NATIONAL FOODS
HOLDINGS LIMITED

Audited Abridged Financial Results of National Foods Holdings Limited

for the year ended 30 June 2019

Salient Features

	Year Ended 30 June 2019 Audited		
Volume (MT)	610 812	▲	12%
	ZWL'000		
Revenue	566 173	▲	90%
Operating profit	81 974	▲	270%
Profit before tax	76 028	▲	258%
Basic earnings per share (cents)	82.78	▲	230%
Headline earnings per share (cents)	82.62	▲	230%
Total dividend declared per share (cents)	27.57	▲	120%

Chairman's Statement

Directors' Responsibility

The Holding Company's Directors are responsible for the preparation and fair presentation of the Group's consolidated financial statements, of which this press release represents an extract. These abridged Group annual financial statements are presented in accordance with the disclosure requirements of the Zimbabwe Stock Exchange (ZSE) Listing Requirements for provisional annual financial statements (preliminary reports), and in accordance with the measurement and recognition principles of International Financial Reporting Standards (IFRS), except as stated in the commentary below, and in the manner required by the Companies Act (Chapter 24:03). The principal accounting policies applied in the preparation of these abridged annual financial statements are except where stated, consistent with those applied in the previous annual financial statements.

Cautionary Statement - Reliance on all Financial Statements Prepared in Zimbabwe for 2018/2019

Following the reintroduction of the Zimbabwe Dollar (ZWL) on 22 February 2019 through the promulgation of Statutory Instrument 33 of 2019 (SI 33), the Directors would like to advise users to exercise caution in their use of these annual financial statements due to the material and pervasive impact of the technicalities brought about by the change in functional currency and its consequent impact on the usefulness of financial statements of Companies reporting in Zimbabwe.

Users are also advised that the Zimbabwe Stock Exchange (ZSE) has issued a statement on the modified opinions for all listed entities reporting in Zimbabwe in respect of 2018/2019 financial year-ends. The statement notes that: "…it was not the Listed Companies' volition not to comply with financial reporting Standards but rather a matter of complying with the obtaining laws of the Country as prescribed by Statutory Instrument 33 of 2019 (SI 33)." The audit report on these results has been qualified by the independent auditors, Ernst & Young Chartered Accountants (Zimbabwe), as indicated in the audit statement below.

Audit Statement

These abridged Group annual financial statements should be read in conjunction with the complete set of the Group annual financial statements for the year ended 30 June 2019. The Group annual financial statements have been audited by Ernst & Young Chartered Accountants (Zimbabwe), who have issued an adverse opinion for non-compliance with International Accounting Standard (IAS) 21 (The Effects of Changes in Foreign Exchange Rates). The auditor's report on the Group annual financial statements, from which these abridged Group annual financial statements are extracted, is available for inspection at the Company's registered office.

Basis of Accounting for the Change in Functional Currency

As noted above, Government promulgated SI 33 on 22 February 2019, giving legal effect to the reintroduction of the Zimbabwe Dollar (ZWL) as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on this effective date would be deemed to be Zimbabwe Dollars at a rate which was at par with the United States Dollar (USD). Guidance issued by the PAAB noted that the requirements of SI 33 were contrary to the provisions of IAS 21. The Directors have always ensured compliance with IFRS, but were unable to do so in the current year due to the conflict between IFRS and local statutory requirements.

In line with SI 33, the Group therefore changed its functional and reporting currency with effect from 22 February 2019. However, in an attempt to more fairly present its Statement of Financial Position as at this date in Zimbabwe Dollars, the Group re-based the net book value of its property, plant and equipment and investments at an exchange rate of USD1 = ZWL 4. This exchange rate reflected the implied fair market rate of exchange based on procurement arrangements that the Group had with local suppliers of raw materials. After accounting for the effects of deferred taxation, the net effect of this re-basing exercise resulted in an increase in total equity, through the Change in Functional Currency Reserve account, of ZWL 110.25m

Comparative financial information and that from the period from 1 July 2018 to 22 February 2019, has been prepared on the assumption that the United States Dollar and the Zimbabwe Dollar were at par.

As required by IAS 21, foreign monetary assets and liabilities in existence at 30 June 2019 have been translated to Zimbabwe Dollars at appropriate closing market rates of exchange, with any exchange differences between 22 February 2019 and 30 June 2019 having been adjusted for through the Group's Income Statement.

Since the Group undertook its asset re-basing exercise in February 2019, the Zimbabwe Dollar has experienced significant devaluation against major currencies. The Board awaits guidance from the PAAB in accounting for this devaluation. If sustained, the devaluation could result in a material understatement of the Group's asset base and consequently shareholders' equity.

Sustainability Reporting

The Group adopted sustainability reporting prepared in accordance with Global Reporting Initiatives (GRI) standards as part of its commitment to sustainable business practices. These standards require that the Group disclose how it managed material sustainability issues during the year. The Group continues to strengthen sustainable value creation practises across its business units to ensure long term business success.

Economic Environment

The year saw the newly elected Government introduce a number of fiscal and economic reforms with a view to stabilising the economy in the long term. Chief amongst these was the eventual reintroduction of a local currency in June 2019, a process which had begun with the separation of local bank accounts into domestic and 'nostro' accounts in October 2018, followed by the official inclusion of the RTGS dollar in the basket of currencies and the launch of the interbank foreign currency market in February 2019.

The reforms precipitated some necessary, although painful, corrections in the domestic economy. The combination of significantly higher inflation, declining real incomes and further reduced formal employment placed tremendous pressure on consumers.

The operating environment became increasingly challenging with shortages of fuel, key consumables and power towards the end of the period, necessitating careful planning to sustain manufacturing operations.

Critically, the availability of foreign currency continued to be constrained during the period, driving inflation as the market competed for the limited foreign currency available. The implementation of the International Monetary Fund ("IMF") Staff Monitored Program, which will run from May 2019 until March 2020, is a welcome development. This, together with the Government's efforts to engage the international community, has the potential to facilitate the resumption of external support for Zimbabwe, further supporting the domestic stabilisation initiatives.

In a time of delicate transition, the country was further impacted by both a devastating drought and Cyclone Idai. In response, Government issued a Humanitarian Appeal, amounting to USD$464m for the period February 2019 to April 2020.

Financial Performance

The Group recorded a commendable performance for the period, posting Profit before Tax of ZWL76.03m which was 258% above the same period last year. Encouragingly, volumes increased by 12.5% versus the prior period to 611,000MT. This was driven by an excellent performance by the Maize Division, where volumes increased by 60% to 196,000MT, as well as the Stockfeed Division where volumes increased 42% to 180,000MT as the market recovered from Avian Influenza. Both of these outcomes were partly influenced by the relative affordability of maize which Government continued to sell at subsidised pricing. These gains were offset by the performance of the Flour Division, where volumes reduced by 18% to 249,000MT due to constrained raw material availability which resulted in shortages of flour and bread in the market.

Revenue for the period amounted to ZWL566m, an increase of 90% over the prior year, in part due to the volume increase but largely caused by inflationary driven price increases. Gross margin percentage at a Group level improved significantly, to 33.9% from 23.5% last year. The gross margin was heavily influenced by raw material cost lag in an inflationary environment as well as product mix, where significant volumes of outsourced manufactured flour last year (at extremely low margins) were replaced by in-house production this year.

Operational expenditure for the year amounted to ZWL111.35m, an increase of 132% versus last year. Prices of imported items responded immediately to market exchange rates and whilst some of the local costs lagged temporarily, the inflationary cost push during the year was severe. It is critical that the Group remains cost efficient, particularly to ensure the sustainability of its operating model in the event of a volume down turn and to this end cost optimisation remains an ongoing focus area for management.

Profitability of all Divisions exceeded inflation, with the exception of MCG and Pure Oil. It was particularly pleasing to see a good performance from the Snacks and Treats division and we expect to see the relative contribution of this division steadily increasing in future. The MCG Division delivered a reasonable outcome, considering that last year's result had included significant raw material profits. In Pure Oil, management focused on reducing the businesses' foreign currency liabilities, as explained in more detail later in the report.

The Group's working capital model continued to evolve appreciably during the period, with working capital closing the year at ZWL165m. The inflationary environment meant that the Group aimed to lengthen raw material positions at a time when creditor funding, especially for key imported raw materials, progressively reduced. Towards the end of the period, local currency liquidity became very constrained, making judicious management of our working capital a key priority in the period ahead.

As previously advised, an agreement was reached in late 2018 between the Reserve Bank of Zimbabwe and the Group's major grain supplier wherein the RBZ assumed the Group's legacy debt to its supplier amounting to US$54.9m as part of a funding agreement, which will see this debt being settled over an agreed period. Subsequent to December 2018 half year end, the RBZ assumed a further US$8.1m of debt under the same arrangement, bringing the total amount to US$63m. National Foods has settled the full amount locally to the Reserve Bank. The RBZ has subsequently made a number of payments against this facility, and the cumulative balance owing to the Group's main grain supplier at year end was US$43.3m. This progress is pleasing under the circumstances, and it is hoped that this can be sustained in the period ahead.

Capital expenditure for the period amounted to ZWL13.3m, well behind plan due to difficulties in sourcing foreign currency which caused substantial delays in the various capital projects that had been planned. The Group will continue to reinvest in both improving its existing operations as well as new categories in line with the availability of foreign currency.

Flour Milling

Volumes reduced by 18% versus last year largely due to raw material constraints. In January it was decided to stop importing wheat and focus wholly on the local wheat crop, which ran out in early May. Since then, imported wheat has been held in bond in our own silos on behalf of our suppliers, who release product once it is paid for. Management continues to work with the authorities to find a sustainable model to ensure the continued availability of bread flour, although foreign currency constraints have resulted in intermittent shortages in recent months.

Maize Milling

The Maize division delivered a much-improved result, driven by volume growth of 60% over last year. The volume growth occurred due to the affordability of maize compared to other starches as well as the poorer local maize harvest. Our new Pearlenta Hi-Fibre and Red Seal Multigrain innovations continue to be well received by the market.

Stockfeeds

Stockfeed volumes improved significantly, increasing by 42.5% compared to last year, as the market recovered from the Avian Influenza outbreak. Offtake remained resilient through the year, only stalling at the end of the year as protein demand slowed with the substantial price increases driven by raw material cost push.

MCG

Volumes in this Division came under pressure as most categories traded have high imported content and therefore became relatively less affordable, particularly compared to subsidised maize. Against this background, a volume reduction of 5% over last year to 46,000MT was a reasonable performance.

Snacks and Treats

This Division delivered an excellent performance, with volume growth of 14% driven by the King Kurls soft snacks and Iris biscuits brands. The Group continues to drive a strong innovation agenda in the snacks and treats categories and both Iris Creams and Popticorn were launched shortly after year end.

Pure Oil

National Foods holds an effective 40% stake in Pure Oil Industries and its results are equity accounted. The effective contribution of Pure Oil in the period reduced by 41% to $3.1m, as the company focused on reducing its foreign liabilities. Whilst volumes were constrained by foreign currency availability, Pure Oil continues to perform well in the market through its ZimGold brand. The year also saw the launch of ZimGold margarine. The entity owes US$10.2m to Export Trading Group, our partner in Pure Oil. This loan has been registered with the Reserve Bank and was used to import equipment when the oil plant was established. Repayment of this loan will be a key focus for the business in the year ahead.

National Foods Logistics

National Foods Logistics was created in the second half of the previous financial year, and is responsible for the distribution of National Foods' products to the market. The fleet now comprises 42 trucks, of which 19 were acquired during the year. The fleet moved 31% of the Group's volumes during the year. The objective of improving distribution efficiencies is steadily being achieved, albeit that progress was slowed by the need to deal with the numerous day to day operational challenges. The Board has approved the acquisition of a further 11 trucks in the year ahead.

Contract Farming

The Group continues to support local farming, with 10,500 hectares of a variety of cereal crops having been planted during the year through two substantial contract farming schemes. National Foods directly supported the production of 9,500 hectares of maize, wheat, soya beans, sugar beans and popcorn through the 2018 winter and 2018-19 summer seasons. In addition, Pure Oil supported 1,000 hectares of soya beans during the 2018-2019 summer season. These schemes produced a total of 51,000MT of grain.

Corporate Social Responsibility (CSR)

The Group continues to assist vulnerable communities, supporting 41 registered institutions spread across the country's 10 provinces with regular food supplies. In addition, National Foods assists a number of wildlife conservation initiatives. The Group was also proud to support the "Gems", the Zimbabwe Women's netball team on their extremely successful World Cup tour.

In addition to our regular community support, the Company donated 90MT of product to the Cyclone Idai Disaster response initiative. Lastly, 4 schools in the Sanyathi District were assisted with much needed stationery items.

New Products

National Foods will be entering the Cereals category early in the new financial year. A state of the art plant has been constructed and supplies to the market commenced in September 2019. The initial product to be launched will be an instant maize based breakfast porridge under the "Pearlenta Nutri-Active" brand. Additional products are being explored and we are excited at the prospects for the category which is a logical integration opportunity.

Future Prospects

The immediate post year end period saw a material volume reduction as consumers adjusted to the reintroduction of the local currency. Whilst volumes have since recovered somewhat it does appear that the coming half will see substantially reduced volumes compared to the prior period.

The overall outlook for the economy remains extremely challenging in the near term given the recent challenges of drought and power supplies whilst a necessary austerity program is being implemented. With the rebasing of the economy having taken place, there is an urgent need to foster productivity across all sectors. To this end, the successful conclusion of the IMF Staff Monitored program and the reengagement of the international community are critical to provide the economy with some momentum.

Turning toward its core activities the Group stands ready to support the country in its efforts to ensure food security in the year ahead. It will be critical that the roles of the public and private sector are clarified in this regard. The Group continues to position itself for improved economic times, continuously improving its product and processes as well as seeking new opportunities.

Dividend

In view of the prevailing environment and in particular the liquidity constraints, the Board has adopted a prudent approach in setting the year-end dividend. The Board is pleased to declare a final dividend of 15.26 ZWL cents per share payable in respect of all ordinary shares in the Company. This dividend is in respect of the financial year ended 30 June 2019 and will be payable in full to all the shareholders of the Company registered at close of business on Friday 18 October 2019. The payment of this dividend will take place on or about Monday 4 November 2019. The shares of the Company will be traded cum-dividend on the ZSE up to the market day of Tuesday 15 October 2019 and ex-dividend as from Wednesday 16 October 2019. This final dividend brings the total dividend for the year to 27.57 ZWL cents per share.

Acknowledgement and Appreciation

I would like to express my sincere gratitude to the entire National Foods team for having continued to improve and grow the Company in very challenging operating conditions. They have been well supported by a committed Board, whose input is appreciatively acknowledged.

Todd Moyo
Chairman
26 September 2019

Abridged Group Statement of Profit or Loss and Other Comprehensive Income

	Year Ended 30 June 2019 Audited ZWL'000	Year Ended 30 June 2018 Audited ZWL'000
Revenue	**566 173**	**297 929**
Operating Profit before depreciation and amortisation	**81 974**	**22 134**
financial income	2 515	—
depreciation and amortisation	(5 890)	(2 667)
Profit before interest and tax	**78 599**	**19 467**
interest income	230	150
interest paid	(6 310)	(3 602)
equity accounted earnings	3 509	5 196
Profit before tax	**76 028**	**21 211**
tax	(19 408)	(4 036)
Profit for the year	**56 620**	**17 175**
Other comprehensive income - to be recycled to profit or loss at a future point in time		
exchange differences arising on translation of foreign operations	—	(1)
Total comprehensive income for the period	**56 620**	**17 174**
Profit for the period attributable to:		
equity holders of the parent	**56 620**	**17 175**
Total comprehensive income for the period attributable to:		
equity holders of the parent	**56 620**	**17 174**
EARNINGS PER SHARE (CENTS)		
- Basic earnings per share	**82.78**	**25.11**
- Headline earnings per share	**82.62**	**25.05**
- Diluted earnings per share	**82.78**	**25.11**

NATIONAL FOODS HOLDINGS LIMITED

Audited Abridged Financial Results of National Foods Holdings Limited

for the year ended 30 June 2019

Abridged Group Statement of Financial Position

	At 30 June 2019 Audited ZWL'000	At 30 June 2018 Audited ZWL'000
ASSETS		
Non-current assets		
property, plant and equipment	174 349	44 123
other non-current assets	28 744	13 137
	203 093	**57 260**
Current assets		
inventory	96 370	41 747
trade and other receivables	133 637	62 516
current portion of other financial assets	2 744	1 999
current tax receivable	—	751
cash and cash equivalents	34 518	33 403
	267 269	**140 416**
assets held for sale	—	3 402
Total assets	**470 362**	**201 078**
EQUITY AND LIABILITIES		
Capital and reserves		
ordinary share capital	684	684
non-distributable reserves	107 997	(11)
distributable reserves	150 100	103 163
Total shareholders' equity	**258 781**	**103 836**
Non-current liabilities		
deferred tax liability	36 802	8 202
	36 802	**8 202**
Current liabilities		
interest-bearing borrowings	85 532	30 421
trade payables	64 277	52 786
other payables	428	347
current tax payable	14 981	—
shareholders for dividends	9 561	5 316
	174 779	**88 870**
liabilities relating to assets held for sale	—	170
Total liabilities	**211 581**	**97 242**
Total equity and liabilities	**470 362**	**201 078**

Abridged Group Statement of Cash Flows

	Year Ended 30 June 2019 Audited ZWL'000	Year Ended 30 June 2018 Audited ZWL'000
Cash (utilised)/generated from operating activities	**(25 962)**	**49 332**
net interest paid	(6 080)	(3 554)
tax paid	(4 542)	(4 318)
Total cash (utilised)/generated from operations	**(36 584)**	**41 460**
Investing activities		
Purchase of property, plant and equipment to expand operations	(2 089)	(518)
Purchase of property, plant and equipment to maintain operations	(11 262)	(3 926)
Other cashflows from investing activities	3 621	(1 564)
Net cash outflow from investing activities	**(9 730)**	**(6 008)**
Net cash (outflow)/inflow before financing activities	**(46 314)**	**35 452**
Financing activities	**55 111**	**(244)**
Dividend Paid	**(7 682)**	**(5 488)**
Net increase in cash	**1 115**	**29 720**
Cash and cash equivalents at the beginning of the year	**33 403**	**3 683**
Cash and cash equivalents at the end of the year	**34 518**	**33 403**
Cash and cash equivalents comprise		
cash and short term deposits with related parties	34 518	33 403
	34 518	**33 403**

Abridged Group Statement of Changes in Equity

	Share capital ZWL'000	Non-Distributable Reserves ZWL'000	Distributable Reserves ZWL'000	Total ZWL'000
Balance at 30 June 2017	**684**	**(10)**	**94 264**	**94 938**
profit for the year	—	—	17 175	17 175
exchange differences on transalation of foreign operations	—	(1)	—	(1)
total comprehensive income	—	(1)	17 175	17 174
dividends declared	—	—	(8 276)	(8 276)
Balance at 30 June 2018	**684**	**(11)**	**103 163**	**103 836**
profit for the year	—	—	56 620	56 620
transfer of CFCR relating to current year movements	—	(2 243)	2 243	—
change in functional currency reserve	—	110 251	—	110 251
total comprehensive income	—	**108 008**	**58 863**	**166 871**
dividends declared	—	—	(11 926)	(11 926)
Balance at 30 June 2019	**684**	**107 997**	**150 100**	**258 781**

Supplementary Information

1 Corporate Information

The company and its subsidiaries are incorporated in Zimbabwe except for Botswana Milling and Produce Company (Proprietary) Limited and Red Seal Manufactures (Proprietary) Limited which are incorporated in Botswana.

The Group's activities consist of the milling of flour and maize, the manufacture of stockfeeds, snacks and biscuits and the packaging and sale of other general household goods. The Group also owns a portfolio of properties that are leased out to the main business units.

2 Basis of Preparation

The Group's annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Zimbabwe Companies Act (Chapter 24.03) except for the non compliance with International Accounting Standard ("IAS") 21, The Effect of Changes in Foreign Exchange Rate.

The Group's financial statements have been prepared based on the statutory records that are maintained under the historical cost basis, except for equity investments that have been measured at fair value. The consolidated financial statements are presented in Zimbabwean Dollars (ZWL) and all values are rounded to the nearest dollar, except where otherwise indicated.

The principal accounting policies of the Group have been consistently applied in all material respects with those of the previous year unless otherwise stated except for the adoption of the following standards and amendments effective for the current period:

a) IFRS 9 Financial Instruments
b) IFRS 15 Revenue from Contracts with Customers

2.1 Adoption of IFRS 9

The Group retrospectively adopted IFRS 9 on 1 July 2018 as a replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduced new requirements which include the classification and measurement of financial instruments and expected credit loss (ECL) models. As permitted by IFRS 9, the Group elected not to restate its comparative financial statements. Consequently, comparative information is reported on an IAS 39 basis and is not fully comparable to prior period and/or prior year information. Under IFRS 9 the provision has been calculated using the expected credit loss model compared to the incurred loss model under IAS 39. This change has not resulted in a significant impact on the provision.

Supplementary Information (continued)

2 Basis of Preparation (continued)

2.2 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 superseded the previous revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction contracts and the related interpretations when it became effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group adopted IFRS 15 using the modified retrospective approach in the current financial period presented. The initial adoption of IFRS 15 did not result in changes to the manner in which the Group accounts for revenue and its contracts with customers.

2.3 IAS 21 The Effects of Changes in Foreign Currency Exchange Rates

The Monetary Policy statement issued on 20 February 2019 by the Reserve Bank of Zimbabwe and Statutory Instrument 33 of 2019 (SI 33) issued by the Government on 22 February 2019 (effective date) prescribed the following:

a) Denomination of Real Time Gross Settlement system (RTGS) balances, bond notes and coins collectively as RTGS Dollars (ZWL);
b) RTGS dollars become part of the multi-currency system;
c) RTGS dollars to be used by all entities (including Government) and individuals in Zimbabwe for the purposes of pricing goods and services, record debts, accounting and settlement of domestic transactions, and
d) Establishment of an inter-bank foreign exchange market where the foreign exchange rates would be determined on a willing buyer willing seller basis.

According to SI33, RTGS balances expressed in the USD immediately before the effective date, were deemed to be opening balances in RTGS dollars at par with the USD. Foreign currency designated accounts (Nostro FCA) continued to be designated as such while foreign loans and obligations continued to be payable in foreign currency.

Following SI 33 regulations, the Directors performed an assessment on the functional and presentation currency of the Group in accordance with IFRSs and concluded that the functional and presentation currency of the Group had changed from USD to ZWL.

For the purposes of establishing take-on ZWL balances into the ZWL functional currency on the effective date, the Group applied a foreign currency exchange rate which equated to the exchange rate (implied) obtained by the Group in procurement arrangements concluded with local suppliers of imported raw materials. The average implied rate during the month of February was ZWL4: USD1. As a result, the Group has recognised a net increase in assets amounting to ZWL138.06m arising from the conversion of balances of property, plant and equipment and investments in associates as at the effective date, with the resulting equity uplift recorded as a non-distributable change in functional currency reserve. Comparative financial information and that from the period from 1 July 2018 to 22 February 2019 has been translated on the assumption that the USD and the ZWL were at par.'

3 Operating Segments

	Milling, Manufacturing and Distribution ZWL'000	Properties ZWL'000	Intersegment adjustments ZWL'000	Total ZWL'000
Revenue				
30 June 2019	565 758	1 775	(1 360)	566 173
30 June 2018	297 231	2 086	(1 388)	297 929
Operating profit before depreciation and amortization				
30 June 2019	83 416	(1 442)	—	81 974
30 June 2018	20 821	1 313	—	22 134
Depreciation and amortization				
30 June 2019	(4 549)	(1 341)	—	(5 890)
30 June 2018	(2 079)	(588)	—	(2 667)
Net Interest Expense				
30 June 2019	(6 505)	425	—	(6 080)
30 June 2018	(3 863)	411	—	(3 452)
Profit before tax				
30 June 2019	78 634	(2 606)	—	76 028
30 June 2018	20 075	1 136	—	21 211
Segment assets				
30 June 2019	360 287	114 689	(4 614)	470 362
30 June 2018	162 843	45 070	(6 835)	201 078
Segment liabilities				
30 June 2019	(192 251)	(23 944)	4 614	(211 581)
30 June 2018	(97 932)	(6 145)	6 835	(97 242)
Capital expenditure				
30 June 2019	12 468	883	—	13 351
30 June 2018	4 119	325	—	4 444

		Year Ended 30 June 2019 Audited ZWL'000	Year Ended 30 June 2018 Audited ZWL'000
4	**Depreciation and amortisation**	5 890	2 667
5	**Capital expenditure for the year**	13 351	4 444
6	**Future lease commitments**		
	Payable within one year	283	283
	Payable two to five years	165	447
		448	**730**
7	**Commitments for capital expenditure**		
	Contracts and orders placed	47 600	9 898
	Authorized by Directors but not contracted	26 200	4 822
		73 800	**14 720**

The capital expenditure is to be financed out of the Group's own resources and borrowing facilities.

8	**Other non-current assets**		
	Intangible assets	1 516	1 516
	Investment in associates	25 497	10 632
	Investment in listed investments	823	—
	Loan receivable	908	976
	Other financial assets	—	13
		28 744	**13 137**

9 Shareholders for Dividends

The Shareholders for dividends balance relates to foreign dividends payable, outstanding as at reporting date.

10 Interest bearing borrowings

Interest bearing borrowings constitute bank loans from various local financial institutions which accrue interest at an average rate of 19.7% per annum. The facilities expire at different dates during the year and will be reviewed and renewed when they mature.

11 Earnings per share

Basic earnings basis

The calculation is based on the profit attributable to equity holders of the parent and number of shares in issue for the year.

Headline earnings basis

Headline earnings comprise of basic earnings attributable to equity holders of the parent adjusted for profits, losses and items of a capital nature that do not form part of the ordinary activities of the Group, net of their related tax effects and share of non-controlling interests as applicable.

	Year Ended 30 June 2019 Audited ZWL'000	Year Ended 30 June 2018 Audited ZWL'000
Reconciliation of basic earnings to headline earnings		
Profit for the year attributable to equity holders of the parent	56 620	17 175
Adjustment for capital Items		
Profit on disposal of property, plant and equipment	(116)	(48)
Tax effect on adjustments	11	5
Headline earnings attributable to ordinary shareholders	**56 515**	**17 132**
Number of shares in issue		
Weighted average number of ordinary shares in issue	68 400 108	68 400 108
Basic earnings per share (cents)	82.78	25.11
Headline earnings per share (cents)	82.62	25.05

12 Guarantees

The company acted as a guarantor to Pure Oil. The guarantees are in respect of any and all financial obligations and the indebtedness of Pure Oil Industries (Private) Limited.

1. Guarantee issued by National Foods Holdings Limited in favour of Stanbic Bank Zimbabwe Limited subject to a maximum limit of ZWL$ 30 million
2. Guarantee issued by National Foods Limited (a wholly owned subsidiary) in favour of ETC Group subject to a maximum limit of US$750,000