



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 interim financial statements are presented in accordance with the disclosure requirements of the Zimbabwe Stock Exchange (ZSE) Listing Requirements for interim financial reporting and in accordance with the measurement and recognition principles of International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

The principal accounting policies applied in the preparation of these financial statements are consistent with those applied in the previous annual financial statements. There is no impact arising from revised IFRS, which became effective for the reporting period commencing on or after the 1st of January 2020 on the Group’s Abridged Inflation-Adjusted financial statements.

Cautionary Statement – Reliance on All Financial Statements Prepared in Zimbabwe for 2019/2020

The Directors would like to advise users to exercise caution in their use of these interim financial statements due to the material and pervasive impact of the technicalities brought about by the change in functional currency in February 2019, its consequent effect on the usefulness of the financial statements for 2019/2020 financial periods and of International Accounting Standard (IAS) 29 (Financial Reporting in Hyperinflationary Economies), which the Group adopted effective the 1st of July 2019.

Whilst the Directors have exercised reasonable due care, and applied judgements that they felt were appropriate in the preparation and presentation of these interim financial statements, certain distortions may arise due to various specific economic factors that may affect the relevance and reliability of the information that is presented in economies that are experiencing hyperinflation, as well as technicalities regarding the change in functional and reporting currency.

IAS 29 (Financial Reporting in Hyperinflationary Economies)

As previously reported, the Public Accountants and Auditors Board (PAAB), having assessed the impact of hyperinflation in the economy, advised that the conditions for adopting IAS 29, were satisfied with effect from 1 July 2019.

IAS 29 requires that inflation-adjusted financial statements become the entity’s primary financial statements and the Group has complied with this requirement for these abridged interim financial statements.

The Public Accountants and Auditor’s Board (PAAB) have provided guidance that the Consumer Price Index (CPI) be applied in the preparation of hyperinflation financial statements in accordance with IAS 29. The CPI increased from 1,445.20 in June 2020 to 2,474.51 in December 2020 representing a 71.2% increase during the period under review, and this compared to the Reserve Bank of Zimbabwe (RBZ) auction rate of exchange which increased by 28.3% during the same period. Due to these and other disparities currently prevailing in the economy, significant distortions can occur in the preparation of inflation-adjusted financial statements in accordance with the requirements of IAS29. Of significance in the inflation-adjusted financial statements is the monetary loss of ZWL 2.15 Billion which arises mainly as a result of having to uplift the opening balances of foreign-denominated assets using the CPI and then having to immediately restate the same assets down to closing fair value through the profit or loss account despite no material change in the underlying value of the asset having occurred in the period under review.

The Directors view these distortions as material and pervasive to these interim inflation-adjusted financial statements and advise users to exercise caution in their interpretation. Interim financial statements prepared under the historical cost convention are therefore also presented as supplementary information and financial commentary has been confined to these financial statements.

Independent Auditor’s Review Conclusion

The abridged Group interim inflation-adjusted financial statements have been reviewed by the Group’s external auditors, Messrs Deloitte & Touche Chartered Accountants (Zimbabwe), who have issued an adverse review conclusion as a result of non-compliance with IAS 21 (The Effects of Changes in Foreign Exchange Rates), date of application of IAS 29 (Financial Reporting in Hyperinflationary Economies) and valuation of blocked funds, emanating from the previous periods and the consequential impact on the current year inflation adjusted amounts. The auditor’s review conclusion on the Group’s abridged interim inflation-adjusted financial statements is available for inspection at the Company’s registered office.

Operating Environment and Overview

The period saw a significant stabilisation in the economic environment, mainly brought about by reduced inflation following the introduction of the foreign currency auction and the promulgation of Statutory Instrument 185 of 2020. The stability meant that it became simpler to optimise trading models and in response our pricing strategy sought to drive volume growth and ensure that our products remained relevant to the consumer.

There was a continued and progressive reduction in the extent of subsidies across most basic food categories, a policy which we fully support in spite of the temporary impact it had on consumption patterns in some categories, notably maize meal.

The slowing inflation also brought about an increase in operating expenditure in real terms, as costs adjusted to normal levels in the lower inflation environment. Consequently, the optimisation of cost structures once again becomes a key priority for the Group to ensure our business models remain competitive.

National Foods has taken a proactive stance to protecting the safety and welfare of its employees and consumers in the face of the COVID-19 pandemic, with strict protocols in line with WHO guidelines having been implemented across our manufacturing sites. Consistent supply of all key basic products was maintained throughout the period, in spite of lengthened shipping lead times on key raw materials brought about by the pandemic.

Financial Performance

As noted earlier in this report, commentary on the Group’s interim financial results is confined to the financial statements prepared under the historical cost convention.

Volumes for the period increased by 25% to 264,000 tons compared to the prior period, reflective of our pricing strategy as well as the improved consumer purchasing ability on the back of reduced inflation. Revenue in comparison to prior period increased by 766% to ZWL 12.685 Billion, driven by inflation and the progressive removal of subsidies on basic commodities. Gross margins for the period at 31.0% illustrated a return to more normalised levels, with the impact of prepaid raw materials declining compared to prior year when inflation rates were higher. As a result, gross margin dollars increased by 415%, which lagged increase in revenue.

Operational expenditure amounted to ZWL 1.958 Billion, a 575% increase versus prior period. There were price increases in many key expenditure lines such as electricity, fuel and staff costs during the period as subsidies were removed and inflationary lag moderated. Profit before tax for the period increased by 395% to ZWL 2.340 Billion, and was largely impacted by the normalisation in both gross margins and operating costs.

The reduced inflation necessitated a review of the working capital models of the various units, particularly in view of the relatively high cost of local borrowings. To this end, prepaid stock pipelines were reduced and customer credit was increased to drive revenue.

Operations Review

Flour Milling

Volumes for the Flour unit increased by 56% compared to the prior period, with solid growth in both the baker’s and prepack flour segments. The increased consumer demand was driven by pricing stability on the back of support from the foreign currency auction and competitively priced local wheat.

The Board has approved the purchase of a new state of the art Flour mill, which will be installed as a replacement for the existing mill at the Bulawayo Basch Street site, at an estimated cost of US\$ 5 million. This significant project has been carefully planned to ensure continuity of flour supply to the southern region during the installation phase, and is expected to be completed by the end of 2022.

Maize Milling

Maize meal volumes were disappointing and declined by 23% relative to prior period, in spite of the fact that last season was a drought year which ordinarily results in firm demand. The decline was due to the market adjustments that took place following the conclusion of the subsidy program, as well as intense competition from imported maize meal, notably from South Africa.

Notwithstanding the challenging period of adjustment that took place during the period, the return to a more normal market based system in the maize category is welcomed.

Stockfeeds

Stockfeed volumes improved by 34% when compared to prior period. This encouraging result was driven by the poultry category, where volumes increased by 56% relative to prior period Beef feed volumes were muted, declining by 5% on the back of good early rains and a general reduction in cattle feeding.

Groceries

Volumes in this Division increased significantly by 98% versus the comparative period. The solid growth was achieved across the category portfolio on the back of competitive pricing.

Snacks and Treats

Volumes in this Division increased by 57% against the prior period. As with Groceries, the growth occurred across the product portfolio and was particularly pleasing in view of the impact the COVID-19 pandemic has had on the purchase of discretionary items.

Cereals

“Pearlenta Nutri-Active” instant maize porridge continued to make steady progress in the market and together with “Better Buy Soya Delights”, a soya based meat substitute, has been well received by the market. As advised previously, the Group continues to explore expanding its breakfast cereal portfolio.

Pure Oil

Pure Oil delivered another strong performance, with volumes increasing by 64% compared to the same period last year. There was strong volume growth for cooking oil, soap and margarine.

Salient Features

	INFLATION ADJUSTED			HISTORICAL	
	6 Months Ended 31-Dec-20 reviewed			6 Months Ended 31-Dec-20 supplementary	
Volume (MT)	263 671	▲	25%	263 671	▲ 25%
	ZWL’000			ZWL’000	
Revenue	13 845 090	▲	50%	12 685 051	▲ 766%
Operating profit	2 309 408	▲	74%	1 987 883	▲ 318%
Profit before tax	413 998	▼	-68%	2 340 187	▲ 395%
Basic and diluted (loss) / earnings per share	(59.64)	▼	-108%	2 724.49	▲ 431%
Headline (loss) / earnings per share (ZWL cents)	(59.93)	▼	-108%	2 067.35	▲ 303%
Interim dividend declared per share (cents)	803.27	▲	107%	803.27	▲ 829%

Contract Farming

National Foods continues to keenly support contract farming of maize, soya beans, wheat, sugar beans and popcorn. During the current summer season just under 9,000 hectares have been planted and given the favourable weather conditions it is anticipated that the program will make a substantial contribution to our raw material requirements.

Corporate Social Responsibility (CSR)

National Foods has a robust CSR program whose objective is to plough back to communities within which the Group operates by enhancing lives, improving wellbeing and building lasting emotional capital. We support a total of 44 centres in vulnerable communities across the country monthly. These centres include orphanages, special needs groups, vulnerable women and children, schools, hospitals, churches as well as wildlife organisations. The Group also responds to Government calls in supporting national causes such as cyclone relief and assistance towards the COVID-19 pandemic among others.

National Foods celebrated 100 years of existence in the year 2020 against the backdrop of successive droughts and the adverse impact of COVID-19 on the country. Given the circumstances, the Group elected to forego the planned centenary celebrations in favour of giving back to the society which has supported us over the last century. To this end the NFL 100 Charities Initiative was launched to provide once off support to 100 charitable organisations who are not part of the company’s ongoing CSR program. This gesture allowed National Foods to further increase its CSR footprint and celebrate with more than 50 000 beneficiaries in addition to those we already support.

Impact of COVID-19 On Business Continuity and Statement of Solvency

The Group continues to implement and observe WHO-approved COVID-19 guidelines throughout its operations to safeguard the health and welfare of staff, customers, suppliers and all stakeholders. In addition to this, financing, capital investment and working capital models are regularly reviewed as part of business continuity plans.

Given the ongoing uncertainty around the impact of COVID-19, it is not possible to assess, with absolute certainty, the full impact the pandemic will have on the company’s financial performance for the year ending 30 June 2021. At present, the financial status of the Group remains healthy, and the impact of the COVID-19 pandemic has not created any issues from a solvency or liquidity perspective.

Future Prospects

The improved economic stability has persisted into the current period, and although the business environment remains complex and challenging, the progressive improvements in the state of the economy are most encouraging.

Given that the current momentum can be maintained our view is that there will be a steady improvement in consumer spending power. Furthermore, expected grain production for the current summer harvest is very promising on the back of the comprehensive pre-season preparations and better weather conditions. The ability of National Foods to once again secure the bulk of its raw materials locally is a most welcome development.

Whilst the expected bumper maize harvest will likely impact maize meal volumes in the coming financial year we believe that this will be offset by improved volumes in other categories. Initiatives to improve operational efficiencies in our core categories as well as develop additional products which further value add our portfolio of basic food products continue to be pursued.

Interim Dividend

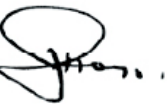
The Board is pleased to declare an interim dividend of 803.27 ZWL cents per share payable in respect of all ordinary shares of the Company. This interim dividend is in respect of the financial year ending 30th of June 2021 and will be payable to all the shareholders of the Company registered at the close of business on the 9th of April 2021.

The payment of this interim dividend will take place on or around the 23rd of April 2021. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of the 6th of April 2021 and ex-dividend from the 7th of April 2021.

Acknowledgement and Appreciation

Mr Dave Eilman-Brown, Chairman of the National Foods Workers’ Trust, passed away in December 2020. Dave had chaired the Trust since 2004 and the Board would like to acknowledge his tremendous contribution and wise counsel over such an extended period. His input will be missed and on behalf of the Board and employees of National Foods I would like to extend our condolences to his family.

Finally, I would like to thank my fellow Board members for their continued commitment and guidance and to extend my gratitude to the employees of National Foods who have shown great fortitude in the face of the COVID pandemic as well as the challenging operating environment.



Todd Moyo
Independent, Non-Executive Chairman
10 March 2021

Condensed Group Statement of Profit or Loss And Other Comprehensive Income

	INFLATION ADJUSTED			HISTORICAL	
	6 Months Ended 31-Dec-20 reviewed ZWL’000	6 Months Ended 31-Dec-19 reviewed ZWL’000	6 Months Ended 31-Dec-20 supplementary ZWL’000	6 Months Ended 31-Dec-19 supplementary ZWL’000	
Revenue	13 845 090	9 232 997	12 685 051	1 464 785	
Operating profit before depreciation and amortisation	2 309 408	1 327 036	1 987 883	475 624	
financial income	260 884	261	284 057	4 345	
depreciation and amortisation	(45 867)	(69 025)	(12 051)	(6 027)	
Profit before interest and tax	2 524 425	1 258 272	2 259 889	473 942	
interest income	1 503	—	1 199	—	
interest paid	(108 245)	(113 564)	(100 103)	(16 134)	
equity accounted earnings	149 871	128 027	179 202	15 379	
monetary (loss) / gain	(2 153 556)	3 945	—	—	
Profit before tax	413 998	1 276 680	2 340 187	473 187	
income tax expense	(454 789)	(764 033)	(476 631)	(122 479)	
(Loss) / profit for the period	(40 791)	512 647	1 863 556	350 708	
Total comprehensive (loss) / income for the period	(40 791)	512 647	1 863 556	350 708	
(Loss) / profit for the period attributable to: equity holders of the parent	(40 791)	512 647	1 863 556	350 708	
Total comprehensive (loss) / income for the period attributable to: equity holders of the parent	(40 791)	512 647	1 863 556	350 708	
(LOSS) / EARNINGS PER SHARE (CENTS)					
- Basic and diluted (loss) / earnings per share	9 (59.64)	749.48	2 724.49	512.73	
- Headline (loss) / earnings per share	9 (59.93)	748.72	2 067.35	512.63	



Directors: T. Moyo (Chairman), *M. Lashbrook (Managing), N. Doyle, G. Gwainda, *L. Nyandoro (Finance), J. Schonken, M. Naran *Executive



Condensed Group Statement of Financial Position

		INFLATION ADJUSTED		HISTORICAL	
	Notes	At 31-Dec-20 reviewed ZWL'000	At 30-Jun-20 reviewed ZWL'000	At 31-Dec-20 supplementary ZWL'000	At 30-Jun-20 supplementary ZWL'000
ASSETS					
Non-current assets					
property, plant and equipment		2 184 009	2 213 197	262 155	226 177
right of use assets		54 212	19 078	16 104	11 142
other non-current assets		883 336	778 280	232 631	150 755
		3 121 557	3 010 555	510 890	388 074
Current assets					
inventory	10	4 103 565	4 561 126	3 530 763	1 835 784
trade and other receivables	11	4 164 879	2 518 122	4 115 040	1 304 602
current portion of other financial assets		93 668	—	93 668	—
cash and cash equivalents		1 061 153	521 789	1 061 153	369 742
		9 423 265	7 601 037	8 800 624	3 510 128
non-current assets held for sale	12	—	38 895	—	7 648
Total assets		12 544 822	10 650 487	9 311 514	3 905 850
EQUITY AND LIABILITIES					
Capital and reserves					
ordinary share capital		27 038	27 038	684	684
distributable reserves		5 955 556	6 314 088	3 360 104	1 775 072
Total shareholders' equity		5 982 594	6 341 126	3 360 788	1 775 756
Non-current liabilities					
lease liability	13	10 032	9 957	10 032	5 815
deferred tax liability		510 522	532 364	35 440	60 033
		520 554	542 321	45 472	65 848
Current liabilities					
interest-bearing borrowings		778 033	532 896	778 033	311 230
current portion of lease liability	13	5 903	8 736	5 903	5 102
trade and other payables	14	4 836 485	2 662 278	4 700 065	1 419 027
current tax payable		289 764	520 736	289 764	304 128
shareholders for dividends		131 489	42 394	131 489	24 759
		6 041 674	3 767 040	5 905 254	2 064 246
Total liabilities		6 562 228	4 309 361	5 950 726	2 130 094
Total equity and liabilities		12 544 822	10 650 487	9 311 514	3 905 850

Condensed Group Statement of Cash Flows

		INFLATION ADJUSTED		HISTORICAL	
		6 Months Ended 31-Dec-20 reviewed ZWL'000	6 Months Ended 31-Dec-19 reviewed ZWL'000	6 Months Ended 31-Dec-20 supplementary ZWL'000	6 Months Ended 31-Dec-19 supplementary ZWL'000
Cash generated / (utilised) from operating activities					
interest received		1 503	1 145	1 199	168
interest paid		(108 245)	(111 341)	(100 103)	(16 302)
tax paid		(527 819)	(61 163)	(515 561)	(8 955)
Total cash generated / (utilised) from operations		433 776	(771 015)	355 842	8 940
Investing activities					
purchase of property, plant and equipment to expand operations		(25 535)	(67 549)	(24 587)	(23 101)
purchase of property, plant and equipment to maintain operations		(23 434)	(144 832)	(22 564)	(7 994)
proceeds from disposal of associate		121 868	—	96 561	—
other cashflows from investing activities		19 031	(18 209)	17 491	(2 668)
Net cash inflow / (outflow) from investing activities		91 930	(230 590)	66 901	(33 763)
Net cash inflow / (outflow) before financing activities		525 706	(1 001 605)	422 743	(24 823)
Financing activities					
increase in borrowings		242 304	797 412	466 804	116 825
dividends paid		(228 646)	(46 192)	(198 137)	(6 763)
Net increase / (decrease) in cash		539 364	(250 385)	691 410	85 239
Cash and cash equivalents at the beginning of the period		521 789	790 995	369 742	34 518
Cash and cash equivalents at the end of the period		1 061 153	540 610	1 061 152	119 757

Condensed Group Statement of Changes In Equity

		INFLATION ADJUSTED		
		Share Capital ZWL'000	Distributable reserves ZWL'000	Total ZWL'000
Balance at 30 June 2019				
profit for the period		—	512 647	512 647
total comprehensive income		—	512 647	512 647
dividend declared		—	(88 941)	(88 941)
Balance at 31 December 2019		27 038	5 165 043	5 192 081
profit for the period		—	1 302 363	1 302 363
total comprehensive income		—	1 302 363	1 302 363
IFRS 16 adjustment to retained earnings		—	192	192
dividend declared		—	(153 510)	(153 510)
Balance at 30 June 2020		27 038	6 314 088	6 341 126
loss for the period		—	(40 791)	(40 791)
total comprehensive loss		—	(40 791)	(40 791)
dividends declared		—	(317 741)	(317 741)
Balance at 31 December 2020		27 038	5 955 556	5 982 594

Condensed Group Statement of Changes In Equity (continued)

		HISTORICAL		
		Share capital ZWL'000	Distributable reserves ZWL'000	Total ZWL'000
Balance at 30 June 2019				
profit for the period		684	350 708	350 708
change in functional currency reserve		—	29 087	29 087
total comprehensive income		—	379 795	379 795
dividend declared		—	(10 437)	(10 437)
Balance at 31 December 2019		684	627 455	628 139
profit for the period		—	1 094 148	1 094 148
change in functional currency reserve		—	112 504	112 504
total comprehensive income		—	1 206 652	1 206 652
IFRS 16 adjustment to retained earnings		—	112	112
dividend declared		—	(59 147)	(59 147)
Balance at 30 June 2020		684	1 775 072	1 775 756
profit for the period		—	1 863 556	1 863 556
change in functional currency reserve		—	26 342	26 342
total comprehensive income		—	1 889 898	1 889 898
dividend declared		—	(304 866)	(304 866)
Balance at 31 December 2020		684	3 360 104	3 360 788

Supplementary Information

1 Corporate Information

The company and its subsidiaries (together “the Group”) are incorporated in Zimbabwe, except for Botswana Milling and Produce Company) (Proprietary) Limited and Red Seal Manufacturers (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 interim condensed financial statements for the half year ended 31 December 2020 have been prepared in accordance with the requirements of the Zimbabwe Stock Exchange Listing and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) (COBE). The Listing Requirements require half year financial statements to be prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and as a minimum, contain the information required by International Accounting Standards (“IAS”) 34 (Interim Financial Reporting). The Group’s interim condensed inflation adjusted financial statements have been prepared based on the statutory records that are maintained under the historical cost basis and are presented in Zimbabwe Dollars (“ZWL”).

The principal accounting policies applied in the preparation of the Group condensed half year financial statements are in accordance with IFRS with the exception of non-compliance with IAS 21 (The Effects of Change in Foreign Exchange Rates) and its consequential impact on the inflation adjusted amounts determined in terms of IAS 29 (Financial Reporting in Hyperinflationary Economies) within the comparative information. The accounting policies have been applied consistently in all material respects with those of the previous condensed annual financial statements.

3 IAS 21 (The Effects of Changes in Foreign Exchange Rates)

As noted in the Group’s 2019 financial statements, the Government of Zimbabwe promulgated Statutory Instrument (“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 the effective date would be deemed to be Zimbabwe Dollars at the rate which was at par with the United States Dollar (USD). Guidance issued by the Public Accountants and Auditors Board (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 respect of the comparative financial information due to the conflict between IAS 21 and local statutory requirements. Due to the material and pervasive impact of these technicalities in the previous periods and the carry-over effects of these misstatements on the current period consolidated inflation-adjusted financial statements, the Directors would like to advise users to exercise caution in their use of these abridged inflation-adjusted financial statements.

4 Adoption of IAS 29 (Financial Reporting in Hyperinflationary Economies)

In October 2019, the PAAB issued a pronouncement prescribing that the application of financial reporting in hyperinflationary economies had become effective in Zimbabwe, for reporting periods on or after 1 July 2019. These financial statements have been prepared with the aim to comply with the requirements of IAS 29, together with the International Financial Reporting Standards Interpretation Committee’s (IFRS IC) interpretation 7 (Applying the Restatement Approach Under IAS 29 Financial Reporting in Hyperinflationary Economies), as if the economy had been hyperinflationary from 1 July 2018. The Group adopted the Zimbabwe Consumer Price Index (“CPI”) as the general price index to restate transactions and balances. Monetary assets and liabilities and non-monetary assets and liabilities carried at fair value have not been restated as they are presented at the measuring unit current at the end of the reporting period. Items recognised in the income statement have been restated by applying the change in the general price index from dates when the transactions were initially recorded in the Group’s financial records (transaction date). A net monetary adjustment was recognised in the statement of profit or loss for the half year ended 31 December 2020 and the comparative period. Comparative amounts in the Group financial results have been restated to reflect the change in the general price index from 31 December 2019 to the end of the reporting period. All items in the statement of cash flows are expressed based on the restated financial information for the period.

As noted above, the Group adopted the Zimbabwe Consumer Price Index (“CPI”) as the general price index and used the monthly indices to inflation adjust the historical figures. The factors used in the periods under review are as follows:

	Index	Conversion Factor
December 2020	2 474.51	1.0000
June 2020	1 445.20	1.7122
December 2019	551.60	4.4861
June 2019	172.60	14.3367

5 Legacy Debt

The Group has foreign legacy liabilities amounting to USD1 199 236, being foreign liabilities that were due and payable on 22 February 2019 when the authorities promulgated SI33/2019 which introduced the ZWL currency. The foreign liabilities were registered and approved by the Reserve Bank of Zimbabwe, (“RBZ”) and the Group transferred to the RBZ the ZWL equivalent of the foreign liabilities based on an exchange rate of 1 USD/ 1 ZWL in line with Exchange Control Directives RU102/2019 and RU28/2019 and as directed by the RBZ. In compliance with IFRS the equivalent value transferred to the RBZ to settle foreign debt balances has been classified as a financial asset.This balance has been accounted for at the closing exchange rate as at 31 December 2020 in line with IAS 21 and the foreign liability balances have been accounted for as financial liabilities at the same closing exchange rate.

The Board notes that there remains a risk that the policies regarding these liabilities may be varied. Such a change would have an impact on both the statement of financial position and the statement of comprehensive income. The divergence of market exchange rates and the fixed interbank exchange rate creates a further risk that the “blocked funds” liabilities could be paid at exchange rates that are above the Reserve Bank of Zimbabwe settlement rates.



Supplementary Information (continued)

6 Operating Segments

INFLATION ADJUSTED				
	Milling Manufacturing and Distribution ZWL'000	Properties ZWL'000	Intersegment Adjustments ZWL'000	Total ZWL'000
Revenue				
31 December 2020	13 799 300	45 790	—	13 845 090
31 December 2019	9 232 493	36 774	(36 270)	9 232 997
Operating profit before depreciation and amortisation				
31 December 2020	2 268 343	41 065	—	2 309 408
31 December 2019	1 319 658	7 378	—	1 327 036
Depreciation and amortisation				
31 December 2020	(36 948)	(8 919)	—	(45 867)
31 December 2019	(46 629)	(22 396)	—	(69 025)
Net Interest Expense				
31 December 2020	(103 907)	(2 835)	—	(106 742)
31 December 2019	(113 977)	413	—	(113 564)
Profit before tax				
31 December 2020	378 071	35 927	—	413 998
31 December 2019	1 270 446	6 234	—	1 276 680
Segment assets				
31 December 2020	12 159 316	385 506	—	12 544 822
31 December 2019	1 386 945	309 575	—	1 696 520
Segment liabilities				
31 December 2020	(6 470 205)	(92 023)	—	(6 562 228)
31 December 2019	(554 110)	(166 388)	—	(720 498)
Capital expenditure				
31 December 2020	35 341	13 628	—	48 969
31 December 2019	206 174	6 207	—	212 381

HISTORICAL				
	Milling Manufacturing and Distribution ZWL'000	Properties ZWL'000	Intersegment Adjustments ZWL'000	Total ZWL'000
Revenue				
31 December 2020	12 643 236	41 815	—	12 685 051
31 December 2019	1 464 705	5 834	(5 754)	1 464 785
Operating profit before depreciation and amortisation				
31 December 2020	1 953 153	34 730	—	1 987 883
31 December 2019	472 994	2 630	—	475 624
Depreciation and amortisation				
31 December 2020	(10 089)	(1 962)	—	(12 051)
31 December 2019	(4 551)	(1 477)	—	(6 027)
Net Interest Expense				
31 December 2020	(96 345)	(2 559)	—	(98 904)
31 December 2019	(16 194)	60	—	(16 134)
Profit before tax				
31 December 2020	2 153 321	186 866	—	2 340 187
31 December 2019	471 973	1 214	—	473 187
Segment assets				
31 December 2020	9 033 899	277 615	—	9 311 514
31 December 2019	1 148 631	111 888	—	1 260 519
Segment liabilities				
31 December 2020	(5 868 432)	(82 294)	—	(5 950 726)
31 December 2019	(608 871)	(23 509)	—	(632 380)
Capital expenditure				
31 December 2020	36 886	10 265	—	47 152
31 December 2019	30 212	883	—	31 095

		INFLATION ADJUSTED		HISTORICAL	
		31-Dec-20 ZWL'000	31-Dec-19 ZWL'000	31-Dec-20 ZWL'000	31-Dec-19 ZWL'000
7	Depreciation and amortisation	45 867	69 025	12 051	6 027
8	Capital expenditure for the year	48 969	212 381	47 152	31 095

9 (Loss) / Earnings per share
Basic (loss) / earnings basis
The calculation is based on the (loss) / earnings attributable to equity holders of the parent and number of shares in issue for the year.
Headline (loss) / earnings basis
Headline (loss) / earnings comprise of basic (loss) / 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.

	INFLATION ADJUSTED		HISTORICAL	
	31-Dec-20 ZWL'000	31-Dec-19 ZWL'000	31-Dec-20 ZWL'000	31-Dec-19 ZWL'000
Reconciliation of basic earnings to headline earnings				
(Loss) / profit for the period attributable to equity holders of the parent	(40 791)	512 647	1 863 556	350 709
Adjustment for capital Items				
Profit on disposal of property, plant and equipment	(269)	(693)	(236)	(90)
Non-headline exchange gain on specific transactions	—	—	(144 620)	—
Tax effect on adjustments	67	171	35 750	23
Headline (loss) / earnings attributable to ordinary shareholders	(40 993)	512 125	1 754 450	350 642

Supplementary Information (continued)

9 (Loss) / Earnings per share (continued)

	INFLATION ADJUSTED		HISTORICAL	
	31-Dec-20 ZWL'000	31-Dec-19 ZWL'000	31-Dec-20 ZWL'000	31-Dec-19 ZWL'000
Number of shares in issue				
Weighted average number of ordinary shares in issue	68 400 108	68 400 108	68 400 108	68 400 108
Basic and diluted (loss) / earnings per share (cents)	(59.64)	749.48	2 724.49	512.73
Headline (loss) / earnings per share (cents)	(59.93)	748.72	2 067.35	512.63
10 Inventory				
Consumable stores	127 414	105 002	109 629	42 262
Finished products, net of allowance for obsolescence	815 936	930 870	702 042	374 661
Raw materials	2 889 199	3 188 450	2 485 906	1 283 303
Packaging	271 016	336 804	233 186	135 559
	4 103 565	4 561 126	3 530 763	1 835 784
11 Trade and other receivables				
Trade receivables	1 707 212	1 270 243	1 707 213	715 568
Prepayments	2 031 659	1 058 403	1 981 820	478 374
VAT receivable	71 600	62 157	71 600	36 302
Other receivables	366 580	135 448	366 580	79 106
	4 177 051	2 526 251	4 127 213	1 309 350
Allowance for credit losses	(12 172)	(8 129)	(12 172)	(4 748)
	4 164 879	2 518 122	4 115 040	1 304 602

12 Non Current Assets Held for Sale
The Group continues to dispose of non-core or aging assets in order to apply the value of the statement of financial position more appropriately. Following the disposal of the depot operations in October 2016, the Board has identified the properties from which some of these depots operate to be non-core. As such the properties that had been previously categorised as assets for disposal Group classified as held for sale were disposed of during the period.

	INFLATION ADJUSTED		HISTORICAL	
	31-Dec-20 ZWL'000	30-Jun-20 ZWL'000	31-Dec-20 ZWL'000	30-Jun-20 ZWL'000
13 Lease liability				
Analysis:				
Non-current	10 032	9 957	10 032	5 815
Current	5 903	8 736	5 903	5 102
	15 935	18 693	15 935	10 917
Undiscounted future payments:				
Payable within one year	6 862	13 550	6 862	7 914
Payable two to five years	23 843	11 260	23 843	6 576
	30 705	24 810	30 705	14 490
14 Trade and other payables				
Trade payables	4 102 218	1 957 620	3 965 798	1 043 436
Provisions	36 196	30 404	36 196	16 205
Other payables	698 071	674 254	698 071	359 386
	4 836 485	2 662 278	4 700 065	1 419 027
15 Commitments for capital expenditure				
Contracts and orders placed	134 400	943 865	134 400	551 250
Authorised by Directors but not contracted	525 000	308 047	525 000	179 910
	659 400	1 251 912	659 400	731 160
The capital expenditure is to be financed out of the Group's own resources and borrowing facilities.				
16 Other non-current assets				
Intangible assets	59 942	59 942	1 516	1 516
Investment in associates	823 394	718 337	231 115	149 239
	883 336	778 280	232 631	150 755

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

18 Interest bearing borrowings
Interest bearing borrowings constitute bank loans from various local financial institutions which accrue interest at an average rate of 51% per annum as at 31 December 2020. The facilities expire at different dates during the year and will be reviewed and renewed when they mature.

19 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\$ 202.5 million
2. Guarantee issued by National Foods Limited (a wholly owned subsidiary) in favour of ETC Group subject to a maximum limit of US\$0.75m
3. Guarantee issued by National Foods Holdings Limited in favour of Banc ABC subject to a maximum limit of ZWL\$ 10 million
4. Guarantee issued by National Foods Holdings Limited in favour of FBC Bank subject to a maximum limit of ZWL\$ 120 million

