

**Zambeef Products Plc**

**Annual Report**

**2019**

[www.zambeefplc.com](http://www.zambeefplc.com)



# The Zambeef Group

Robust business model of vertical integration

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 Stock Exchange and the Alternative Investment Market (AIM) of the London Stock Exchange.

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

Zambeef has one of the largest row cropping operations in Zambia, growing maize, soya beans and wheat. It plants nearly 25,000 ha 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 their extensive retail and distribution network of retail outlets 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.

# 2019 Highlights

## Cropping - Operating Profit

↑ **173%** (USD)

↑ **177%** (ZMW)

2019: ZMW101.1m (USD8.2m)

2018: ZMW29.4m (USD3.0m)

Good performance from Cropping with record wheat yields attained during a devastating regional drought

Agreement reached to sell Sinazongwe Farm for a consideration of USD10 million

## Stockfeed - Operating Profit

↑ **7%** (USD)

↓ **14%** (ZMW)

2019: ZMW73.1m (USD5.9m)

2018: ZMW68.3m (USD6.9m)

Stockfeed sales volumes increased 9%. Recorded a 46% increase in exports to 11 African countries

## Other businesses - Operating Profit

↑ **80%** (USD)

↑ **123%** (ZMW)

2019: ZMW15.4m (USD1.24m)

2018: ZMW6.9m (USD0.69m)

Turn around of Masterpork, West African Retail and Flour milling contributing to operational profits this year

# 2019 Challenges

## Combined Retail & CCFP - Operating Profit

↓ **41%** (USD)

↓ **26%** (ZMW)

2019: ZMW107.7m (USD8.7m)

2018: ZMW146.2m (USD14.7m)

Weakening of the Kwacha against the USD of 24%

Customers disposable income under pressure from serious macro economic headwinds

Reduced electricity availability due to an El-nino induced regional drought and a 19% increase in the cost of Diesel

Regional drought had increased the cost of maize and its products as the staples to human and animal nutrition

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# Zambeef at a glance

## Robust business model of vertical integration



### Retail and distribution

Zambeef's products are retailed through a total of 226 outlets (2018: 206) directly to end-consumers, in a value-added form, either through the Zambeef concession agreement to operate Shoprite's in-store butcheries (69 in 2019; 65 in 2018) or through Zambeef's own retail and wholesale distribution network in Zambia (157 in 2019; 141 in 2018).

- 65 Zambeef retail outlets (2018: 67)
- 35 Zambeef Macros (2018: 29)
- 28 Novatek retail outlets (2018: 24)
- 28 Zamshu outlets (2018: 19)
- 1 Bakery
- 38 Shoprite butcheries in Zambia (2018: 34)
- 31 Shoprite butcheries in West Africa: 25 in Nigeria and 6 in Ghana (2018: 31)

Zambeef also operates one of the largest transport and trucking fleets in Zambia (230 Trucks), giving them control over its logistics and distribution.



### Cold Chain Food Products

- The largest processor of beef in Zambia.
- Five beef abattoirs (capacity to slaughter 230,000 head p.a.) and three feedlots located throughout 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 2,738 cows and a dairy parlour milking capacity of 2,000 cows per day.
- Dairy processing plant (capacity 120,000 litres/day) to process milk, allowing Zambeef to add value by producing yoghurt, drinking yoghurt, cheese, butter and milk based juice).

## Stockfeed

- 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 50% of the feed produced to Zambeef livestock farming and retail operations, and supplies 132 branded shops owned by external agents (2018: 119).



## Cropping

- One of the largest row cropping operations in Zambia.
- 7,973 ha of irrigated and 8,776 ha of rainfed, arable land.
- Double cropping of irrigated land means Zambeef plants 24,750 ha p.a.
- Crop production focuses on soyabean and maize during summer and wheat during winter.
- 170,000 M.T. storage capacity [2018:125,000 M.T.]
- Cropping division provides raw materials input (wheat, soya, and maize) for further value add processing within the Group.

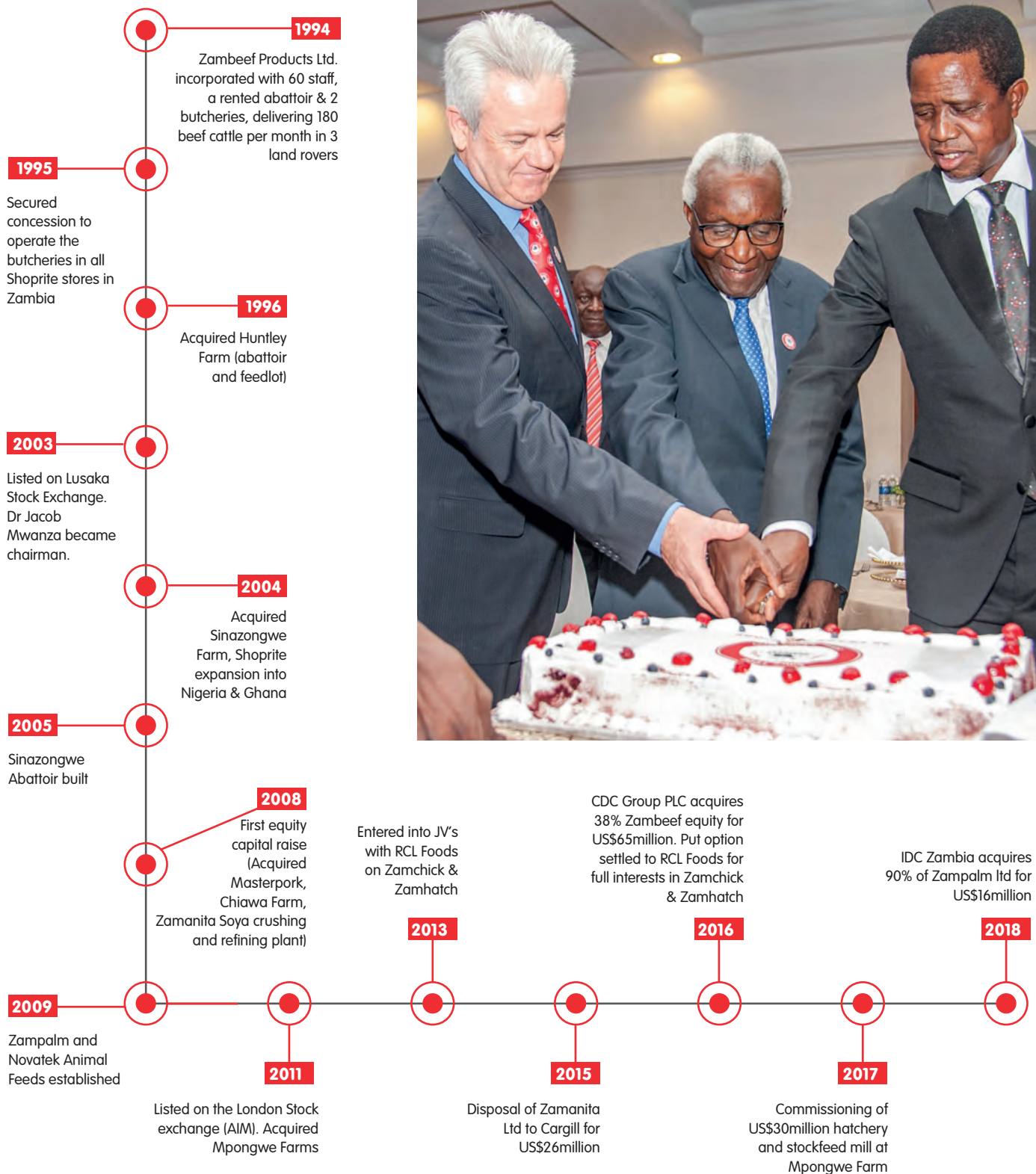


## Other

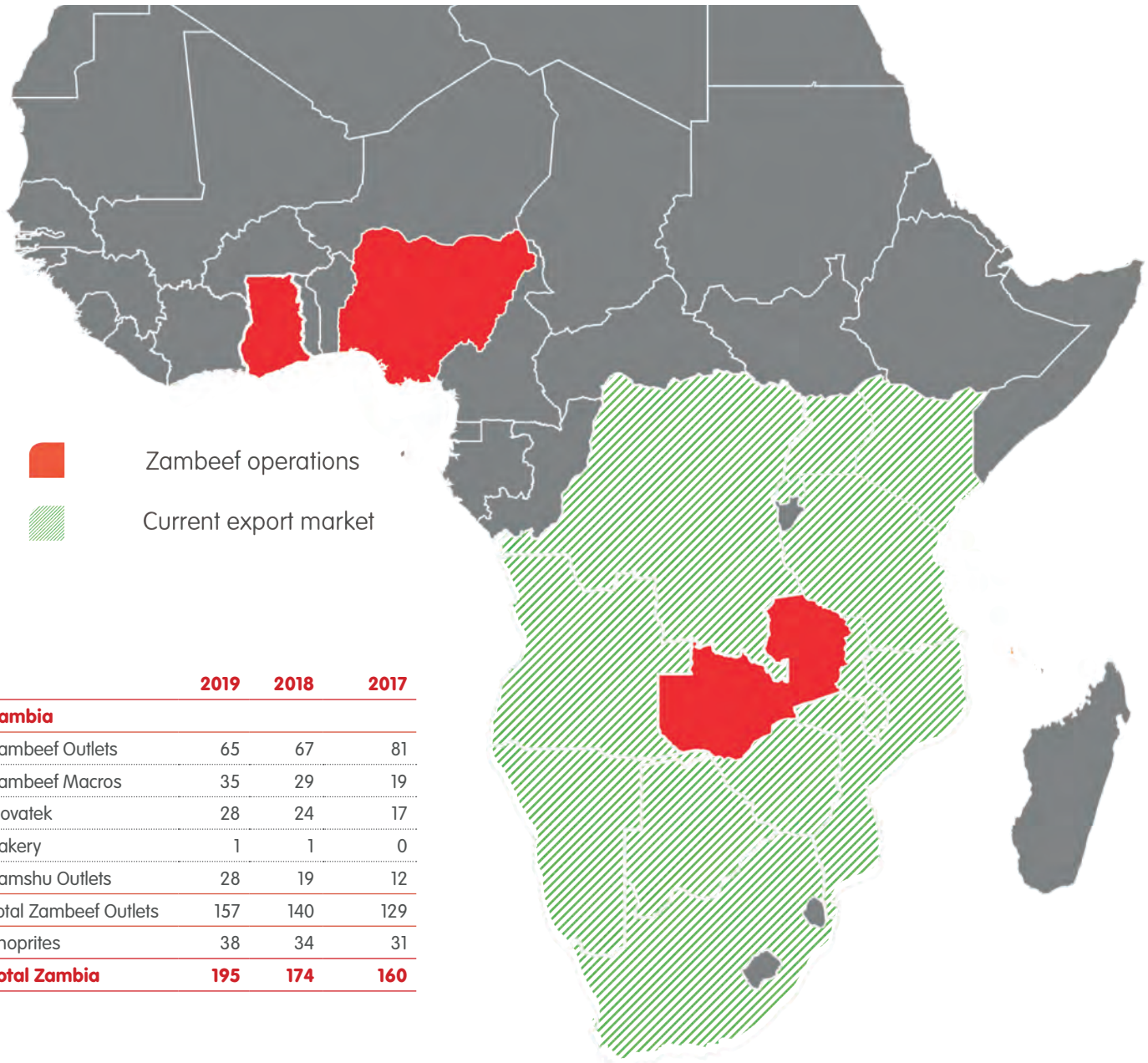
- Wheat mill with a capacity to mill 26,000 MT of wheat p.a.
- The largest tannery in Zambia, with a processing capacity of 130,000 hides p.a.
- The largest shoe manufacturing plant in Zambia, with a production capacity of 110,000 pairs p.a. (forecast to increase to 215,000 pairs p.a. in 2020)
- One bakery with the capacity to bake 1.2 million loafs of bread p.a.



# History & Key Milestones



# Feeding a growing region



	2019	2018	2017
<b>Zambia</b>			
Zambeef Outlets	65	67	81
Zambeef Macros	35	29	19
Novatek	28	24	17
Bakery	1	1	0
Zamshu Outlets	28	19	12
Total Zambeef Outlets	157	140	129
Shoprites	38	34	31
<b>Total Zambia</b>	<b>195</b>	<b>174</b>	<b>160</b>

<b>Nigeria</b>			
Shoprites	25	25	23
Master Meats Outlets	0	1	6
<b>Total Nigeria</b>	<b>25</b>	<b>26</b>	<b>29</b>

<b>Ghana</b>			
Shoprites	6	6	6
<b>Total Ghana</b>	<b>6</b>	<b>6</b>	<b>6</b>

	2019	2018	2017
<b>Total Zambeef</b>	<b>157</b>	<b>141</b>	<b>135</b>
<b>Total Shoprites</b>	<b>69</b>	<b>65</b>	<b>60</b>
<b>Total Retail Network</b>	<b>226</b>	<b>206</b>	<b>195</b>

# Chairman's Report



The Board remains committed to achieving the strategic priorities that we set in 2014, with a key focus on the core divisions that generate sustainable and strong cashflows, particularly through our Retail and Cold Chain Food Products and Stockfeed divisions.

## Dear Shareholders,

I am pleased to present to you the Chairman's Report with respect to the financial year ended 30 September, 2019.

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

The Board remains committed to achieving the strategic priorities set out in 2014, with a key focus on the core divisions that generate sustainable and strong cashflows, particularly through our Retail and Cold Chain Food Products and Stockfeed divisions.

Another significant cornerstone of our strategy is our divestment of non-core assets, with realised proceeds used to reduce debt levels. Much progress has been made on this, with the disposal of Zamanita Ltd to Cargill Holdings BV in 2015, followed by the sale of our 90% shareholding in Zampalm Ltd to the Industrial Development Corporation in 2018.

During the year we entered into a binding sale and purchase agreement with Chenguang Biotech (Zambia) Agri-Dev Limited for the disposal of Sinazongwe Farm.

## The Economic Environment

Zambia experienced a challenging macroeconomic climate during the course of the Group's 2019 financial year, which impacted on consumer spending power. The Minister of Finance stated when delivering his National Budget speech, that economic growth was expected to slow down to 2% by the end of 2019, compared with a target of 4% and growth of 3.7% in 2018. The slowdown in economic growth was primarily attributed to the severe drought the region was experiencing, and debt servicing challenges. The previous poor 2018/2019 rainy season led to poor agricultural production and constrained

electricity generation.

The Kwacha weakened during the period, with the exchange rate ending the period at around ZMW13.20/USD, having started the period under review at ZMW12.24/USD.

## Trading Results

Set against this challenging macro economic backdrop, the Group's results were reassuring, especially in the second half of the year, as management took proactive steps to deal with these challenges in both the short and long term, underpinned by continued focus on key strategic initiatives.

The Group achieved profit after tax (from continuing operations) of ZMW35.9 million (USD2.9 million), compared with ZMW23.8 million (USD2.4 million) for the same period in the previous year. The increase in profitability was mainly driven by cropping, increased volumes and margins in the Stockfeed division and Retail and Cold Chain Food Products, in line with our strategic imperative of consistent revenue growth through expansion of our retail network. Net debt at the end of the period was ZMW 886.3 million (USD67.1 million) compared with ZMW684.9 million (USD55.9 million).

## Stockfeed

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

## Retail and Cold Chain Food Products

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

## Cropping

The Cropping division performed exceptionally well, despite the severe drought in summer, constrained electricity supply, and water shortages in the winter.



Yields for all crops were above management expectations, and thus the division contributed positively to profitability.

#### Disposal of non-core assets

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

#### DIVIDEND

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

#### OUTLOOK

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

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

#### ACKNOWLEDGEMENT

I express my sincere thanks to my fellow Board members for leading the Group through this challenging year. To our management and staff, I express our utmost appreciation for your dedicated efforts.

As a Board we would like to express our deepest gratitude to the Chief Executive Officer, Mr Francis Grogan, who will be retiring effective 31st December 2019. His leadership and profound business acumen have enabled the Zambeef Group to grow by leaps and bounds during his tenure. He has played a significant role in the Group and we all wish him all the very best.

Mr. Grogan will be succeeded from 1 January 2020 by Mr Walter Roodt, who was appointed to the Zambeef Board on 5 February 2019. Mr Grogan has been working closely with Mr Roodt and Mr Mike Lovett, the Group's Chief Operating Officer, since January 2018 in a well-planned succession to ensure a successful and smooth transition.

On behalf of the Group, a warm welcome to our newest Board members, Mr Michael Mundashi, who was appointed as an Independent Non-Executive Director effective 11 September 2019, and Ms Faith Mukutu, the Chief Financial Officer, as an Executive Director of the Board. Their established professional backgrounds and valuable expertise will be an asset to the Group.

We would also like to thank our shareholders, for their continued support of the Group. Our appreciation goes as well to our other stakeholders such as financiers, business associates and consultants for all their support.

**Dr. Jacob Mwanza, Chairman**  
6 December 2019



# Chief Executive Officer's Review



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

## Overview

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

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

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

## Strategic focus area

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

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

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

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

## Retail and Cold Chain Food Products

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

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

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

## Stockfeed

Zambeef's Stockfeed division trades under the brand names Novatek and Zamfeed, with a 300,000 tons annual manufacturing capacity based in Lusaka and Mpongwe. Approximately 50% of all sales are generated through Zambeef macros and Zambeef internal livestock operations.

The balance is sold through Novatek's 132 branded external agency outlets (2018: 119) throughout Zambia and direct accounts held by livestock farmers.

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

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

### Cropping

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

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

Zambia had a large soya bean crop which

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

### Outlook

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

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

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

### Capital Expenditure

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

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



Francis Grogan  
Chief Executive Officer  
6 December 2019

# Key Market Indicators

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



Feeding the Nation  
**ZAMBEEF**  
Products PLC

**ZAMBEEF**  
CHAISA MINI MACRO

Zammilk  
Zamflour  
Zamchick  
Master Pork  
ZAMBEEF  
Zamloaf



# Divisional performance



**Table 1: Segmental Financial summary in ZMW'000s**

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

## Divisional performance (continued)



**Table 2: Segmental financial summary in USD'000s**

Division	Revenue 2019 USD'000	Revenue 2018 USD'000	Gross Profit 2019 USD'000	Gross Profit 2018 USD'000	Overheads 2019 USD'000	Overheads 2018 USD'000	Operating Profit 2019 USD'000	Operating Profit 2018 USD'000
Retailing	165 477	170 689	17 330	20 071				
CCFP	112 702	132 364	29 843	38 293				
Less Interco	(105 805)	(100 965)						
<b>Combined Retail &amp; CCFP</b>	<b>172 374</b>	<b>202 088</b>	<b>47 173</b>	<b>58 364</b>	<b>(34 043)</b>	<b>(38 859)</b>	<b>8 745</b>	<b>14 739</b>
Stock Feed	80 039	71 170	15 503	16 476	(8 421)	(8 313)	5 933	6,881
Cropping	38 490	51 974	21 925	19 113	(10 262)	(11 969)	8 205	2 962
Others	17 074	14 259	3 187	2 736	(1 780)	(1 867)	1 247	694
<b>Total</b>	<b>307 977</b>	<b>339 491</b>	<b>87 788</b>	<b>96 689</b>	<b>(54 506)</b>	<b>(61 008)</b>	<b>24 130</b>	<b>25 276</b>
Less: Intra/ Inter Group Sales	(53 515)	(59 190)						
Central Overhead					(11 045)	(13 095)	(11 045)	(13 354)
<b>Group Total</b>	<b>254 462</b>	<b>280 301</b>	<b>87 788</b>	<b>96 689</b>	<b>(65 551)</b>	<b>(74 103)</b>	<b>13 085</b>	<b>11 922</b>

# Retail and Cold Chain Food Products



## DIVISIONAL REVIEW

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

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

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

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

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

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

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

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



(2018: ZMW385 million) or a 12% reduction to USD34 million (2018: USD39 million).

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

### Zambia Retail

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

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

### West Africa Retail

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

### Beef

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

### Poultry (Zamchick, Zamhatch and ZamEgg)

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

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

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

The year under review was a challenging one for Zamchick with volumes increasing by 1% compared to the prior year. Multiple stockfeed price increases had a significant

negative impact on margins. Operational challenges were also experienced during the 2018/2019 summer rain season as the industry faced widespread dysbacteriosis, which negatively impacted broiler growth performance. Despite a challenging economic climate, Zamchick continued its investment into production infrastructure, with commissioning of an additional spiral freezer which allowed for increased production of Individually Quick-Frozen chicken portions, to meet the increasing demand for these products.

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

### Pork (Masterpork)

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

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

### Milk (ZamMilk)

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

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

## Stockfeed (Novatek)



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

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

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

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

## Cropping



Revenue		Gross Profit		Overheads		Operating Profit	
2019 ZMW'000	2018 ZMW'000	2019 ZMW'000	2018 ZMW'000	2019 ZMW'000	2018 ZMW'000	2019 ZMW'000	2018 ZMW'000
474,202	515,585	270,116	189,601	(126,413)	(118,729)	101,082	29,380
USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
38,490	51,974	21,925	19,113	(10,262)	(11,969)	8,205	2,962

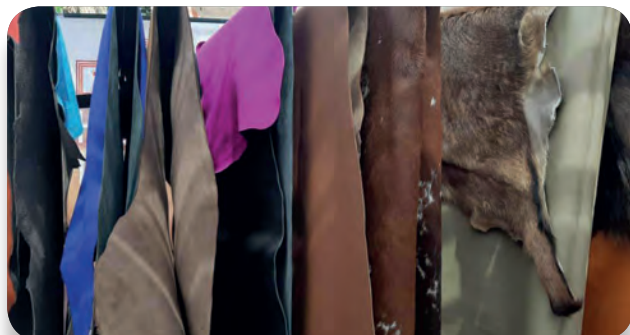
Zambeef's cropping division provides a currency risk hedge against the depreciation of the Kwacha, due to the crops being traded and financed in USD terms. It is pleasing to report that this division produced company record yields whilst the region experienced a devastating drought.

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

Due to the ZMW weakening to the USD the revenue decreased 27% to USD38 million (2018: USD52 million) and the overheads decreased 16% to USD10 million (2018: USD12 million). The Gross Profit was up 16% to USD 22 million (2018: USD 19 million) and the resulting operating profit increased 166% to USD 8 million (2018: USD3 million).

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

## Other businesses



Revenue		Gross Profit		Overheads		Operating Profit	
2019	2018	2019	2018	2019	2018	2019	2018
ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
210,348	141,452	39,261	27,129	(21,930)	(18,521)	15,361	6,885
USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
17,074	14,259	3,187	2,736	(1,780)	(1,867)	1,247	694

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

### Flour Milling

The milling division performed above expectations, increasing sales volumes by 29% from 13,165 tons in 2018 to 16,966 tons in 2019. The milling division had absorbed the weaker exchange rate with higher selling prices. Higher volumes were achieved by producing consistently high quality flour.

### Zamleather

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

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

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



# Sustainability Report

## Zambeef takes a 'triple bottom line' approach to its sustainability

Zambeef takes a 'triple bottom line' approach to the sustainability of its operations, to help deliver a positive economic, social, and environmental impact. We believe that economic sustainability is not simply our traditional corporate capital, but is measured by the impact our business has on its economic environment. We believe that our business' sustainability is rooted in the economic and social success of the local economy.

We believe that we can deliver positive financial results whilst concurrently delivering sound social and environmental performance. Zambeef is committed to providing a safe and healthy workplace for its employees and contractors, protecting the environment and being a responsible corporate citizen in the communities in which it operates. This commitment is enshrined in our Environmental & Social and Health, Safety & Welfare Policies.

Zambeef upholds the principles set out in the International Finance Corporation Performance Standards on environmental and social sustainability.

The Board of Directors provides oversight through the 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 monitoring the environmental, health and safety and social management and performance, in accordance with applicable legislation and Good International Industry Practice ("GIIP"). Zambeef has an Environmental and Social Action Plan ("ESAP") that has been agreed on with its development finance partners to help ensure continuous performance improvement at an operational level. The committee also monitors the adequacy of the resources devoted/allocated to the implementation of the ESAP.

Zambeef has a dedicated environmental and social corporate team of ten people, dedicated to the compliance and improvements in the operational Divisions. Across business activities, there are 25 people who are dedicated to environmental and social activities at the operational level.

### Environmental performance

Zambeef aims to work towards international good practice, by implementing a process of continual improvement in environmental and social management.

During the year under review, the Company submitted five Environmental Project Briefs (EPB) to the Zambia Environmental Management Agency (ZEMA), as governed by Statutory Instrument No. 28 of 1997 'Environmental Impact Assessments Regulations' read together with the Environmental Management Act (EMA) No. 12 of 2011. The underlisted projects were allowed by the ZEMA Board;



1. Replacement of old incinerator at Huntley processing complex with 600 kg/hour animal incinerator unit whose emissions are compliant with EU standards.
2. Construction of new shoe/footwear factory by Zamleather near the Head Office premises.
3. Installation of 22,500 litre above ground diesel tank at Masterpork.
4. Installation of 39,000 litre above ground diesel tank at Novatek Lusaka plant.

Zambeef carried out several other upgrades in its operations aimed at improving environmental compliance.

### Social performance

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

**Inclusive business model:** Zambeef believes in inclusivity, consequently, it 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, 85% of the pork handled by Masterpork is externally supplied from local farmers. Out-growers supply 70% of the broiler chickens processed by Zamchick. 85% of the maize used at Novatek Animal Feeds is externally supplied, predominantly by small 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 on a regular basis and every time developmental projects are initiated 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 or monthly basis, for those institutions with 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 improve nutrition ....'

### Support to educational and health-care institutions:

Zambeef continues to fund educational and healthcare institutions. This includes institutions like Mpongwe School and the nearby medical clinic, wholly owned by the company, where teachers, teaching aids, healthcare workers, equipment and facilities are fully funded by the Company.



# Sustainability report continued

The Mpongwe expenses amounted to US\$165,000.00 in the year under review. The company also supports community/government schools and healthcare institutions located 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', respectively. Zambeef also supports a number of traditional ceremonies and sporting activities.

## Economic performance

Zambeef is a significant contributor to the country's economic activities, with a turnover of more than 1% of the national GDP.



## Employment

- Zambeef continues to be one of the largest employers in the country, with an average of 7,407 staff, 14.5 % of whom are women.
- Over 99.5% of employees are Zambian.
- 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 suppliers are located in, and provide employment to communities in rural areas.

## 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.

## Export Earnings

- The Group is a member of the Zambia Development Agency's

elite Million Dollar Club of leading exporters.

## 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 and, 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 as well as a surplus for export to help feed neighbouring countries. The company produced over 120,280 metric tonnes of grains (50,380 MT of wheat, 44,400 MT of Soya beans and 25,500 MT of maize) in the year under review.



# Building a nation







# Corporate Governance

# Corporate governance



High ethical standards in the conduct of business, and a verifiable framework of corporate governance policies and procedures, underpin all Zambeef's decision-making and management.

annual updates on its compliance with the QCA Code in its Annual Report and website ([www.zambeefplc.com](http://www.zambeefplc.com)).

## 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 13 directors, of whom ten are Non Executive Directors, and three are Executive Directors. Seven Non-Executive Directors are considered to be independent by the Board in terms of the guidelines prescribed in the QCA Code. They are Dr Jacob Mwanza, Dr Lawrence Sikutwa, John Rabb, Margaret Kunda Chalwe Mudenda, Prof. Enala Lyson Tembo-Mwase, Michael Mundashi, and Jonathan Andrew Kirby. Details of the current Directors, their roles and background are set out in the Company's website at [zambeefplc.com](http://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 between knowledge, experience and independence. The role of Chairman is a separate role and position from that of the Chief Executive Officer. The Chairman is considered to be independent.

The role of the Chairman is to provide leadership to the Board and ensure its effectiveness on all aspects of its remit, in addition to providing leadership in corporate governance implementation and practice.

The role of the Chief Executive Officer is the strategic development of the Group and its clear communication to the Board, and once approved by the Board, its implementation. In addition, the Chief Executive Officer is responsible for overseeing the management of the Group and its executive management.

## Interaction with Stakeholders under QCA Application

Zambeef has several shareholder meetings, formally through annual AGMs (and EGMs where required) and informally

through biennial, quarterly or monthly meetings for institutional shareholders. Shareholders' views are shared in an open and frank manner, with senior management taking due note of their concerns. The Board believes that this has proved successful as their views have fed into the current corporate strategy. The CFO, CEO, and Deputy Managing Director meet and conduct formal result presentations with shareholders on a biannual basis in Zambia, South Africa and the UK.

The Group publishes the outcome of all shareholder resolutions immediately after each AGM/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 understands 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;
- 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, customer care hotlines, technical advisor meetings and written communication. In the case of customer feedback, products have been developed in the stockfeed division according to customer requirements, for example. Product improvement programmes have been adopted in production of certain cold

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 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, it 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

chain food products based on customer feedback.

### Corporate Governance in Action

Being listed on exchanges in both Lusaka and London, the Company is required to comply with LuSE code and the QCA code. The UK Corporate Governance Code does not apply to companies floated on AIM, the market on which Zambeef is listed. For the purposes of being listed on AIM, the Company has agreed to maintain appropriate standards of corporate governance. In this regard, and bearing in mind the size and scale of the operations of the Company, the Company has used the QCA Code and the earlier QCA guidelines as the base 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 were put all 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 contained 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 MAR 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:

### Risk Management

An effective Group Risk Assessment/Risk Management tool, based on recommended best practice and regular inputs from senior management, is formally reviewed on a quarterly basis. Formal risk assessments are carried out at group level, and are carried out per company and division, in conjunction 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 for 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 the systems of internal control through its regular compliance audit programmes, making recommendations for improvement 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.

### Share Dealing Code

The Company has adopted a share-dealing code for dealings in shares by Directors and senior employees that is 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 Directors during the year appointed Non-Executive Director Margaret Mudenda as the person responsible for share dealings by the Directors, assisted by the Company Secretary as the Compliance Officer.

### Incident Reporting, Anti Bribery/ Corruption, and Whistleblowing policies and procedures

The Company has detailed policies and

procedures covering Incident Reporting, Anti Bribery 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 has had widespread communication 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 Organizational Integrity. This Code of Ethics covers the important principles and more detailed ethical guidelines, with respect to responsibility, accountability, transparency, and fairness.

The Board firmly believes that a culture based on ethical values and behaviour is cardinal to achieving Zambeef's objectives. Without sound ethical behaviour, it would be difficult for stakeholders to retain 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 have 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, as a

## Board engagement

The attendance by the Directors during the year was as follows:

	Main Board		Audit and Risk		E&S		Remuneration	
	A	B	A	B	A	B	A	B
<b>Non-Executive</b>								
Dr. Jacob Mwanza	5	5	-	-	-	-	-	-
Dr. Lawrence Sikutwa	5	4	4	4	-	-	-	-
John Rabb	5	4	-	-	4	4	3	3
David Osborne	5	5	4	3	4	3	3	-
Yollard Kachinda	5	2	-	-	-	-	3	2
Margaret Mudenda	5	5	4	3	-	-	3	3
Enala Mwase	5	3			4	3	-	-
Frank Braeken	5	5	-	-	-	-	3	3
Micheal Mundashi #	1	1	-	-	-	-	-	-
Jonathan Kirby	5	5	4	4	-	-	3	3
<b>Executive</b>								
Francis Grogan	5	5	-	-	4	4	-	-
Faith Mukutu #	1	1	-	-	-	-	-	-
Walter Roodt #	2	2	-	-	-	-	-	-
Danny Museteka	5	5	4	4	4	4	3	3

Notes

# Director joined during the year

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.

whole, is healthy.

### Board evaluation

Every year the Board undertakes a self-assessment of its performance, based on its Charter's objectives, with the Company Secretary collating and reporting on the findings from each Board member. Board evaluation details and updates are provided in the Annual Report and website.

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

During the year, the Board reconstituted the three principal standing committees, led by a chairman who is a Non-Executive Director in each instance, and with written terms of reference. The terms of reference are in line with recommended best practice for AIM-quoted companies under the QCA code, and also per requirements from co-operating partners.

### Remuneration and Succession Committee

Chairman - David Osborne

#### Members

Yollard Kachinda, Jonathan Kirby, Margaret Mudenda and Frank Braeken

#### Responsibilities:

- To 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.

- To be responsible for identifying, evaluating and nominating for the approval of the Board, candidates to fill Board vacancies, as and when they arise.
- To give full consideration to succession planning for Directors and other senior executive management, and in particular, for the key roles of Chairman and Chief Executive Officer 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.
- To determine and agree with the Board the framework or broad policy for the remuneration of the Chief Executive, 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.
- In determining the remuneration policy, take 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 this policy shall be to ensure that executive management of the Group 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 clear, transparent reporting of the Remuneration Committee's agreed fees and remuneration, for both the executive directors and non-executive 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 any 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 Committee

Chairman - Lawrence Sikutwa

#### Members

Margaret Mudenda, David Osborne and Jonathan Andrew Kirby

Independent advisor and co-opted member- Hastings Mfime (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 as well as 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 as well as 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

#### Environmental and Social Committee

Chair - 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 in the event that 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 as well as appropriate management of any approved transactions.

#### 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 the following:
  - 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 (PACRA).
  - Maintenance of statutory registers.
  - Key liaison for investors and contact point for shareholders.
  - Providing updates on relevant statutory amendments and developments.

During the year, 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 is due to retire on December 31, 2019. The Committee was comprised of Dr Jacob Mwanza, Frank Braeken, John Rabb, Prof. Enala Mwase, Margaret Mudenda and Yollard Kachinda. Over a period of six months, the Committee interviewed various individuals and elected to nominate Mr Michael Mundashi as a suitable candidate to replace Dr Mwanza.

# Board of Directors



**Dr. Jacob Mwanza**  
(age 83)  
**Non-Executive Chairman**  
Nationality: **Zambian**

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

**Experience:**  
Over 30 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-Sahara African Economic and Social Affairs, Pangaea Securities, David Shepard Foundation and Kafue Sanctuary.



**Francis Grogan**  
(age 58)  
**CEO**  
Nationality: **Irish**

**Qualifications:**  
BSc Agriculture (Ireland)

**Experience:**  
Over 22 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.



**Walter Roodt**  
(age 43)  
**Deputy Managing Director**  
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 15 years of experience in Agriculture in Southern Africa.

**External appointments:**  
Director of City Dental Ltd.



**Faith Mukutu**  
(age 39)  
**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 15 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 47)  
**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 10 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 Madison Financial Services Plc, Medical Stores Ltd and MCK Legal Practitioners.



**Prof. Enala Tembo-Mwase**  
(age 60)  
**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 30 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.

**External appointments**  
Deputy Vice Chancellor of University of Zambia (UNZA)



**John Rabb**  
(age 76)  
**Non-Executive Director**  
Nationality: **South African**

**Qualifications:**  
BSc (Agriculture)  
MBA (RSA).

**Experience:**  
Over 30 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 56)

**Non-Executive Director**  
Nationality: **Zambian**

**Qualifications:**

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

**Experience:**

Over 25 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 Trustees of NAPSA Lusaka Trust Hospital Staff Pension Scheme.



**Dr. Lawrence Sikutwa**  
(age 65)

**Non-Executive Director**  
Nationality: **Zambian**

**Qualifications:**

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

**Experience:**

Over 30 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 57)

**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 30 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**  
(age 55)

**Non-Executive Director**  
Nationality: **British**

**Qualifications:**

Cambridge University; Trinity College (Natural Sciences).

**Experience:**

Over 30 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 59)

**Non-Executive Director**  
Nationality: **Belgian**

**Qualifications:**

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

**Experience:**

Over 30 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 Feronia Inc., Buhler AG, Alliance for a Green Revolution in Africa, F.M.B BWC-LLC, Marie Stopes International and Seven Hills Ranch Limited.



**Michael Mundashi**  
(age 61)

**Non-Executive Director**  
Nationality: **Zambian**

**Qualifications:**

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

**Experience:**

Over 30 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 British American Tobacco Zambia Plc and Sanlam Insurance; Director of Nico General Insurance. Also, full time Managing Partner of the law firm of Mulenga Mundashi Legal Practitioners.

# 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 2019.

## 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 7,973 Ha of row crops under irrigation and 8,776 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 2019		30 September 2018	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
<b>Authorised</b>				
700,000,000 ordinary shares of ZMW0.01 each	7,000	938	7,000	938
<b>Issued and fully paid</b>				
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	Note	2019	2019	2018	2018
		ZMW'000s	USD'000s	ZMW'000s	USD'000s
<b>Revenue</b>	5	3,134,967	254,462	2,780,589	280,301
<b>Profit before taxation</b>		38,653	3,138	28,011	2,823
<b>Taxation charge</b>	10	(2,780)	(226)	(4,257)	(429)
<b>Loss from discontinued operation</b>		(17,379)	(1,411)	(13,261)	(1,337)
<b>Group profit for the year</b>		<b>18,494</b>	<b>1,501</b>	<b>10,493</b>	<b>1,057</b>
<b>Group profit/(loss) attributable to:</b>					
<b>Equity holders of the parent</b>		18,100	1,469	10,601	1,068
<b>Non-controlling interest</b>		394	32	(108)	(11)
		<b>18,494</b>	<b>1,501</b>	<b>10,493</b>	<b>1,057</b>

## 5. Dividends

There has been no dividend proposed for the year ended 30 September 2019 (2018: ZMW nil).

## 6. Management

The senior management currently comprises:

Francis Grogan	-	Chief Executive Officer
Walter Roodt	-	Deputy Managing Director
Faith Mukutu	-	Chief Financial Officer
Mike Lovett	-	Chief Operating Officer
Danny Museteka	-	Company Secretary
Yusuf Koya	-	Group Head – Banking & Administration
Felix Lupindula	-	Corporate Affairs Manager
Pravin Abraham	-	Chief Internal Auditor
Ebrahim Israel	-	General Manager – International Retailing
Murray Moore	-	General Manager – Beef and Dairy
Lewis Potgieter	-	General Manager – Sinazongwe Farm
Robert Hoskins Davies	-	General Manager – Chiawa Farm
Francis Mandomona	-	General Manager – Huntley Farm
Richard Franklin	-	General Manager – Zamleather Limited
Harry Hayden-Payne	-	General Manager – Zampalm 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 Mbaob	-	Dairy Processing Manager
Lenard Mwanamumbula	-	Piggery Manager
Charles Milupi	-	Poultry Manager
Ivor Chilufya	-	Group Financial Controller
Justin Rust	-	Commercial Manager
Basil Webber	-	Commercial Manager
Phillip Diedericks	-	Commercial Manager
Niyaas Dalal	-	Finance Manager – Zambeef Products Plc, Zam Chick Limited, Zamhatch Limited
Simon Nkhata	-	Finance Manager – Zambeef Retailing Limited
Winston Magutswi	-	Finance Manager – Masterpork Limited
Baron Chisola	-	Finance Manager – Zamleather Limited, Zampalm Limited, Group Inventory
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
Mathews Mbasela	-	Head of Payroll Processing
Eddie Tembo	-	Chief Security Manager
Jones Kayawe	-	Head of Environment, Health and Safety
Field Musongole	-	Maintenance Manager
Ernest Gondwe	-	Regional Manager – Shoprite & Excellent Meats
Francis Mulenga	-	Regional Manager – Shoprite
Noel Chola	-	Regional Manager – Shoprite
Rodgers Chinkuli	-	Regional Manager – Zambeef Outlets
Hillary Anderson	-	National Retail Manager - Shoprite
Lufeyo Nkhoma	-	General Manager – Master Meats Ghana
Clement Mulenga	-	General Manager – Master Meats Nigeria

# Report of the Directors continued

## 7. Directors and Secretary

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

Dr. Jacob Mwanza	-	Chairman
Dr. Lawrence S. Sikutwa	-	Non-Executive Director
John Rabb	-	Non-Executive Director
Yollard Kachinda	-	Non-Executive Director
Prof. Enala Mwase	-	Non-Executive Director
David Osborne	-	Non-Executive Director
Margaret Mudenda	-	Non-Executive Director
Jonathan Kirby	-	Non-Executive Director
Frank Braeken	-	Non-Executive Director
Francis Grogan	-	Chief Executive Officer
Yusuf Koya	-	Executive Director (Resigned on 4 February 2019)
Walter Roodt	-	Executive Director (Appointed on 5 February 2019)
Michael Mundashi	-	(Appointed on 11 September 2019)
Faith Mukutu	-	(Appointed on 11 September 2019)
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 2019		30-September-2018	
	Direct	Indirect	Direct	Indirect
Jacob Mwanza (Dr)	1,399,629	-	1,100,000	-
Francis Grogan	995,000	3,596,631	995,000	3,596,631
John Rabb	-	14,000,000	-	14,000,000
Yusuf Koya	245,482	-	245,482	-
Frank Braeken	375,000	-	375,000	-
	<b>3,015,111</b>	<b>17,596,631</b>	<b>2,715,482</b>	<b>17,596,631</b>

## 9. Directors' fees and remuneration

The Remuneration Committee has agreed the following gross annual packages.

	Salary	Bonus	Housing Allowance	Car Allowance	Air Fares Allowance	Medicals	Long Term Incentive Plan 2 (Shares)
<b>ZMW</b>							
<b>NON-EXECUTIVE</b>							
Jacob Mwanza	946,461	-	-	-	-	-	-
Yollard Kachinda	296,774	-	-	-	-	-	-
Margaret Mudenda	341,521	-	-	-	-	-	-
Lawrence Sikutwa	325,991	-	-	-	-	-	-
Enala Mwase	296,774	-	-	-	-	-	-
Jonathan Kirby	341,521	-	-	-	-	-	-
John Rabb	356,131	-	-	-	-	-	-
Frank Braeken	296,774	-	-	-	-	-	-
Michael Mundashi	200,000	-	-	-	-	-	-
<b>EXECUTIVE</b>							
Francis Grogan	6,235,869	4,734,496	-	Company Car	584,640	Yes	-
Walter Roodt	2,583,413	575,040	-	Company Car	-	Yes	-
Faith Mukutu	301,669	-	-	Company Car	-	Yes	-
Danny Museteka	3,036,977	383,360	-	-	584,640	Yes	-

## 9. Directors fees and remuneration (continued)

In October 2016, the Board approved a retirement package for the Chairman, Dr. Jacob Mwanza of USD330,000. An advance of USD110,000 was paid about the same time. The full payment was settled during the current financial year.

In addition to the above, all Executive Directors are entitled to a gratuity of 10 per cent of their gross basic salary paid over the contract term.

Further, the Board co-opted Mr. Hastings Mtine into the Audit Committee as an expert advisor. Mr. Mtine's remuneration was ZMW168,690 for the year under review.

The Long-Term Incentive Plan 2 ("LTIP 2") had the following key terms/conditions:

- a) **Structure:** market value option shares ("Options");
- b) **Exercise price:** 15 pence;
- c) **Maximum shares:** The annual award base value (number of shares multiplied by the share price on the date of grant plus number of Options multiplied by the exercise price) may not exceed three times the Executive's base salary (this term/condition does not apply to the CEO under the JCEO LTIP Scheme) and
- d) **Vesting period:** three years from 2015 to 2018; exercisable by June 2018.
- e) The Options could only be exercised if Zambeef achieved the following targets:
  - i) If the share price reaches 40 pence, then 25 per cent. of the Options become exercisable.
  - ii) If the share price reaches 48 pence, a further 25 per cent. of the Options become exercisable.
  - iii) If the share price reaches 56 pence, a further 25 per cent. of the Options become exercisable.
  - iv) If the share price reaches 65 pence, the final 25 per cent. of the Options become exercisable.
  - v) Zambeef achieving a debt-to-equity (gearing) ratio of less than 35 per cent. in the audited accounts immediately prior to exercising the Options.
  - vi) Zambeef achieving a current ratio (current assets divided by current liabilities) of 1.5 or higher in the audited annual accounts immediately prior to the exercising of the options.
  - vii) Zambeef generating free cash flows.
  - viii) The Zambeef share price triggers set above were to be considered achieved if in the 14 days immediately prior to exercising the Options, the shares had traded continuously at not less than these prices for 14 days.
  - ix) The Options would be exercisable at any time for 2 years after the 3 year period from the issue of the Options have lapsed.
  - x) The Options could only be exercised if the relevant executives were still employed by the Company.

The options lapsed in June 2018. There were no options granted or exercised during the reporting period.

## 10. Significant Shareholdings

As at 30 September 2019, 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	42,413,679	14.1%
National Pension Scheme Authority (Zambia)	24,797,819	8.2%
Sussex Trust	14,000,000	4.7%
Eastspring Investment	11,995,062	4.0%
Artio Global Investors	9,360,000	3.1%
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 four voting rights for every five preference shares held resulting in CDC having 34.85% of the voting rights.

# Report of the Directors continued

## 11. Employees

The Group employed an average of 7,407 (30 September 2018 – 7,555) employees and total salaries and wages were ZMW453.7 million (USD36.8 million) for the year ended 30 September 2019 (30 September 2018 – ZMW420.8 million [USD42.4 million]).

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

	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
Headcount	7,166	7,023	7,132	7,379	7,744	7,488	7,491	7,361	7,511	7,643	7,508	7,434

## 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 ZMW2 million (USD0.165 million) (30 September 2018: ZMW2.6 million [USD0.259 million]) to a number of activities.

## 15. Export sales

The Group made exports of ZMW46.5 million (USD3.8 million) during the period (30 September 2018: ZMW48.5 million [USD4.9 million]).

## 16. Property, plant and equipment

Assets totalling ZMW113.8 million (USD9.2 million) were purchased by the Group during the period (30 September 2018 – ZMW144 million [USD14.5 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.

## 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 47 to 114 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: 6 December 2019

# 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.

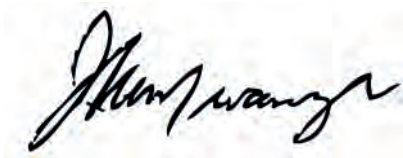
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Zambian Companies Act 2017. They are also responsible for safeguarding the 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:

- the financial statements give a true and fair view of the financial position of Zambeef Products PLC and its subsidiaries as at 30 September 2019, and of its financial performance and its cash flows for the year then ended;
- 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
- 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 6 December 2019



Dr. Jacob Mwanza  
Chairman

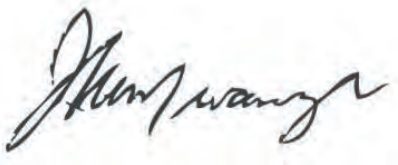


Francis Grogan  
Chief Executive Officer



# Approval of annual Financial Statements

The annual financial statements that appear on pages 47 to 114 were approved by the Board of Directors on 6 December 2019 and signed on its behalf by:



**Dr. Jacob Mwanza**  
Chairman



Francis Grogan  
Chief Executive Officer

Signed in Lusaka on 6 December 2019

## Annual compliance certificate

Pursuant to the requirements of schedule 18 to the rules of the Lusaka Stock Exchange, I the undersigned Danny Museteka being the duly appointed and registered Secretary certify to the Lusaka Securities Exchange that Zambeef Products Plc has during the twelve months ended 30 September 2019, complied with every disclosure requirement for continued listing on the Lusaka Stock Exchange imposed by the Board of the Exchange during that period.

In addition, I hereby confirm that for the year ended 30 September 2019, the Company has lodged with the Registrar of Companies all such returns as are required by a public company in terms of the Zambian Companies Act 1994 and that all such returns are true and correct.



**Danny Museteka**  
Company Secretary  
6 December 2019









# Financial statements

# Report of the Independent Auditors to the Members of Zambeef Products PLC and its Subsidiaries

## Opinion

We have audited the consolidated financial statements of Zambeef Products PLC (the 'Company') and its subsidiaries (the 'Group'), which comprise the consolidated and separate statements of financial position as at 30 September 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and the consolidated and separate statements of cash flows for the year then ended, 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 Zambeef Products PLC as at 30 September 2019, 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 Zambeef 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

Description of matter	How the matter was addressed in our audit
<p><b>Valuation of biological assets</b></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 assets 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 yields and engaged experts to check the quality of the crop.</p> <p>We also checked the valuations of biological assets.</p>
<p><b>Classification, measurement and impairment of financial assets</b></p> <p>IFRS 9 was implemented during the financial year under review.</p> <p>The directors are required to review the classifications of assets and align the classifications to the requirements of the financial reporting standards. 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 standards.</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><b>Valuation of goodwill</b></p> <p>Goodwill amounting to K167 million (USD 12.6 million) was carried in the statement of financial position. Under IFRS, the Company is required to test the amount of goodwill for impairment at least annually. In case of impairment triggers, goodwill requires impairment testing as well. 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 critically assessed and tested the assumptions and methodologies used by management.</p>

### Deferred tax assets

The group has a significant amount of deferred tax assets, mainly resulting from net operation losses. The risk exists that future (fiscal) profits will not be sufficient to fully recover the deferred tax assets.

The valuation of deferred tax assets is significant to our audit because the assessment process is complex and is based on estimates of future taxable income. In this area, our audit procedures included, among others, using our own tax specialists to assist us in assessing the appropriateness of the level of deferred tax asset balance recognized in the statement of financial position and reviewing management assumptions relating to projections of the deferred tax asset utilization.

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.

### 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, Directors' report, 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.

### 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 judgment 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.

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 2019 have been properly prepared in accordance with the Zambian Companies Act 2017, and the accounting and other records and registers have been properly kept in accordance with the Act.

*Grant Thornton*

Grant Thornton  
Chartered Accountants



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

Lusaka  
Date: 6 December 2019



SCHOOL SHOES



100%

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**ZAMBEEF**  
Producers PLC

# 25

YEAR ANNIVERSARY

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Star Awards 2011

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**ZAMBEEF**

**EMBRACING INDUSTRIAL DEVELOPMENT**

Feeding the Nation  
**ZAMBEEF**

**Zamshu**

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Producers PLC

Since 1994  
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**ZAMBEEF**  
Producers PLC  
Star Awards 2011

FRESH AND LOCAL

*Master Pork*

Since 1994  
Feeding the Nation  
**ZAMBEEF**  
Producers PLC  
Star Awards 2011







## Consolidated Statement of Comprehensive Income

### For the year ended 30 September 2019

Group	Note	2019		2018	
		ZMW'000s	USD'000s	ZMW'000s	USD'000s
<b>Revenue</b>	5	3,134,967	254,462	2,780,589	280,301
Net gain/(loss) arising from price changes in fair value of biological assets	16(a)	10,284	835	(15,245)	(1,537)
Cost of sales		(2,063,704)	(167,509)	(1,806,185)	(182,075)
<b>Gross profit</b>		1,081,547	87,788	959,159	96,689
Administrative expenses		(920,771)	(74,738)	(841,319)	(84,810)
Other income	6	433	35	430	43
<b>Operating profit</b>	7	<b>161,209</b>	<b>13,085</b>	<b>118,270</b>	<b>11,922</b>
Share of loss equity accounted investment		(3,036)	(246)	(742)	(75)
Exchange gains on translating foreign currency transactions and balances		(36,730)	(2,981)	(19,302)	(1,946)
Finance costs	9	(82,790)	(6,720)	(70,215)	(7,078)
<b>Profit before taxation</b>		<b>38,653</b>	<b>3,138</b>	<b>28,011</b>	<b>2,823</b>
Taxation charge	10	(2,780)	(226)	(4,257)	(429)
<b>Group income for the year from continuing operations</b>		<b>35,873</b>	<b>2,912</b>	<b>23,754</b>	<b>2,394</b>
Loss from discontinued operations	34	(17,379)	(1,411)	(13,261)	(1,337)
Group income for the year		18,494	1,501	10,493	1,057
<b>Group income attributable to:</b>					
Equity holders of the parent		18,100	1,469	10,601	1,068
Non-controlling interest		394	32	(108)	(11)
		18,494	1,501	10,493	1,057
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Exchange (loss)/gains on translating presentational currency		106,391	(10,553)	206,425	(46,089)
Remeasurement of net defined benefit liability		8,829	717	-	-
<b>Total comprehensive (loss)/ income for the year</b>		<b>133,714</b>	<b>(8,335)</b>	<b>216,918</b>	<b>(45,032)</b>
<b>Total comprehensive (loss)/ income for the year attributable to:</b>					
Equity holders of the parent		129,935	(8,367)	217,297	(45,021)
Non-controlling interest		3,779	32	(379)	(11)
		<b>133,714</b>	<b>(8,335)</b>	<b>216,918</b>	<b>(45,032)</b>
<b>Earnings per share</b>		<b>Ngwee</b>	<b>Cents</b>	<b>Ngwee</b>	<b>Cents</b>
Basic earnings per share – continued operations	12	11.80	0.96	7.90	0.80
Basic earnings per share – discontinued operations	12	(5.78)	(0.47)	(4.41)	(0.44)
Total Basic earnings per share	12	6.02	0.49	3.49	0.36
<b>Diluted earnings per share</b>					
Diluted earnings per share – continued operations	12	8.86	0.72	5.92	0.60
Diluted earnings per share – discontinued operations	12	(4.34)	(0.35)	(3.31)	(0.33)
Total Diluted earnings per share	12	4.52	0.37	2.61	0.27

**Consolidated Statement of Changes in Equity**  
**For the year ended 30 September 2019**

(i) In Zambian Kwacha	Issued share capital ZMW'000s	Share premium ZMW'000s	Preference share capital ZMW'000s	Foreign exchange reserve ZMW'000s	Revaluation reserve ZMW'000s	Retained earnings ZMW'000s	Total attributable to owners of the parent ZMW'000s	Non-controlling interest ZMW'000s	Total equity ZMW'000s
<b>At 1 October 2017</b>	<b>3,006</b>	<b>1,125,012</b>	<b>1,000</b>	<b>72,227</b>	<b>1,252,142</b>	<b>445,090</b>	<b>2,898,477</b>	<b>(8,281)</b>	<b>2,890,196</b>
Profit for the year	-	-	-	-	-	10,601	10,601	(108)	10,493
Transfer of surplus depreciation	-	-	-	-	(23,418)	23,418	-	-	-
<b>Other comprehensive income:</b>									
Exchange gain/(loss) on translating presentational currency	-	-	-	206,696	-	-	206,696	(271)	206,425
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>206,696</b>	<b>(23,418)</b>	<b>34,019</b>	<b>217,297</b>	<b>(379)</b>	<b>216,918</b>
<b>At 30 September 2018</b>	<b>3,006</b>	<b>1,125,012</b>	<b>1,000</b>	<b>278,923</b>	<b>1,228,724</b>	<b>479,109</b>	<b>3,115,774</b>	<b>(8,660)</b>	<b>3,107,114</b>
<b>Profit for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,100</b>	<b>18,100</b>	<b>394</b>	<b>18,494</b>
Transfer of surplus depreciation	-	-	-	-	(29,666)	29,666	-	-	-
<b>Other comprehensive income:</b>									
Exchange gain/(loss) on translating presentational currency	-	-	-	103,006	-	-	103,006	3,385	106,391
Remeasurement of net defined benefit liability	-	-	-	-	-	8,829	8,829	-	8,829
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>103,006</b>	<b>(29,666)</b>	<b>56,595</b>	<b>129,935</b>	<b>3,779</b>	<b>133,714</b>
<b>At 30 September 2019</b>	<b>3,006</b>	<b>1,125,012</b>	<b>1,000</b>	<b>381,929</b>	<b>1,199,058</b>	<b>535,704</b>	<b>3,245,709</b>	<b>(4,881)</b>	<b>3,240,828</b>

**Consolidated Statement of Changes in Equity (continued)**  
**For the year ended 30 September 2019**

(ii) In US Dollar	Issued share capital USD'000s	Preference Share capital USD'000s	Share premium USD'000s	Foreign exchange reserve USD'000s	Revaluation reserve USD'000s	Retained earnings USD'000s	Total attributable to owners of the parent USD'000s	Non- controlling interest USD'000s	Total equity USD'000s
<b>At 1 October 2017</b>	<b>449</b>	<b>100</b>	<b>185,095</b>	<b>(140,641)</b>	<b>177,978</b>	<b>76,759</b>	<b>299,740</b>	<b>(856)</b>	<b>298,884</b>
Profit for the year	-	-	-	-	-	1,068	1,068	(11)	1,057
Transfer of surplus depreciation	-	-	-	-	(2,361)	2,361	-	-	-
<b>Other comprehensive income:</b>									
Exchange gains on translating presentational currency	-	-	-	(46,248)	-	-	(46,248)	159	(46,089)
<b>Total comprehensive income</b>	-	-	-	(46,248)	(2,361)	3,429	(45,180)	148	(45,032)
<b>At 30 September 2018</b>	<b>449</b>	<b>100</b>	<b>185,095</b>	<b>(186,889)</b>	<b>175,617</b>	<b>80,188</b>	<b>254,560</b>	<b>(708)</b>	<b>253,852</b>
<b>Profit for the year</b>	-	-	-	-	-	<b>1,469</b>	<b>1,469</b>	<b>32</b>	<b>1,501</b>
Transfer of surplus depreciation	-	-	-	-	(2,408)	2,408	-	-	-
<b>Other comprehensive income:</b>									
Exchange gains on translating presentational currency	-	-	-	(10,859)	-	-	(10,859)	306	(10,553)
Remeasurement of net defined benefit liability	-	-	-	-	-	717	717	-	717
<b>Total comprehensive income</b>	-	-	-	(10,859)	(2,408)	<b>4,594</b>	<b>(8,673)</b>	<b>338</b>	<b>(8,335)</b>
<b>At 30 September 2019</b>	<b>449</b>	<b>100</b>	<b>185,095</b>	<b>(197,748)</b>	<b>173,209</b>	<b>84,782</b>	<b>245,887</b>	<b>(370)</b>	<b>245,517</b>

**Company Statement of Changes in Equity**  
**For the year ended 30 September 2019**

(i) In Zambian Kwacha	Issued share capital ZMW'000s	Preference share capital ZMW'000s	Share premium ZMW'000s	Revaluation reserve ZMW'000s	Retained earnings ZMW'000s	Total equity ZMW'000s
<b>At 1 October 2017</b>	<b>3,006</b>	<b>1,000</b>	<b>1,125,012</b>	<b>917,897</b>	<b>511,607</b>	<b>2,558,522</b>
Profit for the year	-	-	-	-	14,413	14,413
Transfer of surplus depreciation	-	-	-	(27,562)	27,562	-
<b>Other comprehensive income:</b>						
Exchange gains on translating presentational currency	-	-	-	-	217,367	217,367
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(27,562)</b>	<b>259,342</b>	<b>231,780</b>
<b>At 30 September 2018</b>	<b>3,006</b>	<b>1,000</b>	<b>1,125,012</b>	<b>890,335</b>	<b>770,949</b>	<b>2,790,302</b>
Profit for the year	-	-	-	-	4,225	4,225
Transfer of surplus depreciation	-	-	-	(28,183)	28,183	-
<b>Other comprehensive income:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Exchange gain on translating presentational currency	-	-	-	-	92,385	92,385
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28,183)</b>	<b>124,793</b>	<b>96,610</b>
<b>At 30 September 2019</b>	<b>3,006</b>	<b>1,000</b>	<b>1,125,012</b>	<b>862,152</b>	<b>895,742</b>	<b>2,886,912</b>

**Company Statement of Changes in Equity**  
**For the year ended 30 September 2019**

(ii) In US Dollars	Issued share capital USD'000s	Preference share capital USD'000s	Share premium USD'000s	Revaluation reserve USD'000s	Foreign exchange reserve USD'000s	Retained earnings USD'000s	Total equity USD'000s
<b>At 1 October 2017</b>	<b>449</b>	<b>100</b>	<b>185,095</b>	<b>122,600</b>	<b>(120,385)</b>	<b>76,725</b>	<b>264,584</b>
Profit for the year	-	-	-	-	-	1,453	1,453
Transfer of surplus depreciation	-	-	-	(3,904)	-	3,904	
<b>Other comprehensive income:</b>	-	-	-	-	-	-	-
Exchange gain on translating presentational currency	-	-	-	-	(38,071)	-	(38,071)
<b>Total comprehensive income</b>	-	-	-	<b>(3,904)</b>	<b>(38,071)</b>	<b>5,357</b>	<b>(36,618)</b>
<b>At 30 September 2018</b>	<b>449</b>	<b>100</b>	<b>185,095</b>	<b>118,696</b>	<b>(158,456)</b>	<b>82,082</b>	<b>227,966</b>
Profit for the year	-	-	-	-	-	342	342
Transfer of surplus depreciation	-	-	-	(2,288)	-	2,288	-
<b>Other comprehensive income:</b>	-	-	-	-	-	-	-
Exchange gain on translating presentational currency	-	-	-	-	(9,603)	-	(9,603)
<b>Total comprehensive income</b>	-	-	-	<b>(2,288)</b>	<b>(9,603)</b>	<b>2,630</b>	<b>(9,261)</b>
<b>At 30 September 2019</b>	<b>449</b>	<b>100</b>	<b>185,095</b>	<b>116,408</b>	<b>(168,059)</b>	<b>84,712</b>	<b>218,705</b>

**Consolidated Statement of Financial Position**  
**For the year ended 30 September 2019**

		2019	2019	2018	2018
ASSETS	Note	ZMW'000s	USD'000s	ZMW'000s	USD'000s
<b>Non-current assets</b>					
Goodwill	13	166,801	12,636	166,801	13,628
Property, plant and equipment	14	2,841,824	215,290	2,902,221	237,110
Investment in associate	15(e)	12,376	938	15,412	1,259
Deferred tax asset	10(e)	56,525	4,282	47,854	3,910
		<b>3,077,526</b>	<b>233,146</b>	<b>3,132,288</b>	<b>255,907</b>
<b>Current assets</b>					
Biological assets	16	170,417	12,910	181,674	14,843
Inventories	17	941,159	71,300	639,811	52,272
Trade and other receivables	18	98,025	7,426	156,314	12,771
Assets held for disposal	34	135,357	10,254	-	-
Amounts due from related companies	19	41,554	3,148	50,272	4,107
Income tax recoverable	10(c)	2,767	210	3,885	317
		<b>1,389,279</b>	<b>105,248</b>	<b>1,031,956</b>	<b>84,310</b>
<b>Total assets</b>		<b>4,466,805</b>	<b>338,394</b>	<b>4,164,244</b>	<b>340,217</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	21	3,006	449	3,006	449
Preference share capital	21	1,000	100	1,000	100
Share premium	22	1,125,012	185,095	1,125,012	185,095
Other reserves		2,116,691	60,243	1,986,756	68,916
		<b>3,245,709</b>	<b>245,887</b>	<b>3,115,774</b>	<b>254,560</b>
Non-controlling interest		(4,881)	(370)	(8,660)	(708)
		<b>3,240,828</b>	<b>245,517</b>	<b>3,107,114</b>	<b>253,852</b>

**Consolidated Statement of Financial Position (continued)**  
**For the year ended 30 September 2019**

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

The financial statements on pages 47 to 114 were approved by the Board of Directors on 6 December 2019 and were signed on its behalf by:



Dr. Jacob Mwanza  
Chairman

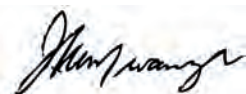


Francis Grogan  
Chief Executive Officer

**Company Statement of Financial Position**  
**For the year ended 30 September 2019**

<b>ASSETS</b>	<b>Note</b>	<b>2019 ZMW'000s</b>	<b>2019 USD'000s</b>	<b>2018 ZMW'000s</b>	<b>2018 USD'000s</b>
<b>Non-current assets</b>					
Property, plant and equipment	14	2,060,110	156,069	2,154,822	176,048
Investments in subsidiaries	15(b)	245,807	18,622	245,807	20,082
Investment in associates	15(e)	12,376	938	15,412	1,259
Deferred tax asset	10(e)	-	-	24,792	2,025
		<b>2,318,293</b>	<b>175,629</b>	<b>2,440,833</b>	<b>199,414</b>
<b>Current assets</b>					
Biological assets	16	137,215	10,395	158,349	12,937
Inventories	17	683,600	51,788	481,319	39,324
Assets held for disposal	34	135,357	10,254	-	-
Trade and other receivables	18	28,153	2,133	91,381	7,466
Amounts due from related companies	19	1,078,745	81,722	796,506	65,073
Income tax recoverable	10(c)	1,529	115	2,510	205
		<b>2,064,599</b>	<b>156,407</b>	<b>1,530,065</b>	<b>125,005</b>
<b>Total assets</b>		<b>4,382,892</b>	<b>332,036</b>	<b>3,970,898</b>	<b>324,419</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	21	3,006	449	3,006	449
Preference share capital	21	1,000	100	1,000	100
Share premium	22	1,125,012	185,095	1,125,012	185,095
Other reserves		1,757,894	33,061	1,661,284	42,322
		<b>2,886,912</b>	<b>218,705</b>	<b>2,790,302</b>	<b>227,966</b>
<b>Non-current liabilities</b>					
Interest bearing liabilities	23	228,099	17,280	308,312	25,189
Obligations under finance leases	24	11,505	872	12,503	1,022
Deferred liability	25	3,655	277	5,059	413
Deferred tax liability	10(e)	6,630	502	4,034	330
		<b>249,889</b>	<b>18,931</b>	<b>329,908</b>	<b>26,954</b>
<b>Current liabilities</b>					
Interest bearing liabilities	23	343,042	25,988	202,460	16,541
Obligations under finance leases	24	18,266	1,384	11,841	967
Trade and other payables	26	158,504	12,008	204,675	16,722
Provisions	27	40,462	3,065	26,108	2,132
Amounts due to related companies	28	490,045	37,124	328,633	26,849
Bank overdrafts	20	195,772	14,831	76,971	6,288
		<b>1,246,091</b>	<b>94,400</b>	<b>850,688</b>	<b>69,499</b>
<b>Total equity and liabilities</b>		<b>4,382,892</b>	<b>332,036</b>	<b>3,970,898</b>	<b>324,419</b>

The financial statements on pages 47 to 114 were approved by the Board of Directors on 6 December 2019 and were signed on its behalf by:



Dr. Jacob Mwanza  
Chairman



Francis Grogan  
Chief Executive Officer



## Consolidated Statement of Cash Flows

### For the year ended 30 September 2019

	Note	2019 ZMW'000s	2019 USD'000s	2018 ZMW'000s	2018 USD'000s
<b>Cash inflow from operating activities</b>					
Profit before taxation		38,653	3,138	28,011	2,823
Finance costs	9	82,790	6,720	70,215	7,078
(Profit)/ loss on disposal of property, plant and equipment		(986)	(80)	(220)	(22)
Depreciation	14	121,921	9,896	105,789	10,665
Share of loss on equity accounted investment		3,036	246	742	75
Loss on discontinued operations		(17,379)	(1,411)	-	-
Loss on disposal of investment		-	-	52,265	5,269
Fair value price adjustment	16	(10,284)	(835)	15,245	1,537
Net unrealised foreign exchange losses		7,153	581	22,343	2,252
<b>Earnings before interest, tax, depreciation and amortisation, fair value adjustments and net unrealised foreign exchange losses</b>		<b>224,904</b>	<b>18,255</b>	<b>294,390</b>	<b>29,677</b>
(Increase)/decrease in biological assets		21,541	1,748	(29,062)	(2,930)
Decrease/ (increase) in inventory		(301,348)	(24,460)	(123,393)	(12,439)
Decrease / (increase) in trade and other receivables		58,289	4,731	(65,522)	(6,605)
Decrease / (increase) in amounts due from related companies		8,718	708	(38,850)	(3,916)
(Decrease)/ (increase) in trade and other payables		(27,028)	(2,194)	47,684	4,807
Increase/ (decrease) in amounts due to related companies		19	2	151	15
Increase/ (decrease) in deferred liability		(6,249)	(507)	5,855	590
Income tax paid	10(c)	(9,652)	(783)	(11,618)	(1,171)
<b>Net cash inflow from operating activities</b>		<b>(30,806)</b>	<b>(2,500)</b>	<b>79,635</b>	<b>8,028</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment	14	(113,825)	(9,239)	(144,022)	(14,518)
Proceeds from the sale of assets		11,776	956	-	-
Proceeds from the sale of Zampalm		-	-	151,680	16,000
<b>Net cash (outflow)/ inflow (on)/ from investing activities</b>		<b>(102,049)</b>	<b>(8,283)</b>	<b>7,658</b>	<b>1,482</b>
<b>Net cash (outflow)/inflow before financing activities</b>		<b>(132,855)</b>	<b>(10,783)</b>	<b>87,293</b>	<b>9,510</b>
<b>Financing activities</b>					
Long term loans repaid		(96,913)	(7,866)	(79,873)	(8,052)
Receipt/(repayment) of short term funding		119,456	9,696	25,088	2,529
Lease finance (repayment)/ obtained		707	57	(12,044)	(1,214)
Finance costs	9	(82,790)	(6,720)	(70,215)	(7,078)
<b>Net cash outflow on financing activities</b>		<b>(59,540)</b>	<b>(4,833)</b>	<b>(137,044)</b>	<b>(13,815)</b>
<b>(Decrease)/ increase in cash and cash equivalents</b>		<b>(192,395)</b>	<b>(15,616)</b>	<b>(49,751)</b>	<b>(4,305)</b>
Cash and cash equivalents at beginning of the year		(135,743)	(11,090)	(105,148)	(10,874)
Effects of exchange rate changes on the balance of cash held in foreign currencies		53,713	5,916	19,156	4,089
<b>Cash and cash equivalents at end of the year</b>	<b>20</b>	<b>(274,425)</b>	<b>(20,790)</b>	<b>(135,743)</b>	<b>(11,090)</b>
Represented by:					
Cash in hand and at bank	20	56,753	4,299	101,123	8,262
Bank overdrafts	20	(331,178)	(25,089)	(236,866)	(19,352)
		<b>(274,425)</b>	<b>(20,790)</b>	<b>(135,743)</b>	<b>(11,090)</b>

**Company Statement of Cash Flows**  
**For the year ended 30 September 2019**

	Note	2019 ZMW'000s	2019 USD'000s	2018 ZMW'000s	2018 USD'000s
<b>Cash inflow from operating activities</b>					
Profit before taxation		55,795	4,529	22,877	2,307
Finance costs		67,371	5,469	54,900	5,534
Depreciation	14	71,049	5,767	61,376	6,187
Fair value price adjustment	16	(10,162)	(825)	15,299	1,542
(Profit)/ loss on disposal of property, plant and equipment		1,821	148	1,457	147
Share of loss on equity accounted investment		3,036	246	-	-
(Profit)/ loss on disposal of investment		-	-	1,431	144
Loss on discontinued operations		(17,379)	(1,411)	-	-
Net unrealised foreign exchange differences		6,223	505	19,255	1,941
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>177,754</b>	<b>14,428</b>	<b>176,595</b>	<b>17,802</b>
Decrease/ (increase) in biological assets		31,296	2,541	(23,561)	(2,375)
Decrease/ (increase) in inventory		(202,281)	(16,419)	(69,478)	(7,004)
Decrease/ (increase) in trade and other receivables		63,228	5,133	(54,212)	(5,465)
Increase in amounts due from related companies		(282,239)	(22,910)	(141,446)	(14,259)
Increase/ (decrease) in trade and other payables		(31,817)	(2,583)	65,940	6,647
Increase in amounts due to related companies		161,412	13,102	84,757	8,544
Increase/ (decrease) in deferred liability		(1,404)	(114)	1,400	141
Income tax paid	10(c)	(5,822)	(473)	(10,182)	(1,026)
<b>Net cash inflow/(outflow) from/ (on) operating activities</b>		<b>(89,873)</b>	<b>(7,295)</b>	<b>29,813</b>	<b>3,005</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment	14	(23,743)	(1,927)	(49,415)	(4,982)
Movements in investments	15	-	-	41,423	4,176
Proceeds from disposal of investment		-	-	144,161	14,532
Proceeds from sale of assets		1,120	91	345	35
<b>Net cash inflow from investing activities</b>		<b>(22,623)</b>	<b>(1,836)</b>	<b>136,514</b>	<b>13,761</b>
<b>Net cash inflow before financing activities</b>		<b>(112,496)</b>	<b>(9,131)</b>	<b>166,327</b>	<b>16,766</b>
<b>Financing activities</b>					
Long term loans repaid		(96,913)	(7,866)	(79,873)	(8,052)
Short term funding (repaid)/obtained		119,456	9,696	25,559	2,576
Lease finance (repayment)/ obtained		3,761	305	(10,415)	(1,050)
Interest paid		(67,371)	(5,469)	(54,900)	(5,534)
<b>Net cash outflow on financing activities</b>		<b>(41,067)</b>	<b>(3,334)</b>	<b>(119,629)</b>	<b>(12,060)</b>
<b>(Decrease)/ increase in cash and cash equivalents</b>		<b>(153,563)</b>	<b>(12,465)</b>	<b>46,698</b>	<b>4,706</b>
Cash and cash equivalents at beginning of the year		(76,971)	(6,288)	(25,435)	(2,631)
Effects of exchange rate changes on the balance of cash held in foreign currencies		34,762	3,922	(98,234)	(8,363)
<b>Cash and cash equivalents at end of the year</b>	<b>20</b>	<b>(195,772)</b>	<b>(14,831)</b>	<b>(76,971)</b>	<b>(6,288)</b>
Represented by:					
Cash in hand and at bank	20	11,844	897	54,357	4,441
Bank overdrafts	20	(207,616)	(15,728)	(131,328)	(10,729)
		<b>(195,772)</b>	<b>(14,831)</b>	<b>(76,971)</b>	<b>(6,288)</b>

## Notes to the Financial Statements

### For the year ended 30 September 2019

#### 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 7,973 Ha of row crops under irrigation and 8,776 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 of during the year are included in the consolidated statement of comprehensive income from the date of their acquisition or up to the date of their disposal. Intercompany transactions and profits are eliminated on consolidation and all income and profit figures relate to external transactions only.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. 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.

##### (b) Going Concern

At the reporting date loans and other finance amounts repayable within twelve months amount to ZMW364.5 million (USD27.6 million) (2018: ZMW220.7 million (USD18 million)). After reviewing the available information including the Group's strategic plans and continuing support from the Group's working capital funders, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. All current liabilities will be settled from the continued liquidation of stock and expected increase in income from the capital expenditure carried out during the financial year.

##### (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;
- upon admission and dual listing on the AIM market of the London Stock Exchange (LSE), Zambeef was required to report in USD in addition to reporting in ZMW for the LuSE listing; and
- 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 ZMW92.4 million (2018: ZMW212 million) upon translating all assets and liabilities, which has been recognised as an unrealised gain in the statement of comprehensive income of the company and an exchange adjustment under property, plant and equipment.

**Notes to the Financial Statements (continued)**  
**For the year ended 30 September 2019**

**2. Principal accounting policies (continued)**

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

**(ii) Basis of translating 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:

<b>ZMW: USD</b>	<b>Average exchange rate</b>	<b>Closing exchange rate</b>
Year ended 30 September 2018	9.92	12.24
Year ended 30 September 2019	12.32	13.20

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.

**(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.

<b>ZMW: Nigeria Naira</b>	<b>Average exchange rate</b>	<b>Closing exchange rate</b>
Year ended 30 September 2018	36.09	29.44
Year ended 30 September 2019	29.21	27.25

<b>ZMW: Ghana Cedi</b>	<b>Average exchange rate</b>	<b>Closing exchange rate</b>
Year ended 30 September 2018	0.46	0.39
Year ended 30 September 2019	0.42	0.41

## 2. Principal accounting policies (continued)

### (e) New Standards adopted as at 1 October 2018

#### **IFRS 15 'Revenue from Contracts with Customers'**

IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts with Customers' (hereinafter referred to as 'IFRS 15') replace IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new Standard has been applied retrospectively without restatement. There were no incomplete contracts as at 1 October 2018 that would have required an adjustment to the opening balance of retained earnings as at that date.

In accordance with the transition guidance, IFRS 15 has only been applied to contracts that are incomplete as at 1 October 2018.

#### **Contracts with multiple performance obligations**

The Group has a variety of grain contracts with several customers. Under IFRS 15, the Group must evaluate the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- the customer benefits from the item either on its own or together with other readily available resources, and
- it is 'separately identifiable' (i.e. the Group does not provide a significant service integrating, modifying or customising it).

#### **IFRS 9 replaces IAS 39 'Financial Instruments:**

Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

When adopting IFRS 9, the Group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement, and impairment are recognised in retained earnings.

The adoption of IFRS 9 has impacted the following areas:

- The equity investment in Zampalm Limited classified under IAS 39 is measured at fair value through profit or loss as the cash flows are not solely payments of principal and interest (SPPI). The Group did not elect to irrevocably designate any of the equity investments at fair value with changes presented in other comprehensive income.
- The impairment of financial assets applying the expected credit loss model. This affects the Group's trade receivables and investments in debt-type assets measured at amortised cost. For contract assets arising from IFRS 15 and trade receivables, the Group applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component.

Notes to the Financial Statements (continued)  
For the year ended 30 September 2019

2. Principal accounting policies (continued)

On the date of initial application of IFRS 15, 1 October 2018, the impact to retained earnings of the Group is as follows:

	Measurement category		Carrying amount			
	Original IAS 39 category	New IFRS 9 category	Closing balance 30 September 2018 (IAS 39) (ZMW'000s)	Adoption of IFRS 9 (ZMW'000s)	Opening balance 1 October 2018 (IFRS 9) (ZMW'000s)	
<b>Non-current financial assets</b>						
<b>Other long term financial assets</b>						
Investment in Zampalm Limited		FVTPL	FVTPL	15,412	-	15,412
<b>Sub-total</b>				<b>15,412</b>	<b>-</b>	<b>15,412</b>
<b>Current financial assets</b>						
Trade and other receivables	Amortised cost	Amortised cost	156,314	-	156,314	
Amounts due from related companies	Amortised cost	Amortised cost	50,272	-	50,272	
<b>Sub-total</b>			<b>206,586</b>	<b>-</b>	<b>206,586</b>	
<b>Total financial asset balances</b>			<b>221,998</b>	<b>-</b>	<b>221,998</b>	

There have been no changes to the classification or measurement of financial liabilities as a result of the application of IFRS 9. Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 at 1 October 2018:

	IAS 39 carrying amount 30 September 2018 (ZMW'000s)	Reclassification (ZMW'000s)	Remeasurement (ZMW'000s)	IFRS 9 carrying amount 1 October 2018 (ZMW'000s)	Retained earnings effect (ZMW'000s)
<b>Fair value through profit and loss</b>					
FVTPL in IAS 39	15,412	-	-	15,412	-
From available for sale	-	-	-	-	-
<b>Total change to fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Amortised cost (including held to maturity in IAS 39)	206,586	-	-	206,586	-
<b>Total financial asset balances, reclassification and remeasurement at 1 October 2018</b>	<b>221,998</b>	<b>-</b>	<b>-</b>	<b>221,998</b>	<b>-</b>

## 2. Principal accounting policies (continued)

### (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, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations neither adopted nor listed below have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

#### IFRS 16 'Leases'

IFRS 16 will replace IAS 17 'Leases' and three related Interpretations. It completes the IASB's long running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability. There are two important reliefs provided by IFRS 16 for assets of low value and short-term leases of less than 12 months.

IFRS 16 is effective from periods beginning on or after 1 January 2019. Early adoption is permitted; however, the Group have decided not to early adopt.

Management is in the process of assessing the full impact of the Standard. So far, the Group:

- has decided to make use of the practical expedient not to perform a full review of existing leases and apply IFRS 16 only to new or modified contracts. As some leases will be modified or renewed in 2019, the Group has reassessed these leases and concluded they will be recognised on the statement of financial position as a right-of-use asset.
- believes that the most significant impact will be that the Group will need to recognise a right of use asset and a lease liability for the office and production buildings currently treated as operating leases. At 30 September 2019 the future minimum lease payments amounted to ZMW28.9m (USD2.4m). This will mean that the nature of the expense of the above cost will change from being an operating lease expense to depreciation and interest expense.
- concludes that there will not be a significant impact to the finance leases currently held on the statement of financial position.

The Group is planning to adopt IFRS 16 on 1 October 2019 using the Standard's modified retrospective approach. Under this approach the cumulative effect of initially applying IFRS 16 is recognised as an adjustment to equity at the date of initial application. Comparative information is not restated.

Choosing this transition approach results in further policy decisions the Group need to make as there are several other transitional reliefs that can be applied. These relate to those leases previously held as operating leases and can be applied on a lease-by-lease basis. The Group are currently assessing the impact of applying these other transitional reliefs.

IFRS 16 has not made any significant changes to the accounting for lessors, and therefore the Group does not expect any changes for leases where they are acting as a lessor.

### (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.

### (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.

## Notes to the Financial Statements (continued)

### For the year ended 30 September 2019

#### 2. Principal accounting policies (continued)

##### (j) Goodwill

Goodwill represents future economic benefits arising from a business combination that is not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses and is tested annually for impairment. Refer to the note for a description of impairment testing procedures.

##### (j) Revenue recognition

Revenue comprises the sale of goods as shown in note 5. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyers and no significant uncertainties remain regarding the derivation of consideration, associated costs or the possible return of goods

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

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue comprises the fair value of consideration received or receivable for the sale of the Group's products in the ordinary course of the Group's activities. Revenue is shown net of trade allowances, duties and taxes paid and after eliminating sales within the Group.

##### Revenue from sale of agricultural commodities

Revenue for the agribusiness division includes the invoice value of goods transferred to the customers. There are no discounts or other arrangements that create uncertainty over the level of revenue recognised.

##### Revenue from retail sales

Revenue from the sale of products produced and supplied via Zambeef's retail outlets and to external parties is recognised on delivery to customers either by way of cash sales or credit sales.

The Group often enters into transactions involving a range of the Group's products. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

##### (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 and plantation development expenditure. Revaluations are conducted with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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.



## 2. Principal accounting policies (continued)

### (k) Property, plant and equipment (continued)

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%
Furniture & equipment	10%
Plant & machinery	10%
Aircraft	10%

Land and capital work in progress is not depreciated.

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.

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.

### (l) Leased assets

Where property, plant and equipment are financed by leasing agreements which give rights approximating to ownership (finance leases) the assets are treated as if they had been purchased and the capital element of the leasing commitments is shown as obligations under finance lease. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the statement of comprehensive income over the period of the lease so as to produce a constant periodic rate of interest in the remaining balance of the liability under the lease agreement for each accounting period.

Rentals payable under operating leases are charged to profit or loss in the statement of comprehensive income over the term of the relevant lease and in accordance with the terms of the relevant leases.

### (m) Financial assets

#### 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).

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.

## Notes to the Financial Statements (continued)

### For the year ended 30 September 2019

#### 2. Principal accounting policies (continued)

##### (m) Financial assets (continued)

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. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in Zampalm Limited at fair value through other comprehensive income (FVOCI). The equity investment in Zampalm Ltd was measured at cost less any impairment charges in the comparative period under IAS 39, as it was determined that its fair value could not be estimated reliably. In the current financial year, the fair value was determined in line with the requirements of IFRS 9, which does not allow for measurement at cost.

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 classified as available for sale (AFS) under IAS 39 (comparative periods)

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets (FVTPL or held to maturity and loans and receivables). The Group's AFS financial assets include an equity investment in Zampalm Limited.

All AFS financial assets except for the investment in Zampalm Limited were measured at fair value. Gains and losses were recognised in other comprehensive income and reported within the AFS reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset was disposed of or was determined to be impaired, the cumulative gain or loss recognised in other comprehensive income was reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method and dividends were recognised in profit or loss within finance income.

##### (n) Impairment of assets

###### (i) Financial assets carried at amortised cost

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 replaces 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.

Previous financial asset impairment under IAS 39

In the prior year, the impairment of trade receivables was based on the incurred loss model. Individually significant receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default. Receivables that were not considered to be individually impaired were reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate was then based on recent historical counterparty default rates for each identified group.

###### (ii) Impairment of goodwill

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 the related business combination and represent the lowest level within the Group at which management monitors goodwill.

## 2. Principal accounting policies (continued)

### (n) Impairment of assets (continued)

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 to sell 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 interest 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 management's assessment of respective risk profiles, such as market and asset-specific risks 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 charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

### (o) Financial liabilities

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Group's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

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.

### (p) Biological assets

#### (i) Current 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.

### (q) 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.

### (r) Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank overdrafts, deposits held at call with banks, structured agricultural finance, other short-term highly liquid investments 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 (continued)

### For the year ended 30 September 2019

#### 2. Principal accounting policies (continued)

##### (s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to be prepared for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognized within 'finance costs' in profit or loss in the statement of comprehensive income in the period in which they are incurred.

##### (t) 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.

##### (u) 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.

##### (v) 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.

##### (w) 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 when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

##### (x) 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.

##### (y) 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.

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

## 2. Principal accounting policies (continued)

### (y) Equity and reserves (continued)

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.

### (z) 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 of and the Chief Financial Officer who are the Chief Operating Decision Makers (CODMs) to allocate resources and to assess their performance. The Group operates 14 main reportable divisions which match the main external revenues earned by the Group:

- Beef
- Chicken
- Pork
- Crops
- Stockfeed
- Eggs
- Retailing
- Fish
- Milk and dairy
- Edible oils
- Mill and bakery
- Leather and shoe
- Master Meats (Nigeria)
- Master Meats (Ghana)

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:

- Zambef
- Retailing
- Masterpork
- Other

The 'Other' segment includes the foreign subsidiaries, Zamleather 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.

### (aa) 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.

### (bb) Share-based employee remuneration

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans are cash-settled.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

## Notes to the Financial Statements (continued)

### For the year ended 30 September 2019

#### 2. Principal accounting policies (continued)

##### (z) Segmental reporting (continued)

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

#### 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

Management applies judgement in assessing whether a deferred tax asset is recognised on carried forward trading losses based on anticipated future profits.

###### 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) Investments in associates

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.

###### (ii) Translating to the presentational currency

Management have applied the average exchange rate as an approximation to the actual exchange rate for the purposes of translating the Group's consolidated financial statements into USD. The Directors have conducted an exercise to evaluate the impact of these fluctuations on the presentation of the Group's results and has concluded that the application of the average exchange rate is a reasonable approximation to the actual rate. The Group has long-term borrowings denominated in USD and management has conducted sensitivity analysis on the Group's reported profits and equity for the periods reported (see note 29).

###### (iii) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the present value of future cash flows generated from the cash generating units to which the goodwill has been allocated. The present value calculation requires an estimation of the future cash flows expected to arise and a suitable discount rate in order to calculate present value (see note 13).

###### (iv) 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 takes into account 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 takes into account historic yields, climate conditions and certain other key factors. Realisation of the carrying amounts of biological assets of ZMW170.4 million (USD12.9 million); ZMW10.3 million (USD0.8 million) (2018: ZMW181.7 million [USD14.8 million]; ZMW15.2 million [USD1.5 million]) is affected by price changes in different market segments, and ZMW613.5 million (USD49.8 million) (2018: ZMW634.9 million [USD64 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 takes into account the most reliable evidence available at the times the estimates are made. Future realization of the carrying amounts of inventory assets of ZMW941.2 million (USD71.3 million) (2018: ZMW639.8 million [USD52.3 million]) is affected by price changes in different market segments.

###### (v) Deferred liability

The deferred liability is estimated on an actuarial basis. In estimating the liability, the actuarial assumptions include the discount rate (the rate used to discount post-employment benefit obligation), rate at which salaries increase into the future and the mortality (deaths) expected of the members in the fund before retirement.

### 3. Critical accounting estimates and judgements (continued)

#### 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) Growth in the Zambian economy leading to higher disposable incomes.
- (b) Increase in the retail foot print of the Group.
- (c) Increase in production facilities of the Group leading to higher volumes available for retail.
- (d) 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.

**Notes to the Financial Statements (continued)**  
**For the year ended 30 September 2019**

**4. Management of financial risk (continued)**

**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.

Capital structure

<b>(i) In Zambian Kwacha</b>	<b>2019 ZMW'000s</b>	<b>2018 ZMW'000s</b>
Cash and cash equivalents	(274,425)	(135,743)
Interest bearing liabilities	(611,925)	(549,183)
Equity	3,245,709	3,115,774
	<b>2,359,359</b>	<b>2,430,848</b>

<b>(ii) In United States Dollars</b>	<b>2019 USD'000s</b>	<b>2018 USD'000s</b>
Cash and cash equivalents	(20,790)	(11,090)
Interest bearing liabilities	(46,358)	(44,868)
Equity	245,887	254,560
	<b>178,739</b>	<b>198,602</b>

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 minimized 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 Maker ('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 margin information is sufficient for the CODM to use for such purposes. 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.

Year ended 30 September 2019

### (i) In Zambian Kwacha

Segment	Revenue ZMW'000s	Revenue ZMW'000s	Gross Profit ZMW'000s	Gross Profit ZMW'000s
<b>Retailing – Zambia</b>		<b>1,853,721</b>		<b>172,031</b>
Master Meats Nigeria	138,732		27,381	
Master Meats Ghana	46,222		14,090	
<b>Retailing West Africa</b>		<b>184,954</b>		<b>41,471</b>
<b>Total Retailing</b>		<b>2,038,675</b>		<b>213,502</b>
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	
<b>Total Cold Chain Food Production</b>		<b>1,388,492</b>		<b>367,657</b>
<b>Gross Combined Retail and CCFP</b>		<b>3,427,167</b>		<b>581,159</b>
Less: Intra/Inter Sales		<b>(1,303,519)</b>		
<b>Combined Retail &amp; CCFP</b>		<b>2,123,648</b>		<b>581,159</b>
<b>Stock Feed</b>		<b>986,075</b>		<b>191,011</b>
<b>Crops</b>		<b>474,202</b>		<b>270,116</b>
Mill and Bakery	183,520		30,517	
Leather and shoe	26,828		8,744	
<b>Total Other</b>		<b>210,348</b>		<b>39,261</b>
<b>Total</b>		<b>3,794,273</b>		<b>1,081,547</b>
Less: Intra/Inter Group Sales		<b>(659,306)</b>		
<b>Group total</b>		<b>3,134,967</b>		<b>1,081,547</b>
<b>Central operating costs and other income</b>				<b>(920,338)</b>
<b>Operating profit</b>				<b>161,209</b>
Foreign exchange losses				(36,730)
Finance costs				(82,790)
Share of loss on equity accounted investment				(3,036)
<b>Profit before tax</b>				<b>38,653</b>

Notes to the Financial Statements (continued)  
For the year ended 30 September 2019

5. Segmental reporting (continued)

Operating assets/(liabilities)	Zambeef ZMW'000s	Retailing ZMW'000s	Master Pork ZMW'000s	Other ZMW'000s	Total 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)

Year ended 30 September 2018

Segment	Revenue ZMW'000s	Revenue ZMW'000s	Gross Profit ZMW'000s	Gross Profit ZMW'000s
<b>Retailing - Zambia</b>		<b>1,548,421</b>		<b>166,053</b>
Master Meats Nigeria	109,798		22,088	
Master Meats Ghana	35,015		10,976	
<b>Retailing West Africa</b>		<b>144,813</b>		<b>33,064</b>
<b>Total Retailing</b>		<b>1,693,234</b>		<b>199,117</b>
Beef	456,613		125,148	
Chicken	243,472		60,124	
Zamhatch	103,779		66,792	
Pork	223,085		34,610	
Milk and dairy	178,684		66,160	
Fish	49,354		10,631	
Eggs	58,065		16,405	
<b>Total Cold Chain Food Production</b>		<b>1,313,052</b>		<b>379,870</b>
<b>Gross Combined Retail and CCFP</b>		<b>3,006,286</b>		<b>578,987</b>
Less: Intra/Inter Sales		(1,001,575)		
<b>Combined Retail &amp; CCFP</b>		<b>2,004,711</b>		<b>578,987</b>
<b>Stock Feed</b>		<b>706,008</b>		<b>163,442</b>
<b>Crops</b>		<b>515,585</b>		<b>189,601</b>
Mill and Bakery	110,713		19,810	
Leather and shoe	30,739		7,319	
<b>Total Other</b>		<b>141,452</b>		<b>27,129</b>
<b>Total</b>		<b>3,367,756</b>		<b>959,159</b>
Less: Intra/Inter Group Sales		(587,167)		
<b>Group total</b>		<b>2,780,589</b>		<b>959,159</b>
Central operating costs and other income				(840,889)
<b>Operating profit</b>				<b>118,270</b>
Foreign exchange losses				(19,302)
Finance costs				(70,215)
Share of loss on equity accounted investment				(742)
<b>Profit before tax</b>				<b>28,011</b>

## 5. Segmental reporting (continued)

Operating assets/(liabilities)	Zambeef ZMW'000s	Retailing ZMW'000s	Master Pork ZMW'000s	Other ZMW'000s	Total ZMW'000s
Property plant and equipment	2,154,822	196,004	85,302	466,093	2,902,221
Biological assets and inventories	639,665	61,984	20,408	99,429	821,486
Cash, cash equivalents and bank overdrafts	(76,971)	(66,994)	1,099	7,123	(135,743)

Year ended 30 September 2019

## (ii) In US Dollars

Segment	Revenue USD'000s	Revenue USD'000s	Gross Profit USD'000s	Gross Profit USD'000s
<b>Retailing – Zambia</b>		<b>150,464</b>		<b>13,964</b>
Master Meats Nigeria	11,261		2,222	
Master Meats Ghana	3,752		1,144	
<b>Retail – West Africa</b>		<b>15,013</b>		<b>3,366</b>
<b>Total Retailing</b>		<b>165,477</b>		<b>17,330</b>
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	
<b>Total Cold Chain Food Production</b>		<b>112,703</b>		<b>29,843</b>
<b>Gross Combined Retail and CCFP</b>		<b>278,180</b>		<b>47,173</b>
Less: Intra/Inter Sales		(105,806)		-
<b>Combined Retail &amp; CCFP</b>		<b>172,374</b>		<b>47,173</b>
<b>Stock Feed</b>		<b>80,039</b>		<b>15,503</b>
<b>Crops</b>		<b>38,490</b>		<b>21,925</b>
Mill and Bakery	14,896		2,477	
Leather and shoe	2,178		710	
<b>Total Other</b>		<b>17,074</b>		<b>3,187</b>
<b>Total</b>		<b>307,977</b>		<b>87,788</b>
Less: Intra/Inter Group Sales		(53,515)		
<b>Group total</b>		<b>254,462</b>		<b>87,788</b>
Central operating costs and other income				(74,703)
<b>Operating profit</b>				<b>13,085</b>
Foreign exchange losses				(2,981)
Finance costs				(6,720)
Share of loss on equity accounted investment				(246)
<b>Profit before tax</b>				<b>3,138</b>

Notes to the Financial Statements (continued)  
For the year ended 30 September 2019

5. Segmental reporting (continued)

Operating assets/(liabilities)	Zambeef USD'000s	Retailing USD'000s	Masterpork USD'000s	Other USD'000s	Total 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)

Year ended 30 September 2018

(i) In US Dollars

Segment	Revenue USD'000s	Revenue USD'000s	Gross Profit USD'000s	Gross Profit USD'000s
<b>Retailing – Zambia</b>		<b>156,091</b>		<b>16,738</b>
Master Meats Nigeria	11,068		2,227	
Master Meats Ghana	3,530		1,106	
<b>Retail – West Africa</b>		<b>14,598</b>		<b>3,333</b>
<b>Total Retailing</b>		<b>170,689</b>		<b>20,071</b>
Beef	46,029		12,615	
Chicken	24,543		6,061	
Zamhatch	10,462		6,733	
Pork	22,488		3,489	
Milk and dairy	18,013		6,669	
Fish	4,975		1,072	
Eggs	5,853		1,654	
<b>Total Cold Chain Food Production</b>		<b>132,363</b>		<b>38,293</b>
<b>Gross Combined Retail and CCFP</b>		<b>303,052</b>		<b>58,364</b>
Less: Intra/Inter Sales		(100,965)		
Combined Retail & CCFP		202,087		58,364
Stock Feed		71,170		16,476
<b>Crops</b>		<b>51,974</b>		<b>19,113</b>
<b>Mill and Bakery</b>	<b>11,161</b>		<b>1,997</b>	
Leather and shoe	3,099		739	
<b>Edible oils</b>		<b>-</b>		<b>-</b>
Total Other		14,260		2,736
<b>Total</b>		<b>339,491</b>		<b>96,689</b>
Less: Intra/Inter Group Sales		(59,190)		
Group total		280,301		96,689
<b>Central operating costs and other income</b>				<b>(84,767)</b>
<b>Operating profit</b>				<b>11,922</b>
Foreign exchange gains				(1,946)
Finance costs				(7,078)
Share of loss on equity accounted investment				(75)
<b>Profit before tax</b>				<b>2,823</b>

## 5. Segmental reporting (continued)

Operating assets/(liabilities)	Zambeef USD'000s	Retailing USD'000s	Master Pork USD'000s	Other USD'000s	Total USD'000s
Property plant and equipment	176,048	16,013	6,969	38,080	237,110
Biological assets and inventories	52,260	5,064	1,667	8,124	67,115
Cash, cash equivalents and bank overdrafts	(6,288)	(5,473)	90	581	(11,090)

Geographical	2019				2018			
	ZMW'000s Revenues	ZMW'000s Non-current assets	USD'000s Revenues	USD'000s Non-current assets	ZMW'000s Revenues	ZMW'000s Non-current assets	USD'000s Revenues	USD'000s Non-current assets
Zambia	2,903,553	3,054,396	235,679	231,394	2,587,262	3,110,257	260,814	254,107
West Africa	184,954	23,130	15,013	1,752	144,813	22,031	14,598	1,800
Rest of world	46,460	-	3,770	-	48,514	-	4,889	-
	<b>3,134,967</b>	<b>3,077,526</b>	<b>254,462</b>	<b>233,146</b>	<b>2,780,589</b>	<b>3,132,288</b>	<b>280,301</b>	<b>255,907</b>

## 6. Other income

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

## 7. Operating profit

	2019		2018	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Operating profit is stated after charging/(crediting):				
Depreciation				
– Owned assets		109,453	102,708	58,295
– Leased assets		12,468	3,081	3,081
Staff costs		453,701	420,787	234,758
Legal and other professional fees		7,178	25,741	18,248
Directors' remuneration				
– Executive		19,020	13,237	13,237
– Non-Executive		4,727	2,699	2,699
		23,747	15,936	15,936
Auditors' remuneration				
– Audit services		2,104	2,494	2,460
– Non audit services		-	-	-
		2,259	2,494	2,460
Impairment of trade receivables		1,201	2,863	205
Profit/(loss) on disposal of property, plant and equipment		986	(220)	1,457
Rentals under operating leases		12,842	10,583	-

Notes to the Financial Statements (continued)  
For the year ended 30 September 2019

7. Operating profit (continued)

	2019		2018	
	Group USD' 000s	Company USD'000s	Group USD'000s	Company USD'000s
Operating profit before taxation is stated after charging/(crediting):				
Depreciation				
– Owned assets	8,884	5,257	10,354	5,876
– Leased assets	1,012	510	311	311
Staff costs	36,826	20,346	42,418	23,665
Legal and other professional fees	583	249	2,595	1,840
Directors' remuneration				
– Executive	1,543	1,543	1,335	1,335
– Non-Executive	384	384	269	269
	1,927	1,927	1,604	1,604
Auditors' remuneration				
– Audit services	171	106	251	248
– Non audit services	-	-	-	-
	184	119	251	248
Impairment of trade receivable	97	53	289	21
Profit/(loss) on disposal of property, plant and equipment	80	147	(220)	-
Rentals under operating leases	1,042	-	1,067	-

8. Staff costs

The Group employed an average of 7,407 employees during the year ended 30 September 2019 (2018: 7,555).

	2019 Number	2018 Number
Zambeef Products PLC, Zambeef Retailing Limited, Zam Chick Limited, Zamhatch Limited & Zamleather Limited	6,803	6,935
Master Pork Limited	284	275
Foreign Subsidiaries	320	345
<b>Total</b>	<b>7,407</b>	<b>7,555</b>

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

	2019		2018	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Salaries and wages	436,227	35,408	370,158	37,314
Social security costs	12,856	1,043	31,506	3,176
Pension costs	4,618	375	19,123	1,928
	453,701	36,826	420,787	42,418

## 8. Staff costs (continued)

2019	Francis Grogan ZMW'000s	Walter Roodt ZMW'000s	Faith Mukutu ZMW'000s	Danny Museteka ZMW'000s	Total ZMW'000s
<b>Short term benefits</b>					
Salary 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

2019	Francis Grogan USD'000s	Walter Roodt USD'000s	Faith Mukutu USD'000s	Danny Museteka USD'000s	Total USD'000s
<b>Short term benefits</b>					
Salary 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

2018	Francis Grogan ZMW'000s	Yusuf Koya ZMW'000s	Danny Museteka ZMW'000s	Total ZMW'000s
<b>Short term benefits</b>				
Salary and fees	3,655	2,198	1,550	7,403
Bonus	3	3	199	205
Pension contributions	11	11	11	33
Airfare Allowance	225	178	285	688
Employment taxes	2,307	1,405	1,196	4,908
Total	6,201	3,795	3,241	13,237

2018	Francis Grogan USD'000s	Yusuf Koya USD'000s	Danny Museteka USD'000s	Total USD'000s
<b>Short term benefits</b>				
Salary and fees	368	222	156	746
Bonus	-	-	20	20
Pension contributions	1	1	1	3
Airfare Allowance	23	18	29	70
Employment taxes	233	142	121	496
Total	625	383	327	1,335

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

**Notes to the Financial Statements (continued)**  
**For the year ended 30 September 2019**

**8. Staff costs (continued)**

**Share based employee remuneration**

Share options and weighted average exercise prices were as follows for the reporting periods presented:

	<b>LTIP 2</b>	
	Number of shares	Weighted average exercise price per share
<b>Outstanding at 30 September 2017</b>	<b>13,050,000</b>	<b>0.15</b>
Granted	-	-
Forfeited	(13,050,000)	0.15
Exercised	-	-
Outstanding at 30 September 2018	-	-
<b>Exercisable at 30 September 2018</b>	-	-
<b>Exercisable at 30 September 2019</b>	-	-

The options lapsed in June 2018. There were no options granted or exercised during the reporting period.

The Long-Term Incentive Plan 2 ("LTIP 2") had the following key terms/conditions:

- a) Structure: market value option shares ("Options");
- b) Exercise price: 15 pence;
- c) Maximum shares: The annual award base value (number of shares multiplied by the share price on the date of grant plus number of Options multiplied by the exercise price) may not exceed three times the Executive's base salary (this term/condition does not apply to the two CEO under the JCEO LTIP Scheme) and
- d) Vesting period: three years from 2015 to 2018; exercisable by June 2018.
- e) The Options could only be exercised if Zambeef achieves the following targets:
  - xi) If the share price reached 40 pence, then 25 per cent. of the Options become exercisable.
  - xii) If the share price reached 48 pence, a further 25 per cent. of the Options become exercisable.
  - xiii) If the share price reached 56 pence, a further 25 per cent. of the Options become exercisable.
  - xiv) If the share price reached 65 pence, the final 25 per cent. of the Options become exercisable.
  - xv) Zambeef achieving a debt-to-equity (gearing) ratio of less than 35 per cent. in the audited accounts immediately prior to exercising the Options.
  - xvi) Zambeef achieving a current ratio (current assets divided by current liabilities) of 1.5 or higher in the audited annual accounts immediately prior to the exercising of the options.
  - xvii) Zambeef generating free cash flows.
  - xviii) The Zambeef share price triggers set above would have been considered achieved if in the 14 days immediately prior to exercising the Options, the shares had traded continuously at not less than these prices for 14 days.
  - xix) The Options were exercisable at any time for 2 years after the 3 year period from the issue of the Options have lapsed.

The Options could only be exercised if the relevant executives were still employed by the Company.



## 9. Finance costs

	2019		2018	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Interest on bank loans and overdrafts	79,296	6,436	65,777	6,631
Finance lease cost	3,494	284	4,438	447
Total	82,790	6,720	70,215	7,078

## 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

	2019		2018	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
<b>(a) Tax charge</b>				
Current tax:				
Tax charge	9,222	6,803	9,046	6,084
Deferred tax:				
Deferred taxation (note 10(e))	(6,442)	27,388	(4,789)	1,638
Tax charge/(credit) for the year	2,780	34,191	4,257	7,722
<b>(b) Reconciliation of tax charge</b>				
Profit/(loss) before taxation	38,653	55,795	28,011	22,877
Taxation on accounting (loss)/profit	(24,681)	6,805	(15,231)	5,822
Effects of:				
<b>Permanent differences:</b>				
Disallowable expenses	3,774	533	4,353	680
<b>Timing differences:</b>				
Capital allowances and depreciation	22,375	31,047	(9,420)	(428)
Livestock and crop valuations adjustment	1,924	1,923	176	486
Other income	1,342	4	59	39
Unrealised exchange (gains)/ losses	(903)	(834)	(997)	2,101
Unrealised tax losses	(1,051)	(5,287)	25,317	(978)
Tax charge for the year	2,780	34,191	4,257	7,722
<b>(c) Movement in taxation account</b>				
Taxation recoverable at 1 October	(960)	(2,510)	1,612	1,588
Charge for the year	9,222	6,803	9,046	6,084
Taxation paid	(9,652)	(5,822)	(11,618)	(10,182)
Taxation payable/(recoverable) as at 30 September	(1,390)	(1,529)	(960)	(2,510)
Analysed as follows:				
Taxation payable	1,377	-	2,925	-
Taxation recoverable	(2,767)	(1,529)	(3,885)	(2,510)
	(1,390)	(1,529)	(960)	(2,510)

Tax returns for the year ended 30 September 2019 will be made on the due date.

Notes to the Financial Statements (continued)  
For the year ended 30 September 2019

10. Taxation (continued)

	2019		2018	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
<b>(e) Deferred taxation</b>				
Represented by:				
Biological valuation	14,162	13,716	13,444	13,012
Accelerated tax allowances	58,464	60,872	38,384	32,733
Provisions	(8,736)	(2,783)	(6,019)	(1,808)
Tax loss	(111,277)	(65,175)	(86,754)	(64,695)
	(47,387)	6,630	(40,945)	(20,758)
<b>Analysis of movement:</b>				
Deferred tax asset as at 1 October	(40,945)	(20,758)	(36,156)	(22,396)
Charge/(credit) to profit and loss account (note 10(a))	(6,442)	27,388	(4,789)	1,638
Deferred tax asset as at 30 September	(47,387)	6,630	(40,945)	(20,758)
Deferred tax asset	(56,525)	-	(47,854)	(24,792)
Deferred tax liability	9,138	6,630	6,909	4,034
	(47,387)	6,630	(40,945)	(20,758)

(ii) In US Dollars

	2019		2018	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
<b>(a) Tax charge</b>				
Current tax:				
Tax charge	749	553	912	614
Deferred tax:				
Deferred taxation (note 10(e))	(523)	2,223	(483)	165
Tax charge/ (credit) for the year	226	2,776	429	779

(b) Reconciliation of tax charge

	2019		2018	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
<b>Profit/(loss) before taxation</b>	<b>3,138</b>	<b>4,529</b>	<b>2,823</b>	<b>2,307</b>
Taxation on accounting profit/(loss)	(2,003)	552	(1,535)	587
Effects of:				
<b>Permanent differences:</b>				
Disallowable expenses	306	43	440	68
<b>Timing differences:</b>				
Livestock and crop valuations adjustment	156	156	18	49
Other income	109	1	6	4
Unrealised exchange (gains)/losses	(73)	(67)	(100)	212
Unrealised tax loss	(85)	(429)	2,550	(98)
Tax charge for the year	226	2,776	429	779

**10. Taxation (continued)**

	2019		2018	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Capital allowances and depreciation	1,816	2,520	(950)	(43)
Livestock and crop valuations adjustment	156	156	18	49
Other income	109	1	6	4
Unrealised exchange (gains)/losses	(73)	(67)	(100)	212
Unrealised tax loss	(85)	(429)	2,550	(98)
Tax charge for the year	226	2,776	429	779

**(c) Movement in taxation account**

	2019		2018	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Taxation recoverable at 1 October	(78)	(205)	167	164
Charge for the year	749	553	912	614
Taxation paid	(783)	(473)	(1,171)	(1,026)
Foreign exchange differences	6	10	14	43
Taxation payable /(recoverable) as at 30 September	(106)	(115)	(78)	(205)
Analysed as follows:				
Taxation payable	104	-	239	-
Taxation recoverable	(210)	(115)	(317)	(205)
	(106)	(115)	(78)	(205)

(d) Tax returns for the year ended 30 September 2019 will be made on the due date.

**(e) Deferred taxation**

	2019		2018	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Represented by				
Biological valuation	1,073	1,113	1,098	1,312
Accelerated tax allowances	4,429	4,941	3,136	3,300
Provisions	(662)	(226)	(492)	(182)
Tax loss	(8,430)	(5,326)	(7,087)	(6,125)
	(3,590)	502	(3,345)	(1,695)
Analysis of movement:				
Deferred tax asset as at 1 October	(3,345)	(1,695)	(3,739)	(2,316)
Charge/(credit) to profit and loss account (note 10(a))	(523)	2,223	(483)	165
Foreign exchange	278	(26)	877	456
Deferred tax asset as at 30 September	(3,590)	502	(3,345)	(1,695)
Deferred tax asset	(4,282)	-	(3,910)	(2,025)
Deferred tax liability	692	502	565	330

Notes to the Financial Statements (continued)  
For the year ended 30 September 2019

10. Taxation (continued)

(e) Deferred taxation

	2019		2018	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
	(3,590)	502	(3,345)	(1,695)

11. Equity dividends

	2019		2018	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Dividends declared or paid	-	-	-	-

There has been no dividend paid or proposed for 2019 (2018: ZMW nil).

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 2018 or 2019. 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.

	2019		2018	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
<b>Basic earnings per share</b>				
Profit/(loss) for the year	26,929	2,186	10,601	1,068
Weighted average number of ordinary shares for the purposes of basic earnings per share.	300,580	300,580	300,630	300,630
Weighted average number of ordinary shares for the purposes of diluted earnings per share.	400,638	400,638	401,238	401,238
	<b>Ngwee</b>	<b>US cents</b>	<b>Ngwee</b>	<b>US cents</b>
Basic earnings per share (ZMW ngwee and US cents) – Continued operations	11.80	0.96	7.90	0.80
Basic earnings per share (ZMW ngwee and US cents) – Discontinued operations	(5.78)	(0.47)	(4.41)	(0.44)
Total Basic earnings per share (ZMW ngwee and US cents)	6.02	0.49	3.49	0.36
<b>Diluted earnings per share</b>				
Diluted earnings per share – continued operations	8.86	0.72	5.92	0.60
Diluted earnings per share – discontinued operations	(4.34)	(0.35)	(3.31)	(0.33)
Total Diluted earnings per share	4.52	0.37	2.61	0.27

### 13. Goodwill

	ZMW'000s	USD'000s
Cost and Net Book Value		
<b>At 1 October 2017</b>	<b>166,801</b>	<b>17,249</b>
Arising during the year	-	-
Foreign exchange difference	-	(3,621)
<b>At 30 September 2018</b>	<b>166,801</b>	<b>13,628</b>
Arising during the year	-	-
Foreign exchange difference	-	(992)
<b>At 30 September 2019</b>	<b>166,801</b>	<b>12,636</b>

	2019		2018	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Masterpork Limited	15,699	1,189	15,699	1,283
Zam Chick Limited	141,786	10,741	141,786	11,584
Zamhatch Limited	9,316	706	9,316	761
	<b>166,801</b>	<b>12,636</b>	<b>166,801</b>	<b>13,628</b>

The Group tests annually for impairment, or more frequently if there are indicators that goodwill might be impaired. The recoverable amounts of the cash generating unit (CGU) is determined from value in use calculations.

The Board's key assumptions are based on their past experience and future expectations of the market over the longer term. The Board estimates a discount rate of 15 per cent. post tax derived from the Group's cost of external borrowing and dividend payment history, adjusted to reflect currency risk and price risk, in accordance with IAS 36 'Impairment of Assets'. Master Pork Limited, Zam Chick Limited and Zamhatch Limited are expected to achieve a minimum growth rate of Zambian inflation which was at 10.5% at the report date plus Zambian GDP growth, in light of continued increase in protein consumption in the domestic market.

Due to the significant headroom within historical impairment calculations (approximately 2 times utilising a discounted cash flow for a period of three years), assumptions including growth rates of cash flows and changes to selling prices and direct costs have not been sensitised.

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

Notes to the Financial Statements (continued)  
For the year ended 30 September 2019

14. Property, plant and equipment

(i) In Zambian Kwacha

(a) Group	Leasehold land and buildings ZMW'000s	Aircraft ZMW'000s	Plant and machinery ZMW'000s	Motor vehicles ZMW'000s	Furniture and equipment ZMW'000s	Capital work in progress ZMW'000s	Total ZMW'000s
<b>Cost or valuation</b>							
<b>As at 1 October 2017</b>	<b>1,772,708</b>	<b>865</b>	<b>600,082</b>	<b>47,350</b>	<b>16,416</b>	<b>186,914</b>	<b>2,624,335</b>
Exchange differences	181,928	-	61,939	(2,042)	(790)	-	241,035
Additions	59,129	-	58,748	19,947	6,198	-	144,022
Disposals	-	-	(1,399)	(3,753)	(87)	-	(5,239)
Transfers	38,863	-	96,276	4,103	1,570	(140,812)	-
<b>As at 30 September 2018</b>	<b>2,052,628</b>	<b>865</b>	<b>815,646</b>	<b>65,605</b>	<b>23,307</b>	<b>46,102</b>	<b>3,004,153</b>
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)	-
<b>As at 30 September 2019</b>	<b>2,043,052</b>	<b>865</b>	<b>874,965</b>	<b>76,528</b>	<b>31,617</b>	<b>25,785</b>	<b>3,052,812</b>
<b>Depreciation</b>							
<b>As at 1 October 2017</b>	<b>1,688</b>	<b>-</b>	<b>7,118</b>	<b>4,028</b>	<b>1,013</b>	<b>-</b>	<b>13,847</b>
Exchange difference	(2,113)	-	(10,945)	(3,206)	(752)	-	(17,016)
Charge for the year	17,397	86	70,775	15,187	2,344	-	105,789
Disposals	-	-	(128)	(552)	(8)	-	(688)
<b>As at 30 September 2018</b>	<b>16,972</b>	<b>86</b>	<b>66,820</b>	<b>15,457</b>	<b>2,597</b>	<b>-</b>	<b>101,932</b>
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)
<b>As at 30 September 2019</b>	<b>31,036</b>	<b>173</b>	<b>142,639</b>	<b>31,859</b>	<b>5,281</b>	<b>-</b>	<b>210,988</b>
<b>Net book value</b>							
<b>At 30 September 2019</b>	<b>2,012,016</b>	<b>692</b>	<b>732,326</b>	<b>44,669</b>	<b>26,336</b>	<b>25,785</b>	<b>2,841,824</b>
<b>At 30 September 2018</b>	<b>2,035,656</b>	<b>779</b>	<b>748,826</b>	<b>50,148</b>	<b>20,710</b>	<b>46,102</b>	<b>2,902,221</b>

## 14. Property, plant and equipment (continued)

## (ii) In US Dollars

(a) Group	Leasehold land and buildings USD'000s	Aircraft USD'000s	Plant and machinery USD'000s	Motor vehicles USD'000s	Furniture and equipment USD'000s	Capital work in progress USD'000s	Total USD'000s
<b>Cost or valuation</b>							
<b>As at 1 October 2017</b>	<b>187,537</b>	<b>91</b>	<b>62,891</b>	<b>4,902</b>	<b>1,708</b>	<b>19,328</b>	<b>276,457</b>
Foreign translation	(28,988)	(20)	(11,045)	(1,538)	(548)	(3,264)	(45,403)
Additions	5,961	-	5,922	2,011	625	-	14,519
Transfers	3,918	-	9,705	414	158	(14,195)	-
Disposals	-	-	(141)	(378)	(9)	-	(528)
<b>As at 30 September 2018</b>	<b>168,428</b>	<b>71</b>	<b>67,332</b>	<b>5,411</b>	<b>1,934</b>	<b>1,869</b>	<b>245,045</b>
Foreign translation	(7,701)	(5)	(4,317)	(521)	(210)	1,739	(11,015)
Additions	1,126	-	1,267	601	402	5,843	9,239
Transfers	1,878	-	4,666	576	325	(7,445)	-
Disposals	(165)	-	(577)	(203)	(23)	-	(968)
Transfer to held for sale	(8,789)	-	(2,087)	(66)	(32)	(53)	(11,027)
<b>As at 30 September 2019</b>	<b>154,777</b>	<b>66</b>	<b>66,284</b>	<b>5,798</b>	<b>2,396</b>	<b>1,953</b>	<b>231,274</b>
<b>As at 1 October 2017</b>	<b>3,229</b>	<b>-</b>	<b>2,751</b>	<b>417</b>	<b>102</b>	<b>-</b>	<b>6,499</b>
Charge for the year	1,754	9	7,135	1,531	236	-	10,665
Disposals	-	-	(13)	(56)	(1)	-	(70)
Foreign Translation	(9,969)	(2)	1,022	(243)	33	-	(9,159)
<b>As at 30 September 2018</b>	<b>(4,986)</b>	<b>7</b>	<b>10,895</b>	<b>1,649</b>	<b>370</b>	<b>-</b>	<b>7,935</b>
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)
<b>As at 30 September 2019</b>	<b>2,351</b>	<b>13</b>	<b>10,807</b>	<b>2,413</b>	<b>400</b>	<b>-</b>	<b>15,984</b>
<b>Net book value</b>							
<b>At 30 September 2019</b>	<b>152,426</b>	<b>53</b>	<b>55,477</b>	<b>3,385</b>	<b>1,996</b>	<b>1,953</b>	<b>215,290</b>
<b>At 30 September 2018</b>	<b>173,414</b>	<b>64</b>	<b>56,437</b>	<b>3,762</b>	<b>1,564</b>	<b>1,869</b>	<b>237,110</b>

- (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 ZMW29.7 million (USD2.4 million) (2018: ZMW23.4 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 carrying value of the Group's property, plant and equipment includes an amount of ZMW55.6 million (USD4.2 million) (2018: ZMW23.4 million [USD2.5 million]) in respect of assets held under finance leases. The depreciation charged to the income statement in respect of such assets amounted to ZMW12.5 million (USD1 million) (2018: ZMW3.1 million [USD0.31 million]).
- (d) The capital work in progress depicts all capital expenditure items on projects that are yet to be completed.
- (e) In the opinion of the Directors, the carrying values of property, plant and equipment stated above are not higher than their fair values.

Notes to the Financial Statements (continued)  
For the year ended 30 September 2019

14. Property, plant and equipment (continued)

(i) In Zambian Kwacha

(b) Company	Leasehold land and buildings ZMW'000s	Plant and machinery ZMW'000s	Motor vehicles ZMW'000s	Furniture and equipment ZMW'000s	Capital work in progress ZMW'000s	Total ZMW'000s
<b>Cost or valuation</b>						
<b>At 1 October 2017</b>	<b>1,431,292</b>	<b>429,952</b>	<b>16,823</b>	<b>9,798</b>	<b>27,895</b>	<b>1,915,760</b>
Exchange differences	189,491	61,140	1,758	414	-	252,803
Additions	-	1,024	3,971	1,856	42,564	49,415
Transfers	8,590	20,311	2,427	691	(32,019)	-
Disposals	-	(984)	(1,005)	(72)	-	(2,061)
<b>As at 30 September 2018</b>	<b>1,629,373</b>	<b>511,443</b>	<b>23,974</b>	<b>12,687</b>	<b>38,440</b>	<b>2,215,917</b>
Exchange differences	70,294	20,195	249	154	-	90,892
Additions	2,121	2,264	1,766	1,032	16,560	23,743
Transfers	3,107	23,238	1,984	2,796	(31,125)	-
Disposals	(1,675)	(1,160)	(421)	(118)	-	(3,374)
Transfer to held for sale	(116,020)	(27,547)	(876)	(420)	(698)	(145,561)
<b>As at 30 September 2019</b>	<b>1,587,200</b>	<b>528,433</b>	<b>26,676</b>	<b>16,131</b>	<b>23,177</b>	<b>2,181,617</b>
<b>Depreciation</b>						
<b>As at 1 October 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Charge for the year	10,564	45,397	4,306	1,109	-	61,376
Disposals	-	(90)	(184)	(7)	-	(281)
<b>As at 30 September 2018</b>	<b>10,564</b>	<b>45,307</b>	<b>4,122</b>	<b>1,102</b>	<b>-</b>	<b>61,095</b>
Charge for the year	11,003	53,302	5,299	1,445	-	71,049
Disposals	(66)	(223)	(125)	(19)	-	(433)
Transfer to held for sale	(4,630)	(5,255)	(246)	(73)	-	(10,204)
<b>As at 30 September 2019</b>	<b>16,871</b>	<b>93,131</b>	<b>9,050</b>	<b>2,455</b>	<b>-</b>	<b>121,507</b>
<b>Net book value</b>						
<b>At 30 September 2019</b>	<b>1,570,329</b>	<b>435,302</b>	<b>17,626</b>	<b>13,676</b>	<b>23,177</b>	<b>2,060,110</b>
<b>At 30 September 2018</b>	<b>1,618,809</b>	<b>466,136</b>	<b>19,852</b>	<b>11,585</b>	<b>38,440</b>	<b>2,154,822</b>



## 15. Investments in subsidiaries, associates and minority interests (continued)

## (ii) In US Dollars

(b) Company	Leasehold 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
<b>Cost or valuation</b>						
<b>As at 1 October 2017</b>	<b>148,014</b>	<b>44,466</b>	<b>1,740</b>	<b>1,013</b>	<b>2,885</b>	<b>198,118</b>
Exchange differences	19,102	5,689	108	41	-	24,940
Additions	-	104	400	188	4,290	4,982
Transfers	866	2,047	245	70	(3,228)	-
<b>Disposals</b>	<b>-</b>	<b>(99)</b>	<b>(101)</b>	<b>(8)</b>	<b>-</b>	<b>(208)</b>
Foreign translation	(34,863)	(10,504)	(365)	(267)	(807)	(46,806)
<b>As at 30 September 2018</b>	<b>133,119</b>	<b>41,703</b>	<b>2,027</b>	<b>1,037</b>	<b>3,140</b>	<b>181,026</b>
Exchange differences	5,706	1,639	20	12	-	7,377
Additions	172	184	143	84	1,344	1,927
Transfers	252	1,886	161	227	(2,526)	-
Disposals	(136)	(94)	(34)	(10)	-	(274)
Transfer to held for sale	(8,789)	(2,087)	(66)	(32)	(53)	(11,027)
Foreign translation	(10,081)	(3,198)	(230)	(97)	(149)	(13,755)
<b>As at 30 September 2019</b>	<b>120,243</b>	<b>40,033</b>	<b>2,021</b>	<b>1,221</b>	<b>1,756</b>	<b>165,274</b>
<b>Depreciation</b>						
<b>As at 1 October 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Charge for the year	1,065	4,576	434	112	-	6,187
Disposals	-	(9)	(19)	(1)	-	(29)
Foreign translation	(202)	(878)	(79)	(21)	-	(1,180)
<b>As at 30 September 2018</b>	<b>863</b>	<b>3,689</b>	<b>336</b>	<b>90</b>	<b>-</b>	<b>4,978</b>
Charge for the year	893	4,326	430	118	-	5,767
Disposals	(5)	(18)	(10)	(2)	-	(35)
Transfer to held for sale	(351)	(397)	(19)	(6)	-	(773)
Foreign translation	(122)	(544)	(52)	(14)	-	(732)
<b>As at 30 September 2019</b>	<b>1,278</b>	<b>7,056</b>	<b>685</b>	<b>186</b>	<b>-</b>	<b>9,205</b>
<b>Net book value</b>						
<b>At 30 September 2019</b>	<b>118,965</b>	<b>32,977</b>	<b>1,336</b>	<b>1,035</b>	<b>1,756</b>	<b>156,069</b>
<b>At 30 September 2018</b>	<b>132,256</b>	<b>38,014</b>	<b>1,691</b>	<b>947</b>	<b>3,140</b>	<b>176,048</b>

- (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) The carrying value of the Company's property, plant and equipment includes an amount of ZMW30.9 million (USD2.3 million) (2018: ZMW5 million [USD0.4 million]) in respect of assets held under finance leases. The depreciation charged to the income statement in respect of such assets amounted to ZMW6.3 million (USD0.5 million) (2018: ZMW0.8 million [USD0.083 million]).
- (c) In the opinion of the Directors, the carrying values of property, plant and equipment stated above are not higher than their fair values.

Notes to the Financial Statements (continued)  
For the year ended 30 September 2019

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 owned:	Country of incorporation	Proportion of all classes of issued share capital owned by the Company 2019	Proportion of all classes of issued share capital owned by the Company 2018	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:	2019		2018	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
At beginning of the year	245,807	20,082	245,807	25,420
Foreign translation	-	(1,460)	-	(5,338)
<b>At end of the year</b>	<b>245,807</b>	<b>18,622</b>	<b>245,807</b>	<b>20,082</b>

(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	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
<b>Total at the end of 30 September 2019</b>		<b>2,754,792</b>	<b>2,336,669</b>	<b>2,986,667</b>	<b>23,099</b>
Zambeef Retailing Limited	Zambia	726,987	757,746	1,584,421	(63,952)
Zamleather Limited	Zambia	64,292	30,464	30,739	(5,286)
West Africa Operations	Nigeria & Ghana	43,911	83,154	144,813	(12)
Masterpork Limited	Zambia	246,924	155,738	223,085	(5,771)
Zampalm Limited	Zambia	247,996	79,026	424	(18,581)
Zam Chick Limited	Zambia	671,584	473,602	243,472	34,672
Zamhatch Limited	Zambia	427,465	275,265	297,476	48,255
<b>Total at the end of 30 September 2018</b>		<b>2,429,159</b>	<b>1,854,995</b>	<b>2,524,430</b>	<b>(10,675)</b>

## 15. Investments in subsidiaries, associates and minority interests (continued)

Name of company	Country of Incorporation	Assets USD'000s	Liabilities USD'000s	Revenues USD'000s	Profit/(loss) USD'000s
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
<b>Total at the end of 30 September 2019</b>		<b>208,696</b>	<b>168,848</b>	<b>242,425</b>	<b>1,874</b>
Zambeef Retailing Limited	Zambia	59,394	61,907	159,720	(6,446)
Zamleather Limited	Zambia	5,253	2,489	3,099	(533)
West Africa Operations	Nigeria & Ghana	3,588	6,794	14,598	(1)
Masterpork Limited	Zambia	20,174	11,201	22,488	(582)
Zampalm Limited	Zambia	20,261	6,456	43	(1,873)
Zam Chick Limited	Zambia	54,868	38,692	24,543	3,495
Zamhatch Limited	Zambia	34,924	22,488	29,987	4,864
<b>Total at the end of 30 September 2018</b>		<b>198,462</b>	<b>150,027</b>	<b>254,478</b>	<b>(1,076)</b>

Name of company	2019		2018	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Zambeef Retailing Limited	31	2	31	3
Zamleather Limited	1,477	112	1,477	121
Master Meat and Agro Production Co of Nigeria Limited	216	16	216	17
Master Meat (Ghana) Limited	1,310	99	1,310	107
Masterpork Limited	26,601	2,015	26,601	2,173
Zampalm Limited (note 15 (e))	-	-	-	-
Zam Chick Limited	158,230	11,988	158,230	12,927
Zamhatch Limited	57,942	4,390	57,942	4,734
	<b>245,807</b>	<b>18,622</b>	<b>245,807</b>	<b>20,082</b>

- 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 in that, it has a management contract and it is responsible for day to day management of Zampalm. The investment is accounted for using the equity method.

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

	2019		2018	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Opening balance	15,412	1,259	-	-
Arising during the year	-	-	16,154	1,334
Loss from continuing operation	(3,036)	(246)	(742)	(75)
Foreign exchange difference	-	(75)	-	-
Total comprehensive income	(3,036)	(321)	(742)	(75)
<b>Carrying amount of the Group's interest</b>	<b>12,376</b>	<b>938</b>	<b>15,412</b>	<b>1,259</b>

Notes to the Financial Statements (continued)

For the year ended 30 September 2019

16. (a) Biological assets – Group

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

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

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

16. (b) Biological assets – Company

Biological assets comprise standing crops, feedlot cattle, dairy cattle, and chickens. At 30 September 2019 there were 12,335 cattle (9,229 feedlot cattle and 3,106 dairy cattle), and 352,673 chickens (352,673 layers). A total of 43,711 feedlot cattle and 642 dairy cattle were culled during the year.

(i) In Zambian Kwacha	As at 1 October ZMW'000s	Increase due to purchases ZMW'000s	Gains/(losses) arising from fair value attributable to physical changes ZMW'000s	Gains arising from fair value attributable to price changes ZMW'000s	Decrease due to harvest/transferred to inventory ZMW'000s	As at 30 September ZMW'000s
Standing Crops	42,419	384,077	178,652	6,097	(583,985)	27,260
Feedlot Cattle	56,751	312,626	158,018	2,019	(486,536)	42,878
Dairy Cattle	48,336	67,939	140,024	-	(206,532)	49,767
Chickens	10,843	37,821	23,811	2,046	(57,211)	17,310
<b>Total</b>	<b>158,349</b>	<b>802,463</b>	<b>500,505</b>	<b>10,162</b>	<b>(1,334,264)</b>	<b>137,215</b>

## 16. (b) Biological assets – Company (continued)

	As at 1 October USD'000s	Foreign exchange USD'000s	Increase due to purchases USD'000s	Gains/ (losses) arising from fair value attributable to physical changes USD'000s	Gains arising from fair value attributable to price changes USD'000s	Decrease due to harvest/ transferred to inventory USD'000s	As at 30 September USD'000s
<b>(ii) In US Dollars</b>							
Standing Crops	3,465	(169)	31,175	14,501	495	(47,401)	2,066
Feedlot Cattle	4,637	(263)	25,375	12,826	164	(39,492)	3,247
Dairy Cattle	3,948	(294)	5,515	11,366	-	(16,764)	3,771
Chickens	887	(101)	3,070	1,933	166	(4,644)	1,311
<b>Total</b>	<b>12,937</b>	<b>(827)</b>	<b>65,135</b>	<b>40,626</b>	<b>825</b>	<b>(108,301)</b>	<b>10,395</b>

## 17. Inventories

	2019		2018	
<b>(i) In Zambian Kwacha</b>	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Trading stocks	406,602	345,724	272,763	215,648
Abattoir stocks	580	-	7,018	-
Raw materials	228,885	-	116,884	-
Stock feed	139,018	220,250	49,496	116,841
Consumables	163,167	117,626	190,396	148,830
Raw hides and chemicals	2,907	-	3,254	-
	<b>941,159</b>	<b>683,600</b>	<b>639,811</b>	<b>481,319</b>

	2019		2018	
<b>(ii) In US Dollars</b>	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Trading stocks	30,803	26,192	22,285	17,618
Abattoir stocks	44	-	573	-
Raw materials	17,340	-	9,549	-
Stock feed	10,532	16,685	4,044	9,546
Consumables	12,361	8,911	15,555	12,160
Raw hides and chemicals	220	-	266	-
	<b>71,300</b>	<b>51,788</b>	<b>52,272</b>	<b>39,324</b>

A total of ZMW2,166.7 million (USD175.9 million) (2018: ZMW1,806.2 million (USD182.1 million)) was included in profit and loss as an expense within cost of sales. Inventory was turned every 127 days (2018: 117 days).

Biological assets totalling ZMW1,707.4 million (USD138.6 million) (2018: ZMW1,553.1 million (USD156.6 million)) were transferred to inventories during the year.

Notes to the Financial Statements (continued)  
For the year ended 30 September 2019

18. Trade and other receivables

	2019		2018	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
<b>(i) In Zambian Kwacha</b>				
Gross trade receivables	55,758	18,820	122,237	59,710
Less: provision for impairment of trade receivables	(4,910)	(1,913)	(4,822)	(1,331)
Trade receivables	50,848	16,907	117,415	58,379
Prepayments	18,024	11,246	13,444	33,002
Other receivables	29,153	-	25,455	-
	<b>98,025</b>	<b>28,153</b>	<b>156,314</b>	<b>91,381</b>

	2019		2018	
	Group USD'000	Company USD'000	Group USD'000	Company USD'000
<b>(ii) In US Dollars</b>				
Gross trade receivables	4,224	1,426	9,987	4,878
Less: provision for impairment of trade receivables	(372)	(145)	(394)	(109)
Trade receivables	3,852	1,281	9,593	4,769
Prepayments	1,364	852	1,098	2,697
Other receivables	2,210	-	2,080	-
	<b>7,426</b>	<b>2,133</b>	<b>12,771</b>	<b>7,466</b>

(a) Provision for impairment of trade receivables

The Directors have made a provision against some of the trade receivables that are long standing. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

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

Movements on the Group's provision for impairment of trade receivables are set out in the table below:

	2019		2018	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
<b>(i) In Zambian Kwacha</b>				
At 1 October	4,822	1,331	4,786	2,254
Utilised	(1,113)	(70)	(2,827)	(1,128)
Charge for the year	1,201	652	2,863	205
<b>At 30 September</b>	<b>4,910</b>	<b>1,913</b>	<b>4,822</b>	<b>1,331</b>

	2019		2018	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
<b>(ii) In US Dollars</b>				
At 1 October	394	109	466	233
Foreign exchange	(29)	(11)	(76)	(32)
Utilised	(90)	(6)	(285)	(113)
Charge for the year	97	53	289	21
<b>At 30 September</b>	<b>372</b>	<b>145</b>	<b>394</b>	<b>109</b>

## 18. Trade and other receivables (continued)

Some of the unimpaired trade receivables are past due as at the reporting date. Financial assets past due but not impaired are shown below:

	2019		2018	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
<b>(i) In Zambian Kwacha</b>				
More than 3 months but not more than 6 months	2,147	315	2,345	341
More than 6 months but not more than a year	-	-	-	-
More than one year	-	-	-	-
<b>Total</b>	<b>2,147</b>	<b>315</b>	<b>2,345</b>	<b>341</b>

	2019		2018	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
<b>(ii) In US Dollars</b>				
More than 3 months but not more than 6 months	163	24	192	34
More than 6 months but not more than a year	-	-	-	-
More than one year	-	-	-	-
<b>Total</b>	<b>163</b>	<b>24</b>	<b>192</b>	<b>34</b>

Management reviews recoverability of trade receivables on a continuous basis and where necessary makes provision for impairment on long outstanding receivables.

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

	Trade receivable days past due				
	Current	More than	More than	More than	Total
		30 days	60 days	90 days	
Expected credit loss rate	2.5%	4.7%	17.1%	60.1%	
Gross carrying amount - ZMW'000	45,719	774	4,268	4,998	55,758
Lifetime expected credit loss - ZMW'000	1,137	36	731	3,006	4,910

	Trade receivable days past due				
	Current	More than	More than	More than	Total
		30 days	60 days	90 days	
Expected credit loss rate	1.5%	4.5%	11.4%	63.6%	
Gross carrying amount - ZMW'000	105,912	8,670	3,811	3,843	122,237
Lifetime expected credit loss - ZMW'000	1,552	388	435	2,447	4,822

	Trade receivable days past due				
	Current	More than	More than	More than	Total
		30 days	60 days	90 days	
Expected credit loss rate	2.5%	4.7%	17.1%	60.1%	
Gross carrying amount - USD'000	3,464	59	323	379	4,224
Lifetime expected credit loss - USD'000	86	3	55	228	372

	Trade receivable days past due				
	Current	More than	More than	More than	Total
		30 days	60 days	90 days	
Expected credit loss rate	1.5%	4.5%	11.4%	63.6%	
Gross carrying amount - USD'000	8,653	708	311	314	9,987
Lifetime expected credit loss - USD'000	127	32	36	200	394

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For the year ended 30 September 2019

19. Amounts due from related companies

	2019		2018	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
<b>(i) In Zambian Kwacha</b>				
Chisamba Ranching and Cropping	258	601	-	-
Danny Museteka	70	70	-	-
Tractorzam Limited	-	-	1,321	1,321
Tembilo Farms Limited	59	-	174	-
Wellspring Limited	5,624	5,624	889	889
Lilian Limbuka	508	-	-	-
Zamleather Limited	-	40,154	-	19,821
Zampalm Limited	35,035	20,184	47,888	32,732
Master Meat & Agro Production Co. of Nigeria Limited	-	60,977	-	60,168
Zam Chick Limited	-	534,335	-	421,639
Master Meat (Ghana) Limited	-	2,728	-	2,076
Zamhatch Limited	-	414,072	-	257,860
	<b>41,554</b>	<b>1,078,745</b>	<b>50,272</b>	<b>796,506</b>

	2019		2018	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
<b>(ii) In US Dollars</b>				
Chisamba Ranching and Cropping	20	45	-	-
Tractorzam Limited	-	-	108	108
Danny Museteka	5	5	-	-
Tembilo Farms Limited	4	-	14	-
Wellspring Limited	427	427	73	73
Lilian Limbuka	38	-	-	-
Zamleather Limited	-	3,042	-	1,619
Zampalm Limited	2,654	1,529	3,912	2,674
Zam Chick Limited	-	40,479	-	34,448
Mastermeat & Agro Production Co. of Nigeria Limited	-	4,619	-	4,915
Master Meat (Ghana) Limited	-	207	-	169
Zamhatch Limited	-	31,369	-	21,067
	<b>3,148</b>	<b>81,722</b>	<b>4,107</b>	<b>65,073</b>

The above balances relate to arm's length transactions between the transacting parties. External parties that fall under the 'Related Party' disclosure is 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. Outstanding balances are usually settled in cash.



## 20. Cash and cash equivalents

	2019		2018	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
<b>(i) In Zambian Kwacha</b>				
Cash in hand and at bank	56,753	11,844	101,123	54,357
Bank overdrafts (note (b))	(331,178)	(207,616)	(236,866)	(131,328)
	<b>(274,425)</b>	<b>(195,772)</b>	<b>(135,743)</b>	<b>(76,971)</b>
<b>(ii) In US Dollars</b>				
Cash in hand and at bank	4,299	897	8,262	4,441
Bank overdrafts (note (b))	(25,089)	(15,728)	(19,352)	(10,729)
	<b>(20,790)</b>	<b>(14,831)</b>	<b>(11,090)</b>	<b>(6,288)</b>

**(a) Banking facilities**

The Group has overdraft facilities totalling ZMW74.6 million (2018: ZMW74.6 million) and USD5 million (2018: USD5 million) with Citibank Zambia Limited. The Citibank overdrafts bear interest rates of Bank of Zambia Policy rate plus 4.5 per cent. on the Kwacha facility and 3 month USD LIBOR rate plus 4 per cent. on the USD facility. During the period under review 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.

The Group has overdraft facilities totalling ZMW30 million (2018: ZMW30 million) and USD2 million (2018: USD2 million) with Standard Chartered Bank Zambia Plc. The Standard Chartered Bank overdrafts bear interest rates of Bank of Zambia Policy rate plus 4.5 per cent. on the Kwacha facilities and 1 month USD LIBOR rate plus 4 per cent. on the USD facilities.

The Group has overdraft facilities totalling ZMW118.3 million (2018: ZMW98.3 million) with Zanaco Bank Plc. The Zanaco Bank overdraft bears an interest rate of Bank of Zambia Policy rate plus 4.5 per cent. on the Kwacha facility.

The Group has overdraft facilities totalling ZMW57.5 million (2018: ZMW57.5 million) and USD2 million (2018: USD2 million) with Stanbic Bank Zambia Limited. The Stanbic Bank overdrafts bear interest rate of Bank of Zambia Policy rate plus 5.5 per cent. on the Kwacha facility and 3 month USD LIBOR rate plus 4 per cent. on the USD facility.

**(b) Bank overdrafts**

	2019		2018	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
<b>(i) In Zambian Kwacha</b>				
Zanaco Bank Plc	(114,029)	-	(95,709)	-
Citibank Zambia Limited	(119,071)	(109,538)	(57,022)	(47,193)
Stanbic Bank Zambia Limited	(69,060)	(69,060)	(56,935)	(56,935)
Standard Chartered Bank Zambia Plc	(29,018)	(29,018)	(27,200)	(27,200)
	<b>(331,178)</b>	<b>(207,616)</b>	<b>(236,866)</b>	<b>(131,328)</b>
<b>(ii) In US Dollars</b>				
Zanaco Bank Plc	(8,638)	-	(7,819)	-
Citibank Zambia Limited	(9,021)	(8,298)	(4,659)	(3,855)
Stanbic Bank Zambia Limited	(5,232)	(5,232)	(4,652)	(4,652)
Standard Chartered Bank Zambia Plc	(2,198)	(2,198)	(2,222)	(2,222)
	<b>(25,089)</b>	<b>(15,728)</b>	<b>(19,352)</b>	<b>(10,729)</b>

- (i) The Zambeef Products Plc Company bank overdrafts are secured by a first floating charge/debenture over all the assets of the Company. The floating charge/debenture ranks pari passu between Standard Chartered Bank Zambia Plc (USD5 million), Citibank Zambia Limited (USD16.3 million and ZMW8 million), Zanaco Bank Plc (ZMW118.3 million), and Stanbic Bank Zambia Limited (ZMW132 million). All overdrafts are annual revolving facilities.

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**For the year ended 30 September 2019**

**21. Share capital**

**(a) Ordinary share capital**

	2019		2018	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Authorised				
700,000,000 ordinary shares of ZMW0.01 each	7,000	938	7,000	938
(2018: 700,000,000 ordinary shares of ZMW0.01 each)				
<b>Issued and fully paid</b>				
At 1 October	3,006	449	3,006	449
Issued during the year	-	-	-	-
At 30 September	3,006	449	3,006	449
300,579,630 ordinary shares of ZMW0.01 each				
(2018: 300,579,630 ordinary shares of ZMW0.01 each)				

**(b) Preference share capital**

<b>Issued and fully paid</b>				
At 1 October	1,000	100	1,000	100
Issued during the year	-	-	-	-
At 30 September	1,000	100	1,000	100
100,057,658 preference shares of ZMW0.01 each				
(2018: 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 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.

**22. Share premium**

	2019		2018	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
<b>At 1 October</b>	<b>1,125,012</b>	<b>185,095</b>	<b>1,125,012</b>	<b>185,095</b>
Arising during the year	-	-	-	-
<b>At 30 September</b>	<b>1,125,012</b>	<b>185,095</b>	<b>1,125,012</b>	<b>185,095</b>

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

### 23. Interest bearing liabilities

	2019		2018	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
<b>(i) In Zambian Kwacha</b>				
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH (note (a))	197,604	197,604	231,413	231,413
Zanaco Bank Plc (note (b))	13,286	13,286	19,929	19,929
Standard Chartered Bank Zambia Plc (note (c))	212,381	212,381	107,213	107,213
IFC – International Finance Corporation (note (d))	118,870	118,870	152,217	152,217
Stanbic Bank Zambia Limited (note (e))	29,000	29,000	-	-
	<b>571,141</b>	<b>571,141</b>	<b>510,772</b>	<b>510,772</b>
Less: Short term portion (repayable within next 12 months)	(343,042)	(343,042)	(202,460)	(202,460)
Long term portion (repayable after 12 months)	228,099	228,099	308,312	308,312

	2019		2018	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
<b>(ii) In US Dollars</b>				
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH (note (a))	14,970	14,970	18,907	18,907
Zanaco Bank Plc (note (b))	1,006	1,006	1,628	1,628
Standard Chartered Bank Zambia Plc (note (c))	16,090	16,090	8,759	8,759
IFC – International Finance Corporation (note (d))	9,005	9,005	12,436	12,436
Stanbic Bank Zambia Limited (note (e))	2,197	2,197	-	-
	<b>43,268</b>	<b>43,268</b>	<b>41,730</b>	<b>41,730</b>
Less: Short term portion (repayable within next 12 months)	(25,988)	(25,988)	(16,541)	(16,541)
Long term portion (repayable after 12 months)	17,280	17,280	25,189	25,189

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

The Group has a loan facility of USD4.97 million (2018: USD6.39 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:

- First ranking legal mortgage over R/E of Farm No. 4906, Lot No. 18835/M and Lot No. 18836/M (Sinazongwe farm); and
- First ranking legal mortgage over Farm No. 10097, R/E of Farm No. 5063 and Lot No. 8409/M (Chiawa farm).

#### (ii) DEG Term Loan 4

The Group has a loan facility of USD10 million (2018: USD12.5 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:

- Second ranking legal mortgage over R/E of Farm No. 4906, Lot No. 18835/M and Lot No. 18836/M (Sinazongwe farm); and
- Second ranking legal mortgage over Farm No. 10097, R/E of Farm No. 5063 and Lot No. 8409/M (Chiawa farm).

#### (b) Zanaco Bank Plc

The Group has a loan facility of ZMW13.3 million (2018: ZMW19.9 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 USD20 million (2018 – 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 USD16.1 million (2018: USD8.8 million). Interest on the facility is 3 month USD LIBOR plus 3.25 per cent. per annum calculated on the daily overdrawn balances.

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### For the year ended 30 September 2019

#### 23. Interest bearing liabilities (continued)

##### (d) International Finance Corporation Loan 2

The Group has a loan facility of USD7.6 million and ZMW18.8 million (2018: USD10.3 million and ZMW25.7 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).

##### (e) Stanbic Bank Zambia Limited

During the period under review 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. Interest on the facility is 5.75 per cent. above the Bank of Zambia policy rate per annum payable monthly in arrears.

This facility is secured by a first floating charge/debenture over all the assets of the Company. The floating charge/debenture ranks pari passu between Standard Chartered Bank Zambia Plc (USD5 million), Citibank Zambia Limited (USD16.3 million and ZMW8 million), Zanaco Bank Plc (ZMW118.3 million), and Stanbic Bank Zambia Limited (ZMW132 million).

#### 24. Obligations under finance leases

	2019		2018	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
<b>(i) In Zambian Kwacha</b>				
Freddy Hirsch Group Zambia Limited (note (a))	11,013	-	14,067	-
Stanbic Bank Zambia Limited (note (b))	29,771	29,771	24,344	24,344
	<b>40,784</b>	<b>29,771</b>	<b>38,411</b>	<b>24,344</b>
Less: Payable within 12 months	(21,487)	(18,266)	(18,248)	(11,841)
Repayable after 12 months	19,297	11,505	20,163	12,503

	2019		2018	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
<b>(ii) In US Dollars</b>				
Freddy Hirsch Group Zambia Limited (note (a))	835	-	1,149	-
Stanbic Bank Zambia Limited (note (b))	2,255	2,256	1,989	1,989
	<b>3,090</b>	<b>2,256</b>	<b>3,138</b>	<b>1,989</b>
Less: Payable within 12 months	(1,628)	(1,384)	(1,491)	(967)
Repayable after 12 months	1,462	872	1,647	1,022

The ageing for the finance leases is as detailed below:

	Within 1 year		After 5 years		Total
	ZMW'000s	1 to 5 years ZMW'000s	ZMW'000s	ZMW'000s	
<b>(i) In Zambian Kwacha</b>					
<b>2019</b>					
Lease payments	22,018	20,295	-	42,313	
Finance charges	(531)	(998)	-	(1,529)	
Net present values	21,487	19,297	-	40,784	
<b>2018</b>					
Lease payments	18,678	21,179	-	39,857	
Finance charges	(430)	(1,016)	-	(1,446)	
Net present values	18,248	20,163	-	38,411	

## 24. Obligations under finance leases (continued)

(ii) In US Dollars	Within 1 year USD'000s	1 to 5 years USD'000s	After 5 years USD'000s	Total USD'000s
<b>2019</b>				
Lease payments	1,668	1,538	-	3,206
Finance charges	(40)	(76)	-	(116)
Net present values	1,628	1,462	-	3,090
<b>2018</b>				
Lease payments	1,526	1,730	-	3,256
Finance charges	(35)	(83)	-	(118)
Net present values	1,491	1,647	-	3,138

- (a) Masterpork Limited, a subsidiary of the Group, has hire purchase facilities of ZMW11.013 million (2018 – ZMW14.067 million) with Freddy Hirsch Group Zambia Ltd. The following equipment is on hire purchase and are interest free: HirschPro 400, Ulma, Cozzini Blender, 2 x Smokehouse machines and Spiral Dryer. The principle on the Kwacha hire purchase facilities is repayable in 48 equal monthly instalments totalling ZMW0.29 million (USD0.02 million).
- (b) The Stanbic Bank Zambia Limited finance lease relates to the purchase of motor vehicles and agricultural machinery with terms of 48 months. The Group has a facility of USD2 million and ZMW 25million. The interest on the finance lease is charged at 3 month USD LIBOR plus 4 per cent on the USD facility and the Bank of Zambia Policy Rate plus 6.75 per cent. on the Kwacha facility. The obligations under finance leases are secured by the lessor's absolute ownership over the leased assets comprehensively insured with the bank's interest noted as first loss payee.

## 25. Deferred liability

Under the terms of employment, employees are entitled to certain terminal benefits. Provision has 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.

	2019		2018	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
<b>(i) In Zambian Kwacha</b>				
At 1 October	22,611	5,059	16,756	3,659
Provision/ (movements) during the year	(4,673)	(836)	7,557	2,319
Payments made during the year	(1,576)	(568)	(1,702)	(919)
<b>At 30 September</b>	<b>16,362</b>	<b>3,655</b>	<b>22,611</b>	<b>5,059</b>

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 2019. As of the report date, the actuary had finalised the report and the provision was adjusted to agree to the report.

	2019		2018	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
<b>(ii) In US Dollar</b>				
At 1 October	1,847	413	1,733	378
Provision/ (movements) during the year	(379)	(67)	762	234
Payments made during the year	(128)	(46)	(172)	(93)
Foreign translation	(100)	(23)	(476)	(106)
<b>At 30 September</b>	<b>1,240</b>	<b>277</b>	<b>1,847</b>	<b>413</b>

The assumptions 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.

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25. Deferred liability (continued)

(ii) In US Dollar	2019		2018	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Defined benefit obligation 1 October	22,611	1,847	16,756	1,733
Current service cost before deduction of beneficiary contributions	887	72	1,300	131
Interest expense	3,850	313	3,313	334
Remeasurement - actuarial losses from changes in demographic assumptions	-	-	-	-
Remeasurement - actuarial losses from changes in financial assumptions	(3,097)	(251)	3,113	314
Experience (gains)/Losses	(5,731)	(465)	(1,061)	(107)
Benefits paid	(2,158)	(175)	(810)	(82)
Translation Difference		(101)		(476)
Past Service cost	-	-	-	-
Defined benefit obligation 30 September	16,362	1,240	22,611	1,847
Unfunded	-	-	-	-
Partly or wholly funded	16,362	1,240	22,611	1,847

The significant actuarial assumptions for the determination of the defined 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 2019	30 September 2018
Discount rate at date shown	20%	17.50%
Salary growth rate	14.50%	14.50%
Average life expectancies:		
- 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%

	2019 ZMW'000s	2019 USD'000s	2018 ZMW'000s	2018 USD'000s
Current service cost	887	72	1,300	131
Past service cost	-	-	-	-
Net interest expenses	3,850	313	3,313	334
<b>Total expenses recognised in profit or loss</b>	<b>4,737</b>	<b>385</b>	<b>4,613</b>	<b>465</b>

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

## 25. Deferred liability (continued)

	2019 ZMW'000s	2019 USD'000s	2018 ZMW'000s	2018 USD'000s
Actuarial losses from changes in demographic assumptions	-	-	-	-
Actuarial losses from changes in financial assumptions	(3,097)	(251)	3,113	314
Experience (gains)/losses	(5,731)	(465)	(1,061)	(107)
Return on plan assets (excluding amounts included in net interest)		0		0
<b>Total expenses recognised in other comprehensive income</b>	<b>(8,829)</b>	<b>(717)</b>	<b>2,052</b>	<b>207</b>

## 26. Trade and other payables

	2019		2018	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
<b>(i) In Zambian Kwacha</b>				
Trade payables	233,245	152,362	241,715	162,644
Accruals	26,340	6,142	55,675	42,031
	<b>259,585</b>	<b>158,504</b>	<b>297,390</b>	<b>204,675</b>

	2019		2018	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
<b>(ii) In US Dollars</b>				
Trade payables	17,670	11,543	19,747	13,288
Accruals	1,995	465	4,547	3,434
	<b>19,665</b>	<b>12,008</b>	<b>24,294</b>	<b>16,722</b>

The average credit period taken in 2019 was 33 days (2018: 47 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.

## 27. Provisions

	Staff ZMW'000	Others ZMW'000	Total ZMW'000	Staff USD'000	Others USD'000	Total ZMW'000s
<b>Group</b>						
Carrying amount 1 October 2018	39,188	2,949	42,137	3,202	241	3,443
Additional provisions	30,367	113,743	144,110	2,465	9,232	11,697
Amount utilised	(21,964)	(111,369)	(133,333)	(1,783)	(9,040)	(10,823)
Foreign translation	-	-	-	(278)	(30)	(308)
<b>Carrying amount 30 September 2019</b>	<b>47,591</b>	<b>5,323</b>	<b>52,914</b>	<b>3,606</b>	<b>403</b>	<b>4,009</b>
<b>Company</b>						
Carrying amount 1 October 2018	10,971	15,137	26,108	896	1,236	2,132
Foreign translation	-	-	-	(156)	(76)	(232)
Additional provisions	23,818	92,305	116,123	1,933	7,492	9,425
Amount utilised	(6,950)	(94,819)	(101,769)	(564)	(7,696)	(8,260)
<b>Carrying amount 30 September 2019</b>	<b>27,839</b>	<b>12,623</b>	<b>40,462</b>	<b>2,109</b>	<b>956</b>	<b>3,065</b>

Staff provisions relate to gratuity, leave pay and other related claims. Other provisions relate to suppliers' claims for goods and services provided.

Notes to the Financial Statements (continued)  
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28. Amounts due to related companies

	2019		2018	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
<b>(i) In Zambian Kwacha</b>				
Zambian Pig Genetics	-	-	45	-
Zambeef Retailing Limited	-	417,832	-	261,466
Masterpork Limited	-	71,962	-	67,035
Zambezi Ranching and Cropping Limited	-	-	187	132
Tractorzam	251	251	-	-
	<b>251</b>	<b>490,045</b>	<b>232</b>	<b>328,633</b>
<b>Non-current</b>	-	-	-	-
<b>Current</b>	<b>251</b>	<b>490,045</b>	<b>232</b>	<b>328,633</b>

	2019		2018	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
<b>(ii) In US Dollars</b>				
Zambian Pig Genetics	-	-	4	-
Zambeef Retailing Limited	-	31,654	-	21,362
Masterpork Limited	-	5,451	-	5,477
Zambezi Ranching and Cropping Limited	-	-	15	10
Tractorzam	19	19	-	-
	<b>19</b>	<b>37,124</b>	<b>19</b>	<b>26,849</b>
<b>Non-current</b>	-	-	-	-
<b>Current</b>	<b>19</b>	<b>37,124</b>	<b>19</b>	<b>26,849</b>

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.

29. 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:

	2019		2018	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
<b>(i) In Zambian Kwacha</b>				
<b>Financial assets</b>				
- Cash at bank	30,575	3,115	95,129	49,978
- Trade receivables	58,257	52,372	61,539	39,376
- Other receivables	3	-	8,890	4,342
<b>Financial liabilities</b>				
- Bank overdrafts	(194,909)	(71,329)	(110,171)	(4,634)



## 29. Financial instruments (continued)

	2019		2018	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
<b>(i) In Zambian Kwacha</b>				
- Trade and other payables	(138,151)	(108,193)	(211,769)	(136,763)
- Bank loans	(297,660)	(297,660)	(465,188)	(465,188)
- Finance leases	(19,423)	(19,423)	(19,140)	(19,140)
<b>Net exposure</b>	<b>(561,308)</b>	<b>(441,118)</b>	<b>(640,710)</b>	<b>(532,029)</b>

	2019		2018	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
<b>(ii) In US Dollars</b>				
<b>Financial assets</b>				
- Cash at bank	2,316	236	7,772	4,083
- Trade receivables	4,413	3,968	5,028	3,217
- Other receivables	-	-	726	355
<b>Financial liabilities</b>				
- Bank overdrafts	(14,766)	(5,404)	(9,001)	(379)
- Trade and other payables	(10,465)	(8,197)	(17,301)	(11,173)
- Bank loans	(22,550)	(22,550)	(38,006)	(38,006)
- Finance leases	(1,471)	(1,471)	(1,564)	(1,563)
<b>Net exposure</b>	<b>(42,523)</b>	<b>(33,418)</b>	<b>(52,346)</b>	<b>(43,466)</b>

<b>(i) In Zambian Kwacha 2019 - Group</b>	US Dollar ZMW'000s	SA Rand ZMW'000s	Other ZMW'000s	Total ZMW'000s
<b>Financial Assets</b>				
- 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
<b>Financial Liabilities</b>				
- Bank overdrafts	(80,589)	-	(114,321)	(194,910)
- Trade and other payables	(106,330)	(10,458)	(21,362)	(138,150)
- Bank loans	(297,660)	-	-	(297,660)
- Finance leases	(19,423)	-	-	(19,423)
<b>Net exposure</b>	<b>(446,233)</b>	<b>(7,168)</b>	<b>(107,907)</b>	<b>(561,308)</b>

<b>(ii) In Zambian Kwacha 2018 - Group</b>	US Dollar ZMW'000s	SA Rand ZMW'000s	Other ZMW'000s	Total ZMW'000s
<b>Financial Assets</b>				
- Cash at bank	51,393	403	43,333	95,129
- Trade receivables	40,083	-	21,456	61,539
- Other receivables	4,566	575	3,749	8,890
<b>Financial Liabilities</b>				
- Bank overdrafts	(7,394)	-	(102,777)	(110,171)
- Trade and other payables	(116,969)	(21,118)	(73,682)	(211,769)
- Bank loans	(465,188)	-	-	(465,188)
- Finance leases	(19,140)	-	-	(19,140)
<b>Net exposure</b>	<b>(512,649)</b>	<b>(20,140)</b>	<b>(107,921)</b>	<b>(640,710)</b>

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29. Financial instruments (continued)

(i) In US Dollars – Group - 2019	US Dollar USD'000s	SA Rand USD'000s	Other USD'000s	Total USD'000s
<b>Financial Assets</b>				
- Cash at bank	195	99	2,022	2,316
- Trade receivables	4,181	150	82	4,413
- Other receivables	-	-	-	-
<b>Financial Liabilities</b>				
- 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)
<b>Net exposure</b>	<b>(33,805)</b>	<b>(543)</b>	<b>(8,175)</b>	<b>(42,523)</b>

(ii) In US Dollars – Group - 2018	US Dollar USD'000s	SA Rand USD'000s	Other USD'000s	Total USD'000s
<b>Financial Assets</b>				
- Cash at bank	4,199	33	3,540	7,772
- Trade receivables	3,275	-	1,753	5,028
- Other receivables	373	47	306	726
<b>Financial Liabilities</b>				
- Bank overdrafts	(604)	-	(8,397)	(9,001)
- Trade and other payables	(9,556)	(1,725)	(6,020)	(17,301)
- Bank loans	(38,006)	-	-	(38,006)
- Finance leases	(1,564)	-	-	(1,564)
<b>Net exposure</b>	<b>(41,883)</b>	<b>(1,645)</b>	<b>(8,818)</b>	<b>(52,346)</b>

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 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:

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

	2019		2018	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH	197,604	14,970	231,413	18,907
International Finance Corporation	100,056	7,580	126,562	10,340
	297,660	22,550	357,975	29,247

**(ii) 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 per cent. and 5 per cent., movement in the United States Dollar/Zambian Kwacha exchange rate for the year ended 30 September 2019.

If the Zambian Kwacha had weakened against the United States dollar by 10 per cent. (2018: 10 per cent.) then this would have resulted in the following impact on net profit and equity:

**29. Financial instruments (continued)**

	2019		2018	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
<b>Weakening of the Kwacha</b>				
Net profit/(loss)	(2,443)	(180)	(25,291)	(2,318)
Equity	3,215,943	221,484	3,079,990	228,757

If Zambian Kwacha had strengthened against the United States Dollar by 5 per cent. (2018: 5 per cent) then this would have resulted in the following impact on net profit and equity:

	2019		2018	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
<b>Strengthening of the Kwacha</b>				
Net profit/(loss)	42,206	3,606	28,385	3,012
Equity	3,260,592	260,015	3,133,666	269,493

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 per cent. movement in the LIBOR rate would not have a material impact on the interest expense for the Group.

**(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**

(i) 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 2019	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	later than 5 years
	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Interest bearing liabilities	50,830	50,831	228,099	-
Other bank borrowings	-	241,381	-	-
Finance lease obligations	10,743	10,744	19,297	-
Trade and other payables	312,499	-	-	-

Notes to the Financial Statements (continued)  
For the year ended 30 September 2019

29. Financial instruments (continued)

30 September 2019	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	later than 5 years
	USD'000	USD'000	USD'000	USD'000
Interest bearing liabilities	3,851	3,851	17,280	-
Other bank borrowings	-	18,286	-	-
Finance lease obligations	814	814	1,462	-
Trade and other payables	23,674	-	-	-

30. Fair value measurement

Fair value measurement of financial instruments

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

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

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 September 2019, 30 September 2018, and 1 October 2017.

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

30 September 2018	Level 1	Level 2	Level 3	Total
	ZMW'000	ZMW'000	ZMW'000	ZMW'000
<b>Financial assets</b>				
Trade receivables	-	-	117,415	117,415
<b>Total Assets</b>	-	-	<b>117,415</b>	<b>117,415</b>
<b>Financial liabilities</b>				
US-dollar loans	-	(465,188)	-	(465,188)
<b>Total Liabilities</b>	-	<b>(465,188)</b>	-	<b>(347,250)</b>
<b>Net fair value</b>	-	<b>(465,188)</b>	<b>117,415</b>	<b>(347,773)</b>

## 30. Fair value measurement (continued)

1 October 2017	Level 1	Level 2	Level 3	Total
	USD'000s	USD'000s	USD'000s	USD'000s
<b>Financial assets</b>				
Trade receivables	-	-	61,651	61,651
<b>Total Assets</b>	-	-	<b>61,651</b>	<b>61,651</b>
<b>Financial liabilities</b>				
US-dollar loans	-	(407,498)	-	(407,498)
<b>Total Liabilities</b>	-	<b>(407,498)</b>	-	<b>(407,498)</b>
<b>Net fair value</b>	-	<b>(407,498)</b>	<b>61,651</b>	<b>(345,847)</b>
<b>30 September 2019</b>				
	Level 1	Level 2	Level 3	Total
	USD'000s	USD'000s	USD'000s	USD'000s
<b>Financial assets</b>				
Trade receivables	-	-	6,733	6,733
<b>Total Assets</b>	-	-	<b>6,733</b>	<b>6,733</b>
<b>Financial liabilities</b>				
US-dollar loans	-	(22,550)	-	(22,550)
<b>Total Liabilities</b>	-	<b>(22,550)</b>	-	<b>(22,550)</b>
<b>Net fair value</b>	-	<b>(22,550)</b>	<b>6,733</b>	<b>(15,817)</b>
<b>30 September 2018</b>				
	Level 1	Level 2	Level 3	Total
	USD'000s	USD'000s	USD'000s	USD'000s
<b>Financial assets</b>				
Trade receivables	-	-	9,593	9,593
<b>Total Assets</b>	-	-	<b>9,593</b>	<b>9,593</b>
<b>Financial liabilities</b>				
US-dollar loans	-	(38,006)	-	(38,006)
<b>Total Liabilities</b>	-	<b>(38,006)</b>	-	<b>(38,006)</b>
<b>Net fair value</b>	-	<b>(38,006)</b>	<b>9,593</b>	<b>(28,413)</b>

Notes to the Financial Statements (continued)  
For the year ended 30 September 2019

30. Fair value measurement (continued)

1 October 2018	Level 1	Level 2	Level 3	Total
	USD'000s	USD'000s	USD'000s	USD'000s
<b>Financial assets</b>				
Trade receivables	-	-	6,376	6,376
<b>Total Assets</b>	<b>-</b>	<b>-</b>	<b>6,376</b>	<b>6,376</b>
<b>Financial liabilities</b>				
US-dollar loans	-	(42,140)	-	(42,140)
<b>Total Liabilities</b>	<b>-</b>	<b>(42,140)</b>	<b>-</b>	<b>(42,140)</b>
<b>Net fair value</b>	<b>-</b>	<b>(42,140)</b>	<b>6,376</b>	<b>(35,764)</b>

There were no transfers between Level 1 and Level 2 in 2019 or 2018.

Measurement of fair value of financial instruments

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

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

Foreign currency forward contracts (Level 2)

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

US-dollar loans (Level 2)

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

Contingent consideration (Level 3)

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

### 30. Fair value measurement (continued)

#### 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 2019, 30 September 2018, and 1 October 2017:

<b>30 September 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>ZMW'000</b>	<b>ZMW'000</b>	<b>ZMW'000</b>	<b>ZMW'000</b>
Property, plant and equipment:				
Land held for production in Zambia	-	1,166,494	-	1,166,494
Office building in Zambia	-	48,856	-	48,856
<b>30 September 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>ZMW'000</b>	<b>ZMW'000</b>	<b>ZMW'000</b>	<b>ZMW'000</b>
Land held for production in Zambia	-	1,182,870	-	1,182,870
Office building in Zambia	-	40,225	-	40,225
<b>1 October 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>ZMW'000</b>	<b>ZMW'000</b>	<b>ZMW'000</b>	<b>ZMW'000</b>
Land held for production in Zambia	-	1,178,526	-	1,178,526
Office building in Zambia	-	39,407	-	39,407
<b>30 September 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
Property, plant and equipment:				
Land held for production in Zambia	-	88,371	-	88,371
Office building in Zambia	-	3,701	-	3,701
<b>30 September 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
Land held for production in Zambia	-	96,640	-	96,640
Office building in Zambia	-	3,286	-	3,286
<b>1 October 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
Land held for production in Zambia	-	121,874	-	121,874
Office building in Zambia	-	4,075	-	4,075

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.

**Notes to the Financial Statements (continued)**  
**For the year ended 30 September 2019**

**30. Fair value measurement (continued)**

Further information is set out below.

**Land held for production in Zambia (Level 2)**

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

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

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

**31. Capital commitments**

	2019		2018	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Capital commitments entered into at the reporting date	15,008	1,137	24,296	1,985
Not contracted for at the reporting date	50,992	3,863	85,864	7,015

**32. Operating leases**

The total value of future minimum annual lease payments under non-cancellable operating leases is as follows:

	2019		2018	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
<b>(i) In Zambian Kwacha</b>				
Within one year	12,842	-	10,583	-
One to five years	11,871	-	18,321	-

	2019		2018	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
<b>(ii) In US Dollars</b>				
Within one year	973	-	865	-
One to five years	899	-	1,497	-

The Company's subsidiary, Zambeef Retailing Limited, has operating leases for its butcheries that are for a minimum period of 12 months and a maximum period of 5 years and renewable at the request of either party. There are no purchase options, contingent rent payments or restrictions arising on these leases.



### 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 2018 are as follows:

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

	Sale of	2019		2018	
		ZMW'000s	USD'000s	ZMW'000s	USD'000s
Zambezi Ranching and Cropping Limited	Animal feeds/bran	-	-	113	11
Chisamba Ranching and Cropping	Animal feeds/bran	1,704	138	788	79
Danny Museteka	Animal feeds/bran	563	46	338	34
Zambia Pig Genetics Limited	Animal feeds/bran	-	-	2	-
		<b>2,267</b>	<b>184</b>	<b>1,241</b>	<b>124</b>

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

	Purchase of	2019		2018	
		ZMW'000s	USD'000s	ZMW'000s	USD'000s
Zambezi Ranching and Cropping Limited	Cattle beef, wheat, soya beans	-	-	56,847	5,731
Zambian Pig Genetics	Pigs	-	-	1,422	143
Wellspring Limited	Cattle beef	-	-	5,321	536
Tembito Farms	Chickens	2,054	167	1,469	148
Tractorzam Limited	Tractors/spares	7,205	585	5,597	564
Chisamba Ranching and Cropping	Beef	13,814	1,121	2,232	225
Madison Insurance	Insurance	8,114	659	11,594	1,169
Lillian Limbuka	Pigs	5,873	477	505	51
		<b>37,060</b>	<b>3,009</b>	<b>84,987</b>	<b>8,567</b>

(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) No 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 (continued)  
For the year ended 30 September 2019

33. Related party transactions (continued)

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

	2019		2018	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Short-term benefits	96,315	84,197	76,767	71,159
Post-employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Short-term benefits	7,818	6,834	7,739	7,173
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.



### 33. Related party transactions (continued)

(j) There were no loans to related parties and key management personnel.

(k) The Company made the following sales to related parties:

	2019		2018	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Zambeef Retailing Limited	989,956	80,354	869,969	87,698
Zambezi Ranching and Cropping Limited	-	-	113	11
Zambia Pig Genetics Limited	3,478	282	2	-
Masterpork Limited	28,182	2,287	16,681	1,681
Zam Chick Limited	123,200	10,000	106,636	10,750
Zamhatch Limited	142,402	11,559	91,303	9,204
Zamleather Limited	187	15	1,930	195
Zampalm Limited	7	1	-	-
Danny Museteka	563	46	338	34
Chisamba Ranching and Cropping	1,704	138	788	79
	<b>1,289,679</b>	<b>104,682</b>	<b>1,087,760</b>	<b>109,652</b>

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

	2019		2018	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Zambeef Retailing Limited	2,326	189	6,629	668
Zambezi Ranching and Cropping Limited	-	-	13,070	1,318
Zamleather Limited	846	69	714	72
Zam Chick Limited	264	21	123	12
Tractorzam Limited	7,205	584	5,597	564
Masterpork Limited	44,027	3,574	56,082	5,653
Zamhatch Limited	25,148	2,041	13,490	1,360
Chisamba Ranching and Cropping	7,831	636	2,232	225
Wellspring Limited	-	-	5,321	536
	<b>87,647</b>	<b>7,114</b>	<b>103,258</b>	<b>10,408</b>

**Notes to the Financial Statements (continued)**  
**For the year ended 30 September 2019**

**34. Assets held for sale**

During the year under review management decided to sell Sinazongwe Farm. As such the assets and liabilities of Sinazongwe are disclosed in accordance with IFRS 5. A shareholder's agreement was signed during the period.

Previously management decided to sell a majority stake of a 100% owned subsidiary, Zampalm Limited (Zampalm). The sale was concluded during the 2018 financial year.

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

	September 2019 ZMW'000	September 2019 USD'000	September 2018 ZMW'000	September 2018 USD'000
Revenue	41,003	3,328	337	34
Cost of sales	(34,307)	(2,785)	(8,128)	(821)
Administration costs	(24,075)	(1,954)	(6,079)	(614)
Operating loss	(17,379)	(1,411)	(13,870)	(1,401)
Finance Costs	-	-	-	-
Exchange losses	-	-	609	64
Loss from discontinued operation before tax	(17,379)	(1,411)	(13,261)	(1,337)
Tax (expense)/credit	-	-	-	-
Loss for the year	(17,379)	(1,411)	(13,261)	(1,337)

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

	September 2019 ZMW'000	September 2019 USD'000	September 2018 ZMW'000	September 2018 USD'000
Property, plant and equipment	135,357	10,254	-	-
<b>Total non-current assets</b>	<b>135,357</b>	<b>10,254</b>	-	-
<b>Biological assets</b>	-	-	-	-
Inventories	-	-	-	-
Total current assets	-	-	-	-
<b>Assets classified as held for sale</b>	-	-	-	-
<b>Total non-current liabilities</b>	-	-	-	-
Trade and other payables	-	-	-	-
Cash and cash equivalents	-	-	-	-
<b>Total current liabilities</b>	-	-	-	-

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

	September 2018 ZMW'000	September 2018 USD'000	September 2017 ZMW'000	September 2017 USD'000
Cash inflow from operating activities	(17,379)	(1,411)	-	-
Cash outflow from investing activities	-	-	(6,034)	(608)
Cash outflow from financing activities	-	-	-	-

**35 Events subsequent to reporting date**

No item, transaction or event of a material and unusual nature has arisen since 30 September 2019, 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.

A man is seen from the back, wearing a white polo shirt. The shirt has the text 'ZAMBEEF CELEBRATING 25 YEARS' printed in red. He is standing in front of several white flags on poles, some of which have red and black designs. The background is a bright, overcast sky. The man's right hand is raised to his head, possibly adjusting his hair or a cap. Another person wearing a white cap and shirt is partially visible in the lower right foreground.

**ZAMBEEF**  
**CELEBRATING**  
**25 YEARS**





# Notice of Annual General Meeting and agenda

Notice is hereby given that the 25<sup>th</sup> Annual General Meeting of Zambeef Products PLC will take place at the Taj Pamodzi Hotel, along Addis Ababa Drive, Lusaka, on Monday, December 30, 2019 at 09:00hrs

## 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 24<sup>th</sup> Annual General Meeting held on December 18, 2018.
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, 2019 (Resolution 1)
5. To re-appoint Grant Thornton (Zambia) as Auditors for 2019/2020 and authorize the Directors to fix their remuneration. (Resolution 2)
6. To Ratify the appointments of the following as Directors:
  - a. Michael Mundashi Non-Executive Director (Resolution 3)
  - b. Walter Roodt Executive Director (Resolution 4)
  - c. Faith Mukutu Executive Director (Resolution 5)
7. In terms of the Companies Act, David Osborne and John Rabb retire but are eligible to offer themselves for re-election (Resolution 6 and 7).
8. That pursuant to section 27 of the Companies Act, number 10 of 2017, the amended articles of association of the Company tabled at the meeting (new Articles), be adopted as articles of association of the Company. Further that the New Articles shall be effective from the date of the Annual General Meeting. (Special Resolution 1)
9. To Consider any competent business of which due notice has been given.

By order of the Board, Danny Museteka, Company Secretary

Note: 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.



# 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 at be held on the 30th day December 2019 and at any adjournment of that meeting.

In Favour of/against (please tick)	In Favour	Against
<b>Resolution 1</b> To receive, approve and adopt financial statements for the year ended 30 September 2019	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b> To re-appoint Grant Thornton as Auditors for 2019/20 and authorise the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b> To Ratify the Appointment of Michael Mundashi as a Non-Executive Director	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4</b> To Ratify the Appointment of Walter Roodt as an Executive Director	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 5</b> To Ratify the Appointment of Faith Mukutu as an Executive Director	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 6</b> To re-elect Mr. David Osborne as a Non-Executive Director	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 7</b> To re-elect Mr. John Rabb as a Non-Executive Director	<input type="checkbox"/>	<input type="checkbox"/>
<b>Special Resolution 1</b> Pursuant to Section 27 of the Companies Act, number 10 of 2017, the amended articles of association of the company tabled at the meeting (new Articles), be adopted as articles of association of the Company. Further that the New Articles shall be effective from the date of the Annual General Meeting.	<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 09:30 on Monday, 26th December, 2018.
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.





**DEAR CUSTOMER  
PLEASE  
ALWAYS  
INSIST ON A  
RECEIPT**  
CUSTOMER CALL LINE  
0977 999019  
THANK YOU

**PRICE LIST**

ITEM	PRICE	ITEM	PRICE
White Bread 1kg	120	White Bread 500g	60
White Bread 2kg	240	White Bread 1kg	120
White Bread 3kg	360	White Bread 1.5kg	180
White Bread 4kg	480	White Bread 2kg	240
White Bread 5kg	600	White Bread 2.5kg	300
White Bread 6kg	720	White Bread 3kg	360
White Bread 7kg	840	White Bread 3.5kg	420
White Bread 8kg	960	White Bread 4kg	480
White Bread 9kg	1080	White Bread 4.5kg	540
White Bread 10kg	1200	White Bread 5kg	600
White Bread 11kg	1320	White Bread 5.5kg	660
White Bread 12kg	1440	White Bread 6kg	720
White Bread 13kg	1560	White Bread 6.5kg	780
White Bread 14kg	1680	White Bread 7kg	840
White Bread 15kg	1800	White Bread 7.5kg	900
White Bread 16kg	1920	White Bread 8kg	960
White Bread 17kg	2040	White Bread 8.5kg	1020
White Bread 18kg	2160	White Bread 9kg	1080
White Bread 19kg	2280	White Bread 9.5kg	1140
White Bread 20kg	2400	White Bread 10kg	1200







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