projects that are yet to be completed.
- (d) In the opinion of the Directors, the carrying values of property, plant and equipment stated above are not higher than their fair values.
- (e) If the cost model had been used, the carrying amounts of the property plant and equipment would be ZMW2,096,592 thousand (2019: ZMW1,642,766 thousand). The revalued amounts include a revaluation surplus of ZMW1,167,913 thousand before tax (2019: ZMW1,199,058 thousand), which is not available for distribution to the shareholders of Zambeef Products PLC.
- (f) Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Land and buildings	Plant and machinery	Motor vehicles	Total
	USD'000s	USD'000s	USD'000s	USD'000s
Gross carrying amount				
At 1 October 2019	-	4,152	118	4,270
Adjustment on transition to IFRS 16	953	-	-	953
Additions	-	-	249	249
Exchange differences	(188)	(1,430)	(90)	(1,708)
At 30 September 2020	765	2,722	277	3,764
Depreciation and impairment				
At 1 October 2019	-	646	28	674
Exchange differences	(102)	(300)	(21)	(423)
Depreciation	517	396	60	973
At 30 September 2020	415	742	67	1,224
Carrying amount 30 September 2020				
	350	1,980	210	2,540

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

14. Property, plant and equipment (continued)

(i) In Zambian Kwacha

(b) Company	Land and buildings	Plant and machinery	Motor vehicles	Furniture and equipment	Capital work in progress	Total
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Cost or valuation						
At 1 October 2018	1,629,373	511,443	23,974	12,687	38,440	2,215,917
Exchange differences	70,294	20,195	249	154	-	90,892
Additions	2,121	2,264	1,766	1,032	16,560	23,743
Assets held for sale	(116,020)	(27,547)	(876)	(420)	(698)	(145,561)
Disposals	(1,675)	(1,160)	(421)	(118)	-	(3,374)
Transfers	3,107	23,238	1,984	2,796	(31,125)	-
As at 30 September 2019	1,587,200	528,433	26,676	16,131	23,177	2,181,617
Exchange differences	510,532	129,184	1,804	934	-	642,454
Additions	4,926	17,404	3,238	2,304	7,513	35,385
Transfers	17,291	4,482	-	607	(22,380)	-
Disposals	(1,153)	(3,653)	(1,936)	(55)	(34)	(6,831)
Transfer to held for sale	(146,063)	(48,406)	(787)	(387)	-	(195,643)
As at 30 September 2020	1,972,733	627,444	28,995	19,534	8,276	2,656,982
Depreciation						
As at 1 October 2018	10,564	45,307	4,122	1,102	-	61,095
Assets held for sale	(4,630)	(5,255)	(246)	(73)	-	(10,204)
Charge for the year	11,003	53,302	5,299	1,445	-	71,049
Disposals	(66)	(223)	(125)	(19)	-	(433)
As at 30 September 2019	16,871	93,131	9,050	2,455	-	121,507
Charge for the year	9,364	63,374	5,921	1,803	-	80,462
Disposals	-	(529)	(857)	(6)	-	(1,392)
Assets held for sale	(5,044)	(14,507)	(329)	(109)	-	(19,989)
As at 30 September 2020	21,191	141,469	13,785	4,143	-	180,588
Net book value						
At 30 September 2020	1,951,542	485,975	15,210	15,391	8,276	2,476,394
At 30 September 2019	1,570,329	435,302	17,626	13,676	23,177	2,060,110

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14. Property, plant and equipment (continued)

(ii) In US Dollars

(b) Company	Land and buildings USD'000s	Plant and machinery USD'000s	Motor vehicles USD'000s	Furniture and equipment USD'000s	Capital work in progress USD'000s	Total USD'000s
Cost or valuation						
As at 1 October 2018	133,119	41,703	2,027	1,037	3,140	181,026
Exchange differences	5,706	1,639	20	12	-	7,377
Additions	172	184	143	84	1,344	1,927
Assets held for sale	(8,789)	(2,087)	(66)	(32)	(53)	(11,027)
Transfers	252	1,886	161	227	(2,526)	-
Disposals	(136)	(94)	(34)	(10)	-	(274)
Foreign translation	(10,081)	(3,198)	(230)	(97)	(149)	(13,755)
As at 30 September 2019	120,243	40,033	2,021	1,221	1,756	165,274
Exchange differences	31,573	7,989	112	58	-	39,732
Additions	305	1,076	200	142	465	2,188
Transfers	1,069	277	-	38	(1,384)	-
Disposals	(71)	(226)	(120)	(3)	(2)	(422)
Assets held for sale	(7,252)	(2,403)	(39)	(19)	-	(9,713)
Foreign translation	(47,916)	(15,592)	(734)	(467)	(424)	(65,133)
As at 30 September 2020	97,951	31,154	1,440	970	411	131,926
Depreciation						
As at 1 October 2018	863	3,689	336	90	-	4,978
Charge for the year	893	4,326	430	118	-	5,767
Assets held for sale	(351)	(397)	(19)	(6)	-	(773)
Disposals	(5)	(18)	(10)	(2)	-	(35)
Foreign translation	(122)	(544)	(52)	(14)	-	(732)
As at 30 September 2019	1,278	7,056	685	186	-	9,205
Charge for the year	579	3,919	366	112	-	4,976
Disposals	-	(33)	(53)	-	-	(86)
Transfer to held for sale	(250)	(720)	(16)	(5)	-	(991)
Foreign translation	(555)	(3,198)	(297)	(87)	-	(4,137)
As at 30 September 2020	1,052	7,024	685	206	-	8,967
Net book value						
At 30 September 2020	96,899	24,130	755	764	411	122,959
At 30 September 2019	118,965	32,977	1,336	1,035	1,756	156,069

- (a) The Company's property, plant and equipment situated in Zambia were revalued as at 30 September 2017 by Messrs Fairworld Properties Limited, Registered Valuation Surveyors, on the basis of market value. The surplus on valuation totalling ZMW651 million (USD54.1 million) was transferred to a revaluation reserve.
- (b) In the opinion of the Directors, the carrying values of property, plant and equipment stated above are not higher than their fair values.
- (c) If the cost model had been used, the carrying amounts of the property plant and equipment would be ZMW1,614,242 thousand (2019: ZMW1,169,775 thousand). The revalued amounts include a revaluation surplus of ZMW828,538 thousand before tax (2019: ZMW862,152 thousand), which is not available for distribution to the shareholders of Zambeef Products PLC.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

15. Investments in subsidiaries, associates and minority interests

The principal subsidiaries and associates of the Company, their country of incorporation, ownership of their issued, ordinary share capital and the nature of their trade are listed below:

(a) Directly/partially owned:	Country of incorporation	Proportion of all classes of issued share capital owned by the Company 2020	Proportion of all classes of issued share capital owned by the Company 2019	Principal activity
Zambeef Retailing Limited	Zambia	100	100	Retailing of Zambeef products
Zamleather Limited	Zambia	100	100	Processing and sale of leather and production and sale of shoes
Master Meat and Agro Production Co. of Nigeria Limited	Nigeria	80	80	Processing and sale of meat products
Master Meat (Ghana) Limited	Ghana	90	90	Processing and sale of meat products
Masterpork Limited	Zambia	100	100	Processing and sale of pork and processed products
Zampalm Limited	Zambia	10	10	Palm tree plantation
Zam Chick Limited	Zambia	100	100	Processing and sale of poultry products
Zamhatch Limited	Zambia	100	100	Chicken breeding, rearing and production of stock feed

The proportion of voting rights held is the same as the proportion of shares held.

(b) Movement at cost:	2020		2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
At beginning of the year	245,807	18,622	245,807	20,082
Foreign translation	-	(6,417)	-	(1,460)
At end of the year	245,807	12,205	245,807	18,622

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

15. Investments in subsidiaries and associates (continued)

(c) The Company's interests in its subsidiaries, which are unlisted, are as follows:

Name of company	Country of Incorporation	Assets ZMW'000s	Liabilities ZMW'000s	Revenues ZMW'000s	Profit/(loss) ZMW'000s
Zambeef Retailing Limited	Zambia	1,158,827	1,399,097	2,149,113	(171,151)
Zamleather Limited	Zambia	101,258	76,548	29,950	(2,665)
West Africa Operations	Nigeria & Ghana	73,344	73,545	218,759	7,595
Masterpork Limited	Zambia	253,585	167,145	290,584	(4,069)
Zam Chick Limited	Zambia	1,079,335	851,278	300,668	1,189
Zamhatch Limited	Zambia	811,454	539,538	591,707	40,384
Total at the end of 30 September 2020		3,477,803	3,107,151	3,580,781	(128,717)
Zambeef Retailing Limited	Zambia	899,371	983,478	1,853,720	(53,340)
Zamleather Limited	Zambia	91,242	63,868	26,828	(6,453)
West Africa Operations	Nigeria & Ghana	21,158	68,093	184,954	2,592
Masterpork Limited	Zambia	234,170	142,910	252,952	(49)
Zam Chick Limited	Zambia	854,449	633,437	247,580	23,030
Zamhatch Limited	Zambia	654,402	444,883	420,633	57,319
Total at the end of 30 September 2019		2,754,792	2,336,669	2,986,667	23,099

Name of company	Country of Incorporation	Assets USD'000s	Liabilities USD'000s	Revenues USD'000s	Profit/(loss) USD'000s
Zambeef Retailing Limited	Zambia	57,539	69,469	132,907	(10,584)
Zamleather Limited	Zambia	5,028	3,801	1,852	(165)
West Africa Operations	Nigeria & Ghana	3,642	3,652	13,529	470
Masterpork Limited	Zambia	12,607	8,299	17,977	(252)
Zam Chick Limited	Zambia	53,592	42,268	18,594	74
Zamhatch Limited	Zambia	40,291	26,789	36,593	2,497
Total at the end of 30 September 2020		172,699	154,278	221,452	(7,960)
Zambeef Retailing Limited	Zambia	68,134	73,543	150,464	(4,330)
Zamleather Limited	Zambia	6,912	4,838	2,178	(524)
West Africa Operations	Nigeria & Ghana	1,603	5,158	15,013	210
Masterpork Limited	Zambia	17,740	10,827	20,532	(4)
Zam Chick Limited	Zambia	64,731	47,988	20,096	1,869
Zamhatch Limited	Zambia	49,576	26,494	34,142	4,653
Total at the end of 30 September 2019		208,696	168,848	242,425	1,874

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

15. Investments in subsidiaries and associates (continued)

Name of company	2020		2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Zambeef Retailing Limited	31	2	31	2
Zamleather Limited	1,477	73	1,477	112
Master Meat and Agro Production Co of Nigeria Limited	216	10	216	16
Master Meat (Ghana) Limited	1,310	64	1,310	99
Masterpork Limited	26,601	1,321	26,601	2,015
Zam Chick Limited	158,230	7,858	158,230	11,988
Zamhatch Limited	57,942	2,877	57,942	4,390
	245,807	12,205	245,807	18,622

(d) In the opinion of the Directors, the value of the company's interests in the subsidiary companies is not less than the amounts at which they are stated in these financial statements.

(e) As at the reporting date, the Group has a 10% equity interest in Zampalm Limited. The company has significant influence over Zampalm Limited in that, it has representation on the Board of Directors, participates in policy making decisions and provides essential farming technical information. The company had a management contract which expired in September 2020 and was responsible for day to day management of Zampalm Limited. The investment is accounted for using the equity method.

Zampalm Limited's principal activity is the establishment of a palm oil plantation and processing plant and the production of crude palm oil. The company is still in the developmental stage and is expected to start generating profits in 2024.

The summarised financial information for Zampalm Limited is as below;

	2020		2019	
	ZMW'000s	USD'000's	ZMW'000s	USD'000s
Revenue	3,868	239	1,339	109
Gross Loss	(1,625)	(100)	(10,674)	(866)
Loss before tax	(31,770)	(1,965)	(30,356)	(2,464)
Non-current assets	273,811	13,595	270,301	20,477
Current assets	6,625	329	8,040	609
Total assets	280,436	13,924	278,341	21,086
Capital and reserves	106,846	5,305	138,616	10,501
Current liabilities	173,590	8,619	139,725	10,585
Total equity and liabilities	280,436	13,924	278,341	21,086

Summarised financial information of the Group's share in the associate is as follows:

	2020		2019	
	ZMW'000s	USD'000's	ZMW'000	USD'000
Opening balance	12,376	938	15,412	1,259
Arising during the year	34,627	2,141	-	-
Loss from continuing operation	(3,177)	(196)	(3,036)	(246)
Foreign exchange difference	-	(707)	-	(75)
Total comprehensive income	31,450	1,238	(3,036)	(321)
Carrying amount of the Group's interest	43,826	2,176	12,376	938

(i) There was no cash movement during the year. The movement shown above relates to a balance that was owed by the associate which was converted to equity during the year.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

16. (a) Biological assets – Group

Biological assets comprise standing crops, feedlot cattle, dairy cattle, pigs and chickens. At 30 September 2020 there were 349 hectares of standing crops, 9,774 cattle (6,697 feedlot cattle and 3,077 dairy cattle) and 731,710 chickens (106,555 breeding, 425,824 layers and 199,331 broilers), and 3,521 pigs. A total of 40,410 feedlot cattle, 771 dairy cattle, 8,568 pigs and 7,809,410 chickens were culled during the year.

(i) Zambian Kwacha	As at 1	Increase due	Gains/	Gains/	Decrease	As at 30
	October	to purchases	arising from fair value attributable to physical changes	arising from fair value attributable to price changes	due to harvest/ transferred to inventory	September
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Standing Crops	27,260	341,400	401,948	(34,956)	(719,026)	16,626
Feedlot Cattle	42,878	229,142	34,900	6,838	(273,106)	40,652
Dairy Cattle	49,767	76,917	(7,698)	12,654	(69,260)	62,380
Pigs	4,555	12,197	1,316	1,083	(15,031)	4,120
Chickens	45,957	393,865	93,895	-	(481,190)	52,527
Total	170,417	1,053,521	524,361	(14,381)	(1,557,613)	176,305

(ii) In US Dollars	As at 1	Foreign	Increase	Gains/	Gains	Decrease	As at 30
	October	exchange	due to	arising	arising	due to	September
	USD'000s	USD'000s	USD'000s	from fair value attributable to physical changes	from fair value attributable to price changes	harvest/ transferred to inventory	USD'000s
Standing Crops	2,066	(583)	21,113	24,859	(2,162)	(44,467)	826
Feedlot Cattle	3,247	(1,091)	14,171	2,158	423	(16,890)	2,018
Dairy Cattle	3,771	(1,454)	4,757	(476)	783	(4,283)	3,098
Pigs	344	(113)	754	81	67	(930)	203
Chickens	3,482	(1,280)	24,358	5,807	-	(29,758)	2,609
Total	12,910	(4,521)	65,153	32,429	(889)	(96,328)	8,754

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

16. (b) Biological assets – Company

Biological assets comprise standing crops, feedlot cattle, dairy cattle, and chickens. At 30 September 2020 there were 349 hectares of standing crops, 9,774 cattle (6,697 feedlot cattle and 3,077 dairy cattle), and 304,536 chickens. A total of 40,410 feedlot cattle, 771 dairy cattle and 267,920 chickens were culled during the year.

(i) Zambian Kwacha	As at 1 October	Increase due to purchases	Gains/(losses) arising from fair value attributable to physical changes	Gains/(losses) arising from fair value attributable to price changes	Decrease due to harvest/transferred to inventory	As at 30 September
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Standing Crops	27,260	341,400	401,948	(34,956)	(719,026)	16,626
Feedlot Cattle	42,878	229,142	34,900	6,838	(273,106)	40,652
Dairy Cattle	49,767	76,917	(7,698)	12,654	(69,260)	62,380
Chickens	17,310	61,919	(6,698)	-	(52,688)	19,843
Total	137,215	709,378	422,452	(15,464)	(1,114,080)	139,501

(ii) In US Dollars	As at 1 October	Foreign exchange	Increase due to purchases	Gains/(losses) arising from fair value attributable to physical changes	Gains/(losses) arising from fair value attributable to price changes	Decrease due to harvest/transferred to inventory	As at 30 September
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s
Standing Crops	2,066	(583)	21,113	24,858	(2,162)	(44,467)	825
Feedlot Cattle	3,247	(1,091)	14,171	2,158	423	(16,890)	2,018
Dairy Cattle	3,771	(1,454)	4,757	(476)	783	(4,283)	3,098
Chickens	1,311	(482)	3,829	(414)	-	(3,258)	986
Total	10,395	(3,610)	43,870	26,126	(956)	(68,898)	6,927

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

17. Inventories

(i) In Zambian Kwacha	2020		2019	
	Group	Company	Group	Company
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Trading stocks	595,376	516,046	406,602	345,724
Abattoir stocks	1,817	1,817	580	-
Raw materials	325,242	187,028	228,885	-
Stock feed	23,930	8,364	139,018	220,250
Consumables	151,290	100,826	163,167	117,626
Raw hides and chemicals	5,985	-	2,907	-
	1,103,640	814,081	941,159	683,600

(ii) In US Dollars	2020		2019	
	Group	Company	Group	Company
	USD'000s	USD'000s	USD'000s	USD'000s
Trading stocks	29,562	25,623	30,803	26,192
Abattoir stocks	90	90	44	-
Raw materials	16,149	9,287	17,340	-
Stock feed	1,188	415	10,532	16,685
Consumables	7,512	5,006	12,361	8,911
Raw hides and chemicals	297	-	220	-
	54,798	40,421	71,300	51,788

A total of ZMW2,645.6 million (USD163.5 million) (2019: ZMW2,063.7 million (USD167.5 million)) was included in profit and loss as an expense within cost of sales. Inventory was turned every 152 days (2019: 127 days).

Biological assets totalling ZMW1,557.6 million (USD96.3 million) (2019: ZMW1,707.4 million [USD138.6 million]) were transferred to inventories during the year.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

18. Trade and other receivables

(i) In Zambian Kwacha	2020		2019	
	Group	Company	Group	Company
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Gross trade receivables	85,386	37,518	55,758	18,820
Less: allowance for expected credit losses	(5,075)	(1,516)	(4,910)	(1,913)
Trade receivables	80,311	36,002	50,848	16,907
Prepayments	25,295	18,335	18,024	11,246
Other receivables	32,710	-	29,153	-
Less: other provisions	(5,648)	(3,782)	-	-
	132,668	50,555	98,025	28,153

(ii) In US Dollars	2020		2019	
	Group	Company	Group	Company
	USD'000s	USD'000s	USD'000s	USD'000s
Gross trade receivables	4,240	1,863	4,224	1,426
Less: allowance for expected credit losses	(252)	(75)	(372)	(145)
Trade receivables	3,988	1,788	3,852	1,281
Prepayments	1,256	910	1,364	852
Other receivables	1,623	-	2,210	-
Less: other provisions	(280)	(188)	-	-
	6,587	2,510	7,426	2,133

- (a) Allowance for credit losses
The trade receivables do not have a significant financing component and the simplified approach has been applied to calculate the loss allowance on life time expected credit losses. The allowance for credit losses is calculated for each business unit based on the historical loss experience and its particular customer profile with shared and specific characteristics which are influenced by the nature of their business.

The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

All of the Group's trade and other receivables in the comparative periods have been reviewed for indicators of impairment. The impaired trade receivables are mostly due from customers in the business-to-business market that are experiencing financial difficulties.

Note 29(b) includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses. Both the current and comparative impairment provisions apply the IFRS 9 expected loss model.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

18. Trade and other receivables (continued)

Movements on the Group's provision for allowance for expected credit losses and other provisions are set out in the table below:

(i) In Zambian Kwacha	2020		2019	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
At 1 October	4,910	1,913	4,822	1,331
Utilised	(1,167)	(552)	(1,113)	(70)
Charge for the year	6,980	3,937	1,201	652
At 30 September	10,723	5,298	4,910	1,913
Analysed as follows:				
Expected credit losses	5,075	1,516	4,910	1,913
Other provisions	5,648	3,782	-	-
Total	10,723	5,298	4,910	1,913

(ii) In US Dollars	2020		2019	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
	USD'000s	USD'000s	USD'000s	USD'000s
At 1 October	372	145	394	109
Foreign exchange	(200)	(91)	(29)	(11)
Utilised	(72)	(34)	(90)	(6)
Charge for the year	432	243	97	53
At 30 September	532	263	372	145
Analysed as follows:				
Expected credit losses	252	75	372	145
Other provisions	280	188	-	-
Total	532	263	372	145

Trade receivables have a 15 or 30 day credit period.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

18. Trade and other receivables (continued)

The matrix for the calculation of the expected credit losses is as detailed below.

30 September 2020	Trade receivables days past due				Total
	Current	More than	More than	More than	
		30 days	60 days	90 days	
Expected credit loss rate	4.1%	3.6%	7.2%	90.0%	
Gross carrying amount - ZMW'000	70,306	11,723	1,518	1,839	85,386
Lifetime expected credit loss - ZMW'000	2,894	417	109	1,655	5,075

30 September 2019	Trade receivables days past due				Total
	Current	More than	More than	More than	
		30 days	60 days	90 days	
Expected credit loss rate	2.5%	4.7%	17.1%	60.1%	
Gross carrying amount - ZMW'000	45,718	774	4,268	4,998	55,758
Lifetime expected credit loss - ZMW'000	1,137	36	731	3,006	4,910

30 September 2020	Trade receivables days past due				Total
	Current	More than	More than	More than	
		30 days	60 days	90 days	
Expected credit loss rate	4.1%	3.6%	7.2%	90.0%	
Gross carrying amount - USD'000	3,492	582	75	91	4,240
Lifetime expected credit loss - USD'000	144	21	5	82	252

30 September 2019	Trade receivables days past due				Total
	Current	More than	More than	More than	
		30 days	60 days	90 days	
Expected credit loss rate	2.5%	4.7%	17.1%	60.1%	
Gross carrying amount - USD'000	3,463	59	323	379	4,224
Lifetime expected credit loss - USD'000	86	3	55	228	372

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

19. Amounts due from related companies

(i) In Zambian Kwacha	2020		2019	
	Group	Company	Group	Company
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Chisamba Ranching and Cropping	4,185	-	258	601
Danny Museteka	-	-	70	70
Tractorzam Limited	-	-	-	-
Tembilo Farms Limited	459	-	59	-
Wellspring Limited	-	-	5,624	5,624
Lillian Limbuka	1,049	-	508	-
Zamleather Limited	-	47,704	-	40,154
Zampalm Limited	3,644	3,229	35,035	20,184
Master Meat & Agro Production Co. of Nigeria Limited	-	59,974	-	60,977
Zam Chick Limited	-	704,526	-	534,335
Master Meat (Ghana) Limited	-	3,318	-	2,728
Zamhatch Limited	-	501,366	-	414,072
	9,337	1,320,117	41,554	1,078,745

(ii) In US Dollars	2020		2019	
	Group	Company	Group	Company
	USD'000s	USD'000s	USD'000s	USD'000s
Chisamba Ranching and Cropping	208	-	20	45
Tractorzam Limited	-	-	-	-
Danny Museteka	-	-	5	5
Tembilo Farms Limited	23	-	4	-
Wellspring Limited	-	-	427	427
Lilian Limbuka	52	-	38	-
Zamleather Limited	-	2,369	-	3,042
Zampalm Limited	181	160	2,654	1,529
Zam Chick Limited	-	34,981	-	40,479
Mastermeat & Agro Production Co. of Nigeria Limited	-	2,978	-	4,619
Master Meat (Ghana) Limited	-	165	-	207
Zamhatch Limited	-	24,894	-	31,369
	464	65,547	3,148	81,722

The above balances relate to arm's length transactions between the transacting parties. External parties that fall under the 'Related Party' disclosure are with respect to Directors who have shareholding in companies transacting with the Group. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

The amounts due from related parties have been assessed for impairment using the expected credit loss model. The expected credit loss determined is immaterial and therefore no separate disclosure has been made.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

20. Cash and cash equivalents

(i) In Zambian Kwacha	2020		2019	
	Group	Company	Group	Company
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Cash in hand and at bank	111,136	12,645	56,753	11,844
Bank overdrafts (note (b))	(348,045)	(170,822)	(331,178)	(207,616)
	(236,909)	(158,177)	(274,425)	(195,772)

(ii) In US Dollars	2020		2019	
	Group	Company	Group	Company
	USD'000s	USD'000s	USD'000s	USD'000s
Cash in hand and at bank	5,518	628	4,299	897
Bank overdrafts (note (b))	(17,281)	(8,482)	(25,089)	(15,728)
	(11,763)	(7,854)	(20,790)	(14,831)

(a) Banking facilities

The Group has overdraft facilities totalling ZMW193.3 million (2019: ZMW118.3 million) with Zanaco Bank Plc. The Zanaco Bank overdraft bears an interest rate of Bank of Zambia Policy rate plus 8 per cent. on the Kwacha facility.

The Group has overdraft facilities totalling ZMW74.6 million (2019: ZMW74.6 million) and USD5 million (2019: USD5 million) with Citibank Zambia Limited. The Citibank overdrafts bear interest rates of Bank of Zambia Policy rate (BPR) plus 0.25% plus Liquidity Premium (182 day Treasury bill rate minus BPR) on the Kwacha facility and 3 month USD LIBOR rate plus 3.5 per cent. on the USD facility. During 2019 the Group obtained an additional headroom overdraft facility totalling USD2.3 million with Citibank Zambia Limited which bears an interest rate of 3 month USD LIBOR rate plus 5 per cent which was discharged in April 2020.

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

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

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

20. Cash and cash equivalents (continued)

(b) Bank overdrafts

(i) In Zambian Kwacha	2020		2019	
	Group	Company	Group	Company
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Bank overdrafts represented by:				
Zanaco Bank Plc	(145,387)	(2)	(114,029)	-
Citibank Zambia Limited	(101,446)	(69,615)	(119,071)	(109,538)
Stanbic Bank Zambia Limited	(49,805)	(49,805)	(69,060)	(69,060)
Standard Chartered Bank Zambia Plc	(51,407)	(51,400)	(29,018)	(29,018)
	(348,045)	(170,822)	(331,178)	(207,616)

(ii) In US Dollars	2020		2019	
	Group	Company	Group	Company
	USD'000s	USD'000s	USD'000s	USD'000s
Bank overdrafts represented by:				
Zanaco Bank Plc	(7,219)	(1)	(8,638)	-
Citibank Zambia Limited	(5,037)	(3,456)	(9,021)	(8,298)
Stanbic Bank Zambia Limited	(2,473)	(2,473)	(5,232)	(5,232)
Standard Chartered Bank Zambia Plc	(2,552)	(2,552)	(2,198)	(2,198)
	(17,281)	(8,482)	(25,089)	(15,728)

- (i) The Zambeef Products Group bank overdrafts and Short-Term Seasonal Loan facilities are secured by a floating charge/debenture over all the assets of the Group with a security cover of 125 per cent. of limits. The floating charge/debenture ranks pari passu between Standard Chartered Bank Zambia Plc, Citibank Zambia Limited, Zanaco Bank Plc and Stanbic Bank Zambia Limited.

All overdrafts are annual revolving facilities.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

21. Share capital

(a) Ordinary share capital

	2020		2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Authorised				
700,000,000 ordinary shares of ZMW0.01 each	7,000	938	7,000	938
(2019: 700,000,000 ordinary shares of ZMW0.01 each)				
Issued and fully paid				
At 1 October	3,006	449	3,006	449
Issued during the year	-	-	-	-
At 30 September	-	-	-	-
300,579,630 ordinary shares of ZMW0.01 each	3,006	449	3,006	449
(2019: 300,579,630 ordinary shares of ZMW0.01 each)				

(b) Preference share capital

Issued and fully paid				
At 1 October	1,000	100	1,000	100
Issued during the year	-	-	-	-
At 30 September	-	-	-	-
100,057,658 preference shares of ZMW0.01 each	1,000	100	1,000	100
(2019: 100,057,658 preference shares of ZMW0.01 each)				

The preference shares are convertible in whole or in part by CDC into ordinary shares on a one-for-one basis for the first eight years from 2016 and thereafter on a basis of 3.0833 ordinary shares for each preference share. These shares have four voting rights for every five preference shares held.

Zambeef has the right to redeem all or part of the preference shares at the redemption price, which will give CDC a 12% compounded return on investment.

The zero-coupon preference shares pay a dividend only if a dividend is paid to ordinary shareholders, and in such cases, the dividend per share will be the same as that for ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

22. Share premium

	2020		2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
At 1 October	1,125,012	185,095	1,125,012	185,095
Arising during the year	-	-	-	-
At 30 September	1,125,012	185,095	1,125,012	185,095

Proceeds received in addition to the nominal value of the shares issued have been included in share premium.

23. Interest bearing liabilities

(i) In Zambian Kwacha	2020		2019	
	Group	Company	Group	Company
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH (note (a))	222,547	222,547	197,604	197,604
Zanaco Bank Plc (note (b))	6,646	6,646	13,286	13,286
Standard Chartered Bank Zambia Plc (note (c))	149,877	149,877	212,381	212,381
IFC – International Finance Corporation (note (d))	109,047	109,047	118,870	118,870
Stanbic Bank Zambia Limited (note (e))	29,000	29,000	29,000	29,000
	517,117	517,117	571,141	571,141
Less: Short term portion (repayable within next 12 months)	(326,899)	(326,899)	(343,042)	(343,042)
Long term portion (repayable after 12 months)	190,218	190,218	228,099	228,099

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

23. Interest bearing liabilities

(ii) In US Dollars	2020		2019	
	Group	Company	Group	Company
	USD'000s	USD'000s	USD'000s	USD'000s
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH (note (a))	11,050	11,050	14,970	14,970
Zanaco Bank Plc (note (b))	330	330	1,006	1,006
Standard Chartered Bank Zambia Plc (note (c))	7,442	7,442	16,089	16,089
IFC – International Finance Corporation (note (d))	5,414	5,414	9,006	9,006
Stanbic Bank Zambia Limited (note (e))	1,440	1,440	2,197	2,197
	25,676	25,676	43,268	43,268
Less: Short term portion (repayable within next 12 months)	(16,231)	(16,231)	(25,988)	(25,988)
Long term portion (repayable after 12 months)	9,445	9,445	17,280	17,280

- (a) (i) DEG Term Loan 3
The Group has a loan facility of USD3.55 million (2019: USD4.97 million and original amount of USD10 million) from DEG. Interest on the loan is 4.25 per cent. above the 6 month USD LIBOR rate per annum payable 6 monthly in arrears. The capital is repayable in 14 biannual instalments of USD710,000 commencing May 2016 and expiring in November 2022.

The DEG term loan 3 is secured by a first ranking legal mortgage over R/E of Farm No. 4450, R/E of F/4451 and R/E of F/5388 (Mpongwe Farm), ranking pari passu with the IFC.

- (ii) DEG Term Loan 4
The Group has a loan facility of USD7.5 million (2019: USD10 million and the original amount of USD15 million) from DEG. Interest on the loan is 5.75 per cent. above the 6 month USD LIBOR rate per annum payable quarterly in arrears. The capital is repayable in 12 quarterly instalments of USD1,250,000 commencing March 2018 and expiring in September 2023.

The DEG term loan 4 is secured by a first ranking legal mortgage over R/E of Farm No. 4450, R/E of F/4451 and R/E of F/5388 (Mpongwe Farm), ranking pari passu with the IFC.

- (b) Zanaco Bank Plc
The Group has a loan facility of ZMW6.65 million (2018: ZMW13.3 million and original amount of ZMW46.5 million) with Zanaco Bank Plc. Interest on the loan is 4.5 per cent. above the Bank of Zambia policy rate per annum payable monthly in arrears. The principal is repayable in 7 annual instalments of ZMW6,642,857 commencing December 2014 and expiring in December 2020.

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

- (c) Standard Chartered Bank Zambia PLC
The Group has a structured agricultural facility with an annual revolving limit totalling USD18 million (2019 – USD20 million) with Standard Chartered Bank Zambia PLC. The purpose of the facility is the financing of wheat, soya beans and maize under collateral management agreements and is for 270 days. The balance on the facilities at year end was USD7.4 million (2019: USD16.1 million). Interest on the facility is 3 month USD LIBOR plus 3.25 per cent. per annum calculated on the daily overdrawn balances.

The facility is secured by a fixed and floating charge over grain stocks of wheat, soya beans and maize.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

23. Interest bearing liabilities (continued)

(d) International Finance Corporation Loan 2

The Group has a loan facility of USD4.8 million and ZMW11.98 million (2019: USD7.6 million and ZMW18.8 million and original amount of USD20 million and ZMW49.6 million). Interest on the loan is 4.75 per cent. above the 6 month USD LIBOR rate per annum for the USD facility and 4.45 per cent. above the 91 day Treasury Bill rate plus a variable swap margin for the Kwacha facility payable quarterly in arrears. The principal is repayable in 29 equal quarterly instalments of USD689,655 and ZMW1,710,345 commencing June 2015 and expiring in June 2022.

The loan is secured through a first ranking legal mortgage over R/E of Farm No. 4450, R/E of Farm No. 4451 & R/E of Farm No. 5388 (Mpongwe farm), ranking pari passu with the DEG.

(e) Stanbic Bank Zambia Limited

In the year ended 30 September 2019, the Group obtained a seasonal loan facility with an annual revolving limit totalling ZMW29 million from Stanbic Bank Zambia Limited. The balance on the facility at year end was ZMW29 million (2019: ZMW29 million). Interest on the facility is 6.0 per cent. above the Bank of Zambia policy rate per annum payable monthly in arrears.

This facility is secured by a floating charge/debenture over all the assets of the Company. The floating charge/debenture ranks pari passu between Standard Chartered Bank Zambia Plc, Citibank Zambia Limited and Zanaco Bank Plc.

24. Leases

In Zambian Kwacha	2020		2019	
	Group	Company	Group	Company
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Current	23,259	14,461	21,487	18,266
Non-current	19,750	8,172	19,297	11,505
	43,009	22,633	40,784	29,771

(ii) In US Dollar	2020		2019	
	Group	Company	Group	Company
	USD'000s	USD'000s	USD'000s	USD'000s
Current	1,155	718	1,628	1,384
Non-current	981	406	1,462	872
	2,136	1,124	3,090	2,256

The Group has leases for its motor vehicles and trailers, farming equipment, land and buildings, retail outlets and production equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee.

Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over commercial premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

24. Leases (continued)

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on the statement of financial position:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with options to purchase	No. of leases with variable payments linked to an index	No. of leases with termination options
Motor vehicles	4	0-1 year	0.3 years	-	-	-	-
Trailers	10	2-3 years	2 years	-	-	-	-
Farming equipment	44	2-3 years	2 years	-	-	-	-
Land & buildings	3	3-4 years	3 years	-	-	-	-
Retail Outlets	68	1-3 years	1.5 years	68	-	-	-
Production equipment	6	3-4year	3 years	-	-	-	-

The Group has leases for K43,009 thousand. The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 September 2020 were as follows:

	Minimum lease payments due						
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
30 September 2020							
Lease payments	7,567	10,652	-	-	-	-	18,219
Finance charges	(413)	(111)	-	-	-	-	(524)
Net present values	7,154	10,541	-	-	-	-	17,695
30 September 2019							
Lease payments	8,244	18,048	-	-	-	-	26,292
Finance charges	(888)	(1,903)	-	-	-	-	(2,791)
Net present values	7,356	16,145	-	-	-	-	23,501

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

24. Leases (continued)

Leasing	30 September 2020	30 September 2019
	USD'000s	USD'000s
Current	443	614
Non-Current	652	1,347
Total	1,095	1,961

Minimum lease payments

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5years	After 5 years	Total
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s
30 September 2020							
Lease payments	468	659	-	-	-	-	1,127
Finance charges	(25)	(7)	-	-	-	-	(32)
Net Present Values	443	652	-	-	-	-	1,095
30 September 2019							
Lease payments	669	1,465	-	-	-	-	2,134
Finance charges	(55)	(118)	-	-	-	-	(173)
Net Present Values	614	1,347	-	-	-	-	1,961

Lease payments not recognised as a liability

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

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

24. Leases (continued)

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

	30 September 2020	30 September 2020
	ZMW'000s	USD'000s
Short-term leases	1,359	84
Leases of low value assets	-	-
Variable lease payments	-	-
Total	1,359	84

Included in the finance cost of ZMW92,322 thousand (US\$5,709 thousand) is interest expense for leasing arrangements amounting to ZMW86,000 (US\$6,000).

At 30 September 2020 the Group was committed to short-term leases and the total commitment at that date was ZMW719,364 (USD 35,718).

25. Deferred liability

Under the terms of employment, employees are entitled to certain terminal benefits. Provisions have been made during the year towards these benefits. This statutory entitlement, which is lost if the employee is summarily dismissed, becomes payable only when the employee retires after attaining the age of 55 years and that employee has been employed for more than ten years. Uncertainty exists over the amount of future outflows due to staff turnover levels, but are not considered material to the Group.

(i) In Zambian Kwacha	2020		2019	
	Group	Company	Group	Company
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
At 1 October	16,362	3,655	22,611	5,059
(Movements)/provision during the year	(3,185)	312	(4,673)	(836)
Payments made during the year	(1,788)	(611)	(1,576)	(568)
At 30 September	11,389	3,356	16,362	3,655

The company engaged a professional actuary, Quantum Consultants & Actuaries, to perform an actuarial valuation of the liability arising from the employee defined benefit plan as at 30 September 2020. As of the report date, the actuary had finalised the report and the provision was adjusted to agree to the report.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

25. Deferred liability (continued)

(ii) In US Dollar	2020		2019	
	Group	Company	Group	Company
	USD'000s	USD'000s	USD'000s	USD'000s
At 1 October	1,240	277	1,847	413
(Movements)/provision during the year	(197)	19	(379)	(67)
Payments made during the year	(111)	(38)	(128)	(46)
Foreign translation	(367)	(91)	(100)	(23)
At 30 September	565	167	1,240	277

The assumptions are developed by management with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

	2020		2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Defined benefit obligation 1 October	16,362	1,240	22,611	1,847
Current service cost before deduction of beneficiary contributions	589	36	887	72
Interest expense	2,739	169	3,850	313
Remeasurement - actuarial losses from changes in demographic assumptions	-	-	-	-
Remeasurement - actuarial losses from changes in financial assumptions	(4,929)	(305)	(3,097)	(251)
Experience gains	(1,300)	(80)	(5,731)	(465)
Benefits paid	(2,072)	(128)	(2,158)	(175)
Translation difference	-	(367)	-	(101)
Past Service cost	-	-	-	-
Defined benefit obligation 30 September	11,389	565	16,362	1,240
Unfunded	11,389	565	16,362	1,240
Partly or wholly funded	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

25. Deferred liability (continued)

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate and the average life expectancy. The assumptions used for the valuation of the defined benefit obligation are as follows:

	30 September 2020	30 September 2019
Discount rate at date shown	33%	20%
Salary growth rate	20.0%	14.50%
Average life expectancies:	Probability of reaching retirement age in service	Probability of reaching retirement age in service
- 25 years of age at reporting date	47%	47%
- 30 years of age at reporting date	57%	57%
- 35 years of age at reporting date	66%	66%
- 40 years of age at reporting date	72%	72%
- 45 years of age at reporting date	78%	78%
- 50 years of age at reporting date	86%	86%

Amounts recognised in profit or loss related to the Group's defined benefit plan are as follows:

	2020		2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Current service cost	589	36	887	72
Past service cost	-	-	-	-
Net interest expenses	2,739	169	3,850	313
Total expenses recognised in profit or loss	3,328	205	4,737	385

Amounts recognised in other comprehensive income related to the Group's defined benefit plan are as follows:

	2020		2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Actuarial losses from changes in demographic assumptions			-	-
Actuarial losses from changes in financial assumptions	(4,929)	(305)	(3,098)	(252)
Experience (gains)/losses	(1,300)	(80)	(5,731)	(465)
Return on plan assets (excluding amounts included in net interest)	-	-	-	-
Total expenses recognised in other comprehensive income	(6,229)	(385)	(8,829)	(717)

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

26. Trade and other payables

(a) The table below shows the trade and other payables:

Trade and other payables	2020		2019	
(i) In Zambian Kwacha	Group	Company	Group	Company
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Trade payables	290,172	226,646	233,245	152,362
Accruals	31,476	6,198	26,340	6,142
	321,648	232,844	259,585	158,504

Trade and other payables	2020		2019	
(ii) In US Dollars	Group	Company	Group	Company
	USD'000s	USD'000s	USD'000s	USD'000s
Trade payables	14,409	11,253	17,670	11,543
Accruals	1,562	308	1,995	465
	15,971	11,561	19,665	12,008

The average credit period taken in 2020 was 43 days (2019: 33 days).

All amounts shown under trade and other payables fall due for payment within one year. The carrying value of trade and other payables are considered to be a reasonable approximation of fair value.

(b) Included in the other payables are balances relating to contract liabilities, these are as follows:

Group	2020		2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Opening Balance	75,849	5,746	17,348	1,417
Receipt from Customers	776,373	48,013	685,422	55,635
Sales to Customers	(754,550)	(46,663)	(626,921)	(50,886)
Exchange Gain/Loss	-	(2,246)	-	(420)
Closing Stock	97,672	4,850	75,849	5,746

Company	2020		2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Opening Balance	71,807	5,440	15,644	1,278
Receipt from Customers	537,341	33,231	528,770	42,920
Sales to Customers	(516,872)	(31,965)	(472,607)	(38,361)
Exchange Gain/Loss	-	(2,124)	-	(397)
Closing Stock	92,276	4,582	71,807	5,440

Advances received from customers represent customer payments received in advance of performance (contract liability) that are expected to be recognised as revenue in 2021. The advances for supply of grain is ZMW 84,053 thousand, USD 4,173 thousand (2019: ZMW 66,000 thousand, USD 5,000 thousand), the supply of day-old chicks is ZMW 1,465 thousand, USD 73 thousand (2019: ZMW 534 thousand, USD 40 thousand), the amount for the supply of stock feed is ZMW 10,608 thousand, USD 527 thousand (2019: ZMW 8,001 thousand, USD 606 thousand) and others were ZMW 1,546 thousand, USD 77 thousand (2019: ZMW 1,194 thousand, USD 90 thousand). All brought forward balances were recognized as in come the current year.

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2020

27. Provisions

The table below shows the provisions

Provisions	Staff	Others	Total	Staff	Others	Total
	ZMW'000s	ZMW'000s	ZMW'000s	USD'000s	USD'000s	USD'000s
Group						
Carrying amount 1 October 2019	47,591	5,323	52,914	3,606	403	4,009
Additional provisions	51,709	71,127	122,836	3,198	4,399	7,597
Amount utilised	(32,969)	(29,434)	(62,403)	(2,039)	(1,820)	(3,859)
Foreign translation	-	-	-	(1,471)	(647)	(2,118)
Carrying amount 30 September 2020	66,331	47,016	113,347	3,294	2,335	5,629
Company						
Carrying amount 1 October 2019	27,839	12,623	40,462	2,109	956	3,065
Foreign translation	-	-	-	(875)	(433)	(1,308)
Additional provisions	29,865	21,181	51,046	1,847	1,310	3,157
Amount utilised	(17,685)	(12,623)	(30,308)	(1,094)	(781)	(1,875)
Carrying amount 30 September 2020	40,019	21,181	61,200	1,987	1,052	3,039

Staff provisions relate to gratuity, leave pay and other related claims. These are paid as and when they fall but mainly in December at the end of employee contracts. Other provisions relate to suppliers claims for goods and services provided. These are paid within 3 months average of provisioning.

28. Amounts due to related companies

(i) In Zambian Kwacha	2020		2019	
	Group	Company	Group	Company
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Zambeef Retailing Limited	-	634,417	-	417,832
Masterpork Limited	-	70,250	-	71,962
Tractorzam	443	443	251	251
	443	705,110	251	490,045
Non-current	-	-	-	-
Current	443	705,110	251	490,045

(ii) In US Dollars	2020		2019	
	Group	Company	Group	Company
	USD'000s	USD'000s	USD'000s	USD'000s
Zambian Pig Genetics	-	-	-	-
Zambeef Retailing Limited	-	31,501	-	31,654
Masterpork Limited	-	3,488	-	5,451
Zambezi Ranching and Cropping Limited	-	-	-	-
Tractorzam	22	22	19	19
	22	35,011	19	37,124
Non-current	-	-	-	-
Current	22	35,011	19	37,124

The above balances relate to arm's length transactions with the related parties. External parties that fall under the 'Related Party' disclosure are with respect to all common shareholding companies of the Board of Directors of the Group. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2020

29. Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

Group	Long-term				Long-term borrowings	Short-term borrowings	Lease liabilities	Total
	borrowings	Short-term borrowings	Lease liabilities	Total				
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	USD'000s	USD'000s	USD'000s	USD'000s
1 October 2019	228,099	343,042	40,784	611,925	17,280	25,988	3,090	46,358
Adoption of IFRS 16	-	-	7,063	7,063	-	-	351	351
Revised '1 October 2019	228,099	343,042	47,847	618,988	17,280	25,988	3,441	46,709
Cash-flows:								
- Repayment	(162,217)	(623,231)	(35,478)	(820,926)	(10,032)	(38,542)	(2,194)	(50,768)
- Proceeds	-	487,320	-	487,320	-	30,137	-	30,137
- Additions	-	-	14,329	14,329	-	-	886	886
Non-cash:								
- Exchange difference	141,697	102,407	16,311	260,415	3,549	(2,704)	3	848
- Reclassification	(17,361)	17,361	-	-	(1,352)	1,352	-	-
30 September 2020	190,218	326,899	43,009	560,126	9,445	16,231	2,136	27,812
1 October 2018	308,312	202,460	38,411	549,183	25,189	16,541	3,138	44,868
Cash-flows:								
- Repayment	(96,913)	(215,124)	(47,007)	(359,044)	(7,866)	(17,461)	(3,816)	(29,143)
- Proceeds	-	334,580	-	334,580	-	27,157	-	27,157
- Additions	-	-	47,714	47,714	-	-	3,873	3,873
Non-cash:								
- Exchange difference	23,113	14,713	1,666	39,492	-	(292)	(105)	(397)
- Reclassification	(6,413)	6,413	-	-	(43)	43	-	-
30 September 2019	228,099	343,042	40,784	611,925	17,280	25,988	3,090	46,358

NOTES TO THE FINANCIAL STATEMENTS – 30 SEPTEMBER 2020

29. Reconciliation of liabilities arising from financing activities (continued)

	Long-term borrowings	Short-term borrowings	Lease liabilities	Total	Long-term borrowings	Short-term borrowings	Lease liabilities	Total
Company	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	USD'000s	USD'000s	USD'000s	USD'000s
1 October 2019	228,099	343,042	40,784	611,925	17,280	25,988	3,090	46,358
Adoption of IFRS 16	-	-	-	-	-	-	-	-
Revised '1 October 2019	228,099	343,042	40,784	611,925	17,280	25,988	3,090	46,358
Cash-flows:								
- Repayment	(162,217)	(623,231)	(30,835)	(816,283)	(10,032)	(38,542)	(1,907)	(50,481)
- Proceeds	-	487,320	-	487,320	-	30,137	-	30,137
- Additions	-	-	14,329	14,329	-	-	886	886
Non-cash:								
- Exchange difference	141,697	102,406	11,668	255,771	3,549	(2,704)	3	848
- Reclassification	(17,361)	17,361	-	-	(1,352)	1,352	-	-
30 September 2020	190,218	326,898	35,946	553,062	9,445	16,231	2,072	27,748
1 October 2018	308,312	202,460	24,344	535,116	25,189	16,541	1,989	43,719
Cash-flows:								
- Repayment	(96,913)	(215,124)	(43,953)	(355,990)	(7,866)	(17,461)	(3,568)	(28,895)
- Proceeds	-	334,580	-	334,580	-	27,157	-	27,157
- Additions	-	-	47,714	47,714	-	-	3,873	3,873
Non-cash:								
- Exchange difference	23,113	14,713	1,666	39,492	-	(292)	(38)	(330)
- Reclassification	(6,413)	6,413	-	-	(43)	43	-	-
30 September 2019	228,099	343,042	29,771	600,912	17,280	25,988	2,256	45,524

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

30. Financial instruments

Financial assets

The Group's principal financial assets are bank balances and cash and trade receivables. The Group maintains its bank accounts with major banks in Zambia of high credit standing. Trade receivables are stated at amounts reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liabilities

The Group's financial liabilities are bank overdrafts, long term loans and trade payables. Financial liabilities are classified according to the substance of the contractual arrangements entered into. Trade payables and loans are stated at their nominal value.

Monetary assets and liabilities in foreign currencies

The tables below show the extent to which Group companies have monetary assets and liabilities in currencies other than their local currency:

(i) In Zambian Kwacha	2020		2019	
	Group	Company	Group	Company
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Financial assets				
- Cash at bank	14,532	7,139	30,575	3,115
- Trade receivables	21,622	19,485	58,257	52,372
- Other receivables	16,043	7,867	3	-
Financial liabilities				
- Bank overdrafts	(146,240)	(136,999)	(194,909)	(71,329)
- Trade and other payables and provisions	(198,419)	(185,163)	(138,151)	(108,193)
- Bank loans	(319,622)	(319,622)	(297,660)	(297,660)
- Leases	(30,341)	(18,468)	(19,423)	(19,423)
Net exposure	(642,425)	(625,761)	(561,308)	(441,118)

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

30. Financial instruments (continued)

(i)	In US Dollars	2020		2019	
		Group	Company	Group	Company
		USD'000s	USD'000s	USD'000s	USD'000s
Financial assets					
-	Cash at bank	722	354	2,316	236
-	Trade receivables	1,074	967	4,413	3,968
-	Other receivables	797	391	-	-
Financial liabilities					
-	Bank overdrafts	(7,261)	(6,802)	(14,766)	(5,404)
-	Trade and other payables and provisions	(9,852)	(9,194)	(10,465)	(8,197)
-	Bank loans	(15,870)	(15,870)	(22,550)	(22,550)
-	Leases	(1,507)	(917)	(1,471)	(1,471)
Net exposure		(31,897)	(31,071)	(42,523)	(33,418)

(i)	In Zambian Kwacha 2020 - Group	US Dollar	SA Rand	Other	Total
		ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
		Financial Assets			
-	Cash at bank	13,074	731	727	14,532
-	Trade receivables	21,607	15	-	21,622
-	Other receivables	8,294	3,880	3,869	16,043
Financial Liabilities					
-	Bank overdrafts	(146,240)	-	-	(146,240)
-	Trade and other payables	(178,027)	(18,835)	(1,557)	(198,419)
-	Bank loans	(319,622)	-	-	(319,622)
-	Leases	(30,341)	-	-	(30,341)
Net exposure		(631,255)	(14,209)	3,039	(642,425)

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

30. Financial instruments (continued)

(i) In Zambian Kwacha - 2019 - Group

	US Dollar	SA Rand	Other	Total
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Financial Assets				
- Cash at bank	2,578	1,303	26,694	30,575
- Trade receivables	55,191	1,984	1,082	58,257
- Other receivables	-	3	-	3
Financial Liabilities				
- Bank overdrafts	(80,589)	-	(114,320)	(194,909)
- Trade and other payables	(106,330)	(10,458)	(21,363)	(138,151)
- Bank loans	(297,660)	-	-	(297,660)
- Leases	(19,423)	-	-	(19,423)
Net exposure	(446,233)	(7,168)	(107,907)	(561,308)

(i) In US Dollars – Group - 2020

	US Dollar	SA Rand	Other	Total
	USD'000s	USD'000s	USD'000s	USD'000s
Financial Assets				
- Cash at bank	649	36	36	721
- Trade receivables	1,073	1	-	1,074
- Other receivables	412	193	192	797
Financial Liabilities				
- Bank overdrafts	(7,261)	-	-	(7,261)
- Trade and other payables	(8,839)	(935)	(77)	(9,851)
- Bank loans	(15,870)	-	-	(15,870)
- Leases	(1,507)	-	-	(1,507)
Net exposure	(31,343)	(705)	151	(31,897)

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

30. Financial instruments (continued)

(i) In US Dollars – Group - 2020

(i) In US Dollars - Group	US Dollar	SA Rand	Other	Total
	USD'000s	USD'000s	USD'000s	USD'000s
2019				
Financial Assets				
- Cash at bank	195	99	2,022	2,316
- Trade receivables	4,181	150	82	4,413
- Other receivables	-	-	-	-
Financial Liabilities				
- Bank overdrafts	(6,105)	-	(8,661)	(14,766)
- Trade and other payables	(8,055)	(792)	(1,618)	(10,465)
- Bank loans	(22,550)	-	-	(22,550)
- Finance leases	(1,471)	-	-	(1,471)
Net exposure	(33,805)	(543)	(8,175)	(42,523)

Exposure to currency exchange rates arise from the Group's sales and purchases which are primarily denominated in US Dollar and South African Rand. It also arises from the retranslation of its foreign subsidiaries in West Africa. The Group's activities expose it to a variety of financial risks. The main risks faced by the Group relate to foreign exchange rates, the risk of default by counter-parties to financial transactions and the availability of funds to meet business needs.

These risks are managed as described below:

(ii) Currency risk

Some of the interest bearing borrowings are denominated in foreign currencies and therefore lead to a risk of fluctuation of value due to changes in the foreign exchange rate. This risk is partially hedged by holding United States Dollar bank balances and United States Dollar denominated exports.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

30. Financial instruments (continued)

The table below shows the extent to which Group companies have interest bearing liabilities in currencies other than their functional currency:

	2020		2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH	222,547	11,050	197,604	14,970
International Finance Corporation	97,075	4,820	100,056	7,580
	319,622	15,870	297,660	22,550

Foreign currency risk sensitivity analysis

Zambian Kwacha/United States Dollar exchange risk

The following tables illustrate the sensitivity of the net result for the year and equity with regard to the Group's foreign currency borrowings "with all other things being equal". It assumes a +/-10 percent and 5 percent, movement in the United States Dollar/Zambian Kwacha exchange rate for the year ended 30 September 2020.

If the Zambian Kwacha had weakened against the United States dollar by 10 percent (2019: 10 percent) then this would have resulted in the following impact on net profit and equity:

	2020		2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Weakening of the Kwacha				
Net loss	(130,545)	(7,450)	(2,443)	(180)
Equity	3,740,112	168,823	3,215,943	221,484

If the Zambian Kwacha had strengthened against the United States Dollar by 5 per cent. (2019: 5 per cent) then this would have resulted in the following impact on net profit and equity:

	2020		2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Strengthening of the Kwacha				
Net profit	(84,564)	(5,505)	42,206	3,606
Equity	3,788,055	197,985	3,260,592	260,015

There is no material difference between the carrying value and the fair value of the Group's financial liabilities.

(iii) Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from overdraft facilities and long-term borrowings. Borrowings issued at variable rates expose the Group to interest rate risk. The interest rates to which the Group is exposed are set out in notes 20, 23 and 24. The risk of interest rate movements is managed through on-going monitoring of the Group's overdrafts and long-term borrowings, the spreading of debt between a number of financial institutions and the denomination of debt in Zambian Kwacha and USD.

The Group's term facilities are medium to long term with fixed spread over LIBOR. A 0.5 percent movement in the LIBOR rate would not have a material impact on the interest expense for the Group.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change of interest of +/- 5%. These changes are considered to be reasonably possible based on the current market conditions that have been adversely affected by the outbreak of COVID-19. All other variables are held constant.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

30. Financial instruments (continued)

Changes in interest rates	Profit		Equity	
	+5%	-5%	+5%	-5%
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
30 September 2020	(34,829)	34,829	(27,863)	22,291
30 September 2019	(31,842)	31,842	(25,474)	20,379

Changes in interest rates	Profit		Equity	
	+5%	-5%	+5%	-5%
	USD'000s	USD'000s	USD'000s	USD'000s
30 September 2020	(2,154)	2,154	(1,723)	1,379
30 September 2019	(2,585)	2,585	(2,068)	1,654

(iv) Market risk

The Group is not exposed to the risk of the value of its financial assets fluctuating as a result of changes in market prices.

(b) Credit risk

Trade receivables

The Directors believe the credit risk of trade receivables is low. The credit risk is managed by the selective granting of credit.

(c) Liquidity risk

Liquidity risk is the risk that the Group might be unable to meet its obligations associated with its financial liabilities. The Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on any undrawn borrowing facilities so that the Group does not breach limits or covenants (where applicable) on any of its borrowing facilities. The maturity of the Group's financial liabilities with respect to borrowings is set out in notes 20, 23 and 24.

30 September 2020

	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	later than 5 years
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Interest bearing liabilities	88,512	88,512	190,218	-
Other bank borrowings	-	348,045	-	-
Finance lease obligations	10,164	10,164	19,297	-
Trade and other payables	321,648	-	-	-

30 September 2020

	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	later than 5 years
	USD'000s	USD'000s	USD'000s	-
Interest bearing liabilities	4,395	4,395	9,445	-
Other bank borrowings	-	17,281	-	-
Finance lease obligations	505	505	958	-
Trade and other payables	21,593	-	-	-

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

31. Fair value measurement

Fair value measurement of financial instruments

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

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

The Group had no financial assets within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 September 2020, 30 September 2019, and 1 October 2018.

Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 30 September 2020, 30 September 2019, and 1 October 2018:

30 September 2020	Level 1	Level 2	Level 3	Total
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Land held for production in Zambia	-	2,396,328	-	2,396,328
Office building in Zambia	-	50,585	-	50,585
Plant and machinery	-	1,006,185	-	1,006,185
Biological assets	-	176,305	-	176,305

30 September 2019	Level 1	Level 2	Level 3	Total
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Land held for production in Zambia	-	1,994,196	-	1,994,196
Office building in Zambia	-	48,856	-	48,856
Plant and machinery	-	874,965	-	874,965
Biological assets	-	170,417	-	170,417

30 September 2020	Level 1	Level 2	Level 3	Total
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Land held for production in Zambia	-	2,012,403	-	2,012,403
Office building in Zambia	-	40,225	-	40,225
Plant and machinery	-	815,646	-	815,646
Biological assets	-	181,674	-	181,674

30 September 2020	Level 1	Level 2	Level 3	Total
	USD'000s	USD'000s	USD'000s	USD'000s
Land held for production in Zambia	-	118,784	-	118,784
Office building in Zambia	-	2,511	-	2,511
Plant and machinery	-	49,959	-	49,959
Biological assets	-	8,754	-	8,754

30 September 2019	Level 1	Level 2	Level 3	Total
	USD'000s	USD'000s	USD'000s	USD'000s
Land held for production in Zambia	-	151,076	-	151,076
Office building in Zambia	-	3,701	-	3,701
Plant and machinery	-	66,284	-	66,284
Biological assets	-	12,910	-	12,910

1 October 2018	Level 1	Level 2	Level 3	Total
	USD'000s	USD'000s	USD'000s	USD'000s
Land held for production in Zambia	-	165,142	-	165,142
Office building in Zambia	-	3,286	-	3,286
Plant and machinery	-	67,332	-	67,332
Biological assets	-	14,843	-	14,843

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

31. Fair value measurement (continued)

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

Further information is set out below.

Land held for production in Zambia (Level 2)

Land has been valued using the direct comparison method. This method has been adopted as the most appropriate for the purpose of this valuation as there are enough comparisons available on the open market for land. The land was revalued on 30 September 2017. Management determined that the effect of changes in fair values between the valuation and reporting date is immaterial.

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

Office building in Zambia (Level 2)

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

Plant and machinery (Level 2)

Plant and machinery have been valued using the direct comparison method. This method has been adopted as the most appropriate for the purpose of this valuation as there are enough comparisons available on the open market for plant and machinery. The plant and machinery were revalued on 30 September 2017. Management determined that the effect of changes in fair values between the valuation and reporting date is immaterial.

Biological assets (Level 2)

Biological assets are valued at their fair values less estimated point of sale costs as determined by the Directors. The fair value of livestock is determined based on market prices of animals of similar age, breed and genetic merit. Standing crops are valued at fair value at each reporting date based on the estimated market value of fully grown standing crops adjusted for the age and condition of the crops at the reporting date.

Biological assets are measured at fair value less estimated costs to sell. In estimating fair values and costs to sell, management considers the most reliable evidence at the times the estimates are made.

The most significant estimate relates to management's assessment of anticipated yield per hectare for establishing the fair value of standing crops. This assessment considers historical yields, climate conditions and other key factors. The significant input is adjustment related to the crops rate of growth and estimating of the biological transformation that comprises various processes that cause qualitative and quantitative changes in the biological asset.

32. Capital commitments

	2020		2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Capital commitments entered into at the reporting date	6,690	332	15,008	1,137
Not contracted for at the reporting date	-	-	50,992	3,863

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

33. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of the significant transactions between the Group and other related parties during the year ended 30 September 2020 are as follows:

- (a) The Group made the following sales to related parties:

		2020		2019	
	Sale of	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Wellspring Ranch	Animal feeds/bran	98	6	-	-
Chisamba Ranching and Cropping	Animal feeds/bran	-	-	1,704	138
Danny Museteka	Animal feeds/bran	4,568	282	563	46
Squares Ranch	Animal feeds/bran	28	2	-	-
		4,694	290	2,267	184

- (b) The Group made the following purchases from related parties:

		2020		2019	
	Purchase of	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Wellspring Limited	Cattle beef	5,553	343	-	-
Tembilo Farms	Chickens	1,301	80	2,054	167
Tractorzam Limited	Tractors/spares	6,176	382	7,205	585
Chisamba Ranching and Cropping	Beef	26,495	1,638	13,814	1,121
Madison Insurance	Insurance	-	-	8,114	659
Lillian Limbuka	Pigs	4,727	292	5,873	477
		44,252	2,735	37,060	3,009

- (c) Sales of goods to related parties were made at the Group's usual list prices.
- (d) Purchases were made at market price.
- (e) The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.
- (f) Expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.
- (g) The parties are related by virtue of certain Directors of the Group having a shareholding in the respective companies.
- (h) Directors of the Group have shareholdings in the Company as stated in the Report of the Directors. No dividends have been paid to the Directors via their direct and indirect shareholdings.
- (i) Key management compensation.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

33. Related party transactions (continued)

The remuneration of Directors and other members of key management during the year were as follow

	2020		2019	
	Group	Company	Group	Company
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Short-term benefits	81,862	70,091	96,315	84,197
Post-employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
	Group	Company	Group	Company
	USD'000s	USD'000s	USD'000s	USD'000s
	Short-term benefits	5,062	4,335	7,818
Post-employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-

The remuneration of Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

- (j) There were no loans to related parties and key management personnel.
- (k) The company made the following sales to related parties:

	2020		2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Zambeef Retailing Limited	1,071,967	66,294	989,956	80,354
Zambia Pig Genetics Limited			3,478	282
Masterpork Limited	32,102	1,985	28,182	2,287
Chick Limited	193,246	11,951	123,200	10,000
Zamhatch Limited	116,626	7,213	142,402	11,559
Zamleather Limited	211	13	187	15
Zampalm Limited	-	-	7	1
Wellspring Limited	98	6	-	-
Squares Ranch	28	2		
Danny Museteka	4,568	282	563	46
Chisamba Ranching and Cropping	-	-	1,704	138
	1,418,846	87,746	1,289,679	104,682

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

33. Related party transactions (continued)

(l) The company made the following purchases from related parties

	2020		2019	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Zambeef Retailing Limited	1,852	115	2,326	189
Zamleather Limited	1,805	112	846	69
Zam Chick Limited	913	56	264	21
Tractorzam Limited	6,176	382	7,205	584
Masterpork Limited	40,583	2,510	44,027	3,574
Squares Ranch	705	44	-	-
Zamhatch Limited	24,690	1,527	25,148	2,041
Chisamba Ranching and Cropping	1,237	77	7,831	636
Wellspring Limited	5,553	343	-	-
	83,514	5,166	87,647	7,114

34. Assets held for sale

During the year under review management decided to sell Chiawa Farm. As such the assets and liabilities of Chiawa Farm are classified as assets held for sale.

Previously management decided to sell the assets of Sinazongwe Farm and the sale was concluded during the financial year ended 30 September 2020.

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

	September 2020	September 2020	September 2019	September 2019
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Revenue	67,465	4,172	41,003	3,328
Cost of sales	(30,893)	(1,911)	(34,307)	(2,785)
Administration costs	(28,422)	(1,757)	(24,075)	(1,954)
Operating profit/(loss)	8,150	504	(17,379)	(1,411)
Depreciation	(6,621)	(409)	-	-
Exchange losses	-	(168)	-	-
Profit from disposal of Sinazongwe farm	31,906	2,141	-	-
Profit/Loss from discontinued operation before tax	33,435	2,068	(17,379)	(1,411)
Tax (expense)/credit	-	-	-	-
Profit/(loss) for the year	33,435	2,068	(17,379)	(1,411)

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2020

34. Assets held for sale (continued)

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

	September 2020	September 2020	September 2019	September 2019
	ZMW'000	USD'000	ZMW'000	USD'000
Property, plant and equipment	175,654	8,722	135,357	10,254
Total non-current assets	175,654	8,722	135,357	10,254
Biological assets	-	-	-	-
Inventories	-	-	-	-
Total current assets	-	-	-	-
Assets classified as held for sale	-	-	-	-
Total non-current liabilities	-	-	-	-
Trade and other payables	-	-	-	-
Cash and cash equivalents	-	-	-	-
Total current liabilities	-	-	-	-

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

	September 2020	September 2020	September 2019	September 2019
	ZMW'000	USD'000	ZMW'000	USD'000
Cash outflow from operating activities	1,529	95	(17,379)	(1,411)
Cash outflow from investing activities	167,264	10,344	-	-
Cash outflow from financing activities	-	-	-	-

Previously management decided to sell the assets of Sinazongwe Farm and the sale was concluded during the financial year ended 30 September 2020.

The sale proceeds from the sale of Sinazongwe farm was K167.3 million (USD 10.3 million) after the payment of property transfer tax of K8 million (USD 498.8 thousand) and other disposal costs. A profit of K31.906 million was realised from the disposal of the property, plant and equipment which was carried at K135.36 million.

35. Contingent liabilities

Various legal claims were brought against the Group during the year. Unless recognised as a provision (see Note 27), management considers these claims to be unjustified and the probability that they will require settlement at the Group's expense to be remote. This evaluation is consistent with external independent legal advice.

36. Impact of COVID-19 pandemic

All the divisions of the Group remained operational throughout the pandemic with only minor localised disruption of business activities. Consumer demand had however remained strong throughout the period as the country did not go into a total lockdown. Social distancing, sanitising and wearing of masks has been implemented at all work sites among employees and also at the retail outlets for the customers.

37. Events subsequent to reporting date

No item, transaction or event of a material and unusual nature has arisen since 30 September 2020, which in the opinion of the directors would substantially affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in the subsequent financial years



Notice of Annual General Meeting and agenda

NOTICE IS HEREBY GIVEN that the 26th Annual General Meeting of Zambeef Products PLC in respect of the year ended 30th September 2020 will be held on Wednesday, December 23rd, 2020 at 10:00hours. The Annual General Meeting proceedings will be conducted virtually.

AGENDA

1. To read the Notice of the Meeting and confirm that a quorum is present
2. To read and confirm the minutes of the 25th Annual General Meeting held on December 30, 2019.
3. Consider any matters arising from the minutes
4. To receive the report of the Directors, the Auditors report and the Financial Statements for the year ended September 30, 2020 - (Resolution 1)
5. To re-appoint Grant Thornton (Zambia) as Auditors for 2020/2021 and authorize the Directors to fix their remuneration - (Resolution 2)
6. To ratify the Retirement of Dr. Lawrence Sikutwa who will not seek re-election - (Resolution 3)
7. In terms of the Companies Act, Margaret Mudenda and Jonathan Kirby retire but are eligible to offer themselves for re-election - (Resolution 4 and 5).
8. Revision of Directors' Remuneration (Proposed 15% upward adjustment) - (Resolution 6)
9. To Consider any competent business of which due notice has been given.

NOTES

Key Sign Up instructions

- (a) Sign Up
 - Use the following link to access the platform: <https://eagm.creg.co.zw/EAGM/Login.aspx>
 - First time users are required to sign-up by clicking the " Sign Up " option.
 - Attendees are to indicate the criteria of their attendance of the provided options i.e. Shareholder/Non-Shareholder/Proxy
 - Attendees are required to provide the necessary information to complete the sign up procedure.
 - Once Sign-up has been completed, the admins will validate information provided before granting access to attendees. Once validated, login credentials will be delivered through email and sms. The validation process may take a maximum period of 48hrs.
- (b) Sign in
 - Use the following link to access the platform: <https://eagm.creg.co.zw/EAGM/Login.aspx>
 - Enter username
 - Enter Password
 - Click Login
 - Click "Register" on the blue button to confirm online attendance
 - Click "Join" to begin following video and audio transmission of meeting proceedings.
 - Click "Join with Computer Audio" to attend the live meeting
- (c) Ensure that you have downloaded Google Chrome <https://www.google.com/chrome/> or Microsoft Edger <https://www.microsoft.com/en-us/edgefor> for better experience.
- (d) Use of Apple devices must be done in consultation with the system Administrator, details of which are given below.
- (e) If you have problems with the login, please call, the following helplines +260950968435, +260979420470 and +260979946143.
- (f) A Member is entitled to appoint one or more proxies to attend, speak and vote in his or her stead. A proxy need not be a member of the Company. Proxies must be lodged at the registered office of the Company at least 48 hours before the time fixed for the meeting.

By Order of the Board
Danny Museteka
Company Secretary

Proxy form

I/We,

of

being a member/s of and the registered holder/s of

Zambeef shares hereby appoint

of

or, in his/her absence, the Chairman of the Company.

As my/our proxy to vote for me/us on my/our behalf at the Annual/Extraordinary General Meeting of the Company to be held on the 23rd day December 2020 and at any adjournment of that meeting.

In Favour of/against (please tick)	In Favour
Against	

- | | | | |
|--|--------------------------|--|--------------------------|
| Resolution 1 To receive, approve and adopt financial statements for the year ended 30 September 2020 | <input type="checkbox"/> | | <input type="checkbox"/> |
| Resolution 2 To re-appoint Grant Thornton as Auditors for 2020/21 and authorise the Directors to fix their remuneration. | <input type="checkbox"/> | | <input type="checkbox"/> |
| Resolution 3 To Ratify the Retirement of Lawrence Sikutwa as a Non-Executive Director | <input type="checkbox"/> | | <input type="checkbox"/> |
| Resolution 4 To Re-elect Ms. Margaret Mudenda as a Non- Executive Director | <input type="checkbox"/> | | <input type="checkbox"/> |
| Resolution 5 To re-elect Mr. Jonathan Kirby as a Non-Executive Director | <input type="checkbox"/> | | <input type="checkbox"/> |
| Resolution 6 To approve the revision of Directors' Remuneration | <input type="checkbox"/> | | <input type="checkbox"/> |

Unless otherwise instructed, the proxy will vote as he/she thinks fit.

Signed:

Name:

Date:

Witnessed by: Signature:

Name:

Address:

.....

Notes to the Proxy Form

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the space provided, with or without deleting “the Chairman of the Company”. The person whose name stands first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. Any such proxy, who need not be a shareholder of the Company, is entitled to attend, speak and vote on behalf of the shareholder.
2. A proxy is entitled to one vote on a show of hands and, on a poll, one vote for each share held. A shareholder’s instructions to the proxy must be indicated in the appropriate spaces.
3. If a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against any resolution or to abstain from voting or gives contradictory instructions, or should any further resolution/s or any amendment/s which may be properly put before the Annual General Meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.
4. This form of proxy must be received by the Company secretary at the registered head office, Plot 4970, Manda Road, Industrial Area, P/B 17, Woodlands, Lusaka, by no later than 10:00 on Monday, 21st December, 2020.
5. Documentary evidence establishing the authority of the person signing the proxy in representative capacity must be attached hereto unless previously recorded by the Company’s transfer secretaries.
6. The completion and lodging of this form of proxy will not preclude a shareholder from attending the Annual General Meeting and speaking and voting in person there at to the exclusion of any proxy appointed in terms of this proxy form.
7. Any alteration or correction made to this form of proxy must be initialed by the signatory/ies.
8. The Chairman of the meeting may accept or reject any form of proxy, which is completed and/or received other than in accordance with these notes.

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