



Chairman’s Statement

Directors’ Responsibility

The Holding Company’s Directors are responsible for the preparation and fair presentation of the Group’s audited annual financial statements, of which this press release represents an extract. These audited Group consolidated financial statements are presented in accordance with the disclosure requirements of the Victoria Falls Stock Exchange (“VFEX”) Listing Requirements and, except where stated, in accordance with the measurement and recognition principles of IFRS Accounting Standards and the manner required by the Companies and Other Business Entities Act [Chapter 24:31]. Except where stated, the principal accounting policies applied in the preparation of these audited Group consolidated financial statements are consistent with those applied in the previous year’s financial statements. There is no impact arising from revised IFRS, which became effective for the reporting period commencing on or after 1 January 2023, on the Group’s audited consolidated financial statements.

Uncertain Tax Positions

The local market has experienced significant currency and legislative changes since 2018, which have created numerous uncertainties in the tax treatment of transactions due to the absence of clear guidelines and transitional measures.

In addition, there are further complications arising from the wording of the legislation concerning the currency of settlement of certain taxes for the periods 2019 to 2021, which give rise to interpretations that may differ from those of the tax authorities, thereby creating uncertainties in tax positions. In the last few years, the Zimbabwe Revenue Authority (“ZIMRA”) assessed additional Income Taxes, penalties and interest amounting to USD 4.49m for the periods 2019 to 2021 against the Group for amounts that had already been settled in Zimbabwe Dollars, but which ZIMRA deemed should have been paid exclusively in foreign currency, or for matters on which the Group believes it has no tax liability. No credit has been given by ZIMRA to the equivalent amounts already paid in the Country’s legal tender.

These assessments are being objected to and challenged in the courts, and are at various stages of appeal. Should the Group’s appeal not be successful, the historical Zimbabwe dollars paid towards the settlement of these taxes could be refunded. Due to the effect of inflation, these amounts would likely be paid at extremely low values in today’s terms.

The Group continues to engage the relevant authorities while these assessments are being objected to and challenged through the courts. Tax payments that have been made with respect to the revised assessments have been accounted for as prepayments on the Group’s Statement of Financial Position, in anticipation of a successful appeal process, as the Group believes that the settlements it previously made to fully expunge its tax liabilities were in line with the legal requirements prevailing at the time of settlement.

The Group has, so far, paid USD 3.38 million under the “pay now, argue later” principle. The legislative gaps giving rise to differences in interpretations remain.

Shareholders are further advised that the above update on uncertain tax positions has been issued prior to the Finance Bill, 2024 becoming law; this Bill is currently in the Senate for debate, and might have a material effect and consequences of the tax position of the Group.

Sustainability Reporting and Practices

Sustainability principles are embodied in the Group’s strategy. The Group remains committed to sustainable development by mitigating and managing the environmental and social risks of operations and the environment in which the Group operates. Through the ongoing application of the combination of ISO 26000 and GRI Standards, the Group is confident that it will continue to meet the sustainability disclosure requirements of all its stakeholders. The Group continues to strengthen its sustainability practices and values across its operations, with continuous improvement, to ensure long-term business success.

External Auditors Statement

This abridged consolidated financial statements should be read in conjunction with the complete set of consolidated financial statements for the year ended 30 June 2024. The consolidated financial statements have been audited by Deloitte & Touche (Zimbabwe), who have issued a qualified opinion with respect to comparative financial information;

- Non-compliance with IAS 21 “The effects of changes in foreign exchange rates”, IAS 8 “Accounting policies, changes in accounting estimates and errors” and IAS 16 “property plant and equipment” with respect to the translation of balances on change in functional currency; and
- Non-compliance with IAS 21 “The effects of changes in foreign exchange rates” with respect to the determination of the appropriate spot rate.

The auditor’s report is attached to this abridged consolidated financial statements and is available on the Group’s website and www.vfex.exchange.

Operating Environment and Overview

The operating environment remained fluid, dynamic and challenging during the year. It was disappointing that the Value Added Tax (“VAT”) status of many basic foods (including maize meal, flour, stockfeed and salt) was changed early in 2024 from “Zero-Rated” to “Exempt”. This change meant that although VAT is not charged when selling the product, the manufacturer can no longer claim the VAT input costs incurred in the production of these goods. This change in VAT status has caused a substantial and direct growth of around 6% in the Group’s all-in monthly operating costs. The Group continues to apply every effort to avoid increasing selling prices, with a strong focus on consistently producing affordable, quality products for consumers.

The final quarter of the year under review saw currency reform measures instituted by the monetary authorities through the introduction of a new structured currency, the Zimbabwe Gold (“ZWG”). Notwithstanding these progressive steps to broaden the multi-currency basket, market liquidity in the form of access to local debt facilities and foreign exchange via the Willing Buyer, Willing Seller (“WBWS”) platform remains severely constrained. In addition, the market remains limited in its ability to transact with the ZWG, with many key commodities such as fuel, power, raw materials, as well as human capital and certain statutory payments, mostly requiring settlement in United States Dollars. Whilst the Group welcomes the addition of the ZWG to the multi-currency basket, the success of this initiative will be dependent on further supportive measures, which amongst other things, will allow users to seamlessly interchange between currencies; this will naturally result in greater market acceptance, and use, of the new local currency.

The 2023/2024 summer agricultural season was severely impacted by a devastating drought, as a result of the prevailing El Nino weather conditions. Harvests were generally poor across the sub-region, although South Africa did hold sufficient carry through stock from the preceding season to augment the requirements of neighbouring territories. The Group has secured a solid pipeline of white maize to cover the deficit period through to the next harvest, and does not anticipate any challenges in terms of maize meal availability during this period.

Pricing distortions in certain channels, most notably in formal retail, persisted throughout the year. These pricing distortions continue to cause significant trading complexities within the formal retail sector, and many consumers now choose to shop in the informal sector. It is hoped that an enduring solution to this longstanding problem can be found to the benefit of both the formal retail sector, as well as consumers.

The price of power increased considerably during the year, and this resulted in a substantial growth in the operating cost profile of the business. In an effort to ensure more consistent power at rates that support the mass production of low-margin basic commodities, the Group will be pursuing various solar power investments across its manufacturing sites in the period ahead.

Salient Features

	Year Ended 30 June 2024 Audited	
Volume (MT)	585 039	▲ 6%
	US\$’000	
Revenue	359 356	▲ 5%
Operating profit before depreciation, financial loss, interest, equity accounted earnings and tax	24 348	▲ 4%
Profit before tax	19 064	▲ 95%
Basic and diluted earnings per share (cents)	20.11	▲ 83%
Final dividend per share (cents)	3.29	▲ 186%
Interim dividend per share (cents)	3.42	▲ 18%

Notwithstanding the dynamic and complex trading environment, consumer demand remained generally robust, and management continues to focus intensely on delivering exceptional quality products at the most efficient pricing points, in order to satisfy the needs of our valued consumers.

Financial Performance

Total volumes for the current year under review at 585,000 tons, were 6% above those recorded in the prior year, with the growth emanating largely from the Maize and Stockfeed divisions. The strong performance in these divisions was offset by a decline in the Downpacking division, where raw material prices in the rice category increased substantially following the export ban on rice exports out of India, as well as the imposition of VAT on the product in the local market.

Revenue for the current year at USD 359.36 million was 5% ahead of that recorded in the prior year; the increase being largely in line with volume growth. Gross margin in absolute terms increased by 13% to USD 81.64 million, driven largely by procurement and operating efficiencies, which resulted in a 3% reduction in the bill of materials on a per ton basis over the prior year; average selling prices across the Group declined by 1% over the same period. This was a very positive outcome for the Group which allowed efficiency gains to be shared with consumers, and which in turn should impact positively on future volumes.

Disappointingly, the cost of sales improvement was largely offset by a 17% increase in operating costs over the prior year. Of this increase, almost half emanated from the combination of an increase in power costs and non-claimable VAT. The situation is even more concerning when taking account of the fact that VAT legislation was only changed mid-way through the financial year. The Group remains hopeful that the authorities will review and reconsider their position on the VAT status of basic products across the market, given the disproportionate impact this policy has on the poorest members of our community, who typically spend a higher portion of their income on basic foods.

Operating profit before depreciation, financial loss, interest, equity accounted earnings and tax for the current year was USD 24.34 million, 4% above the prior year. With the generally improved financial stability in the market, there was a material improvement in the financial income line, with a gain of USD 0.87 million being recorded in the current year as compared to the loss of USD 5.09 million in the prior year. There was also a significant reduction in net interest costs, which reduced by USD 3.21 million to USD 1.50 million in the current financial year; the prior year having contained extremely expensive local currency borrowings for a portion of that period. The Group’s profit before tax increased by 95% over the prior year to USD 19.06 million; this was a pleasing overall result.

The Group’s Statement of Financial Position remains in a healthy state. Working capital continued to be closely managed and increased only marginally to USD 29.88 million at year end, from USD 28.70 million in June 2023. Net debt closed the year at a moderate USD 7.38 million. Free cash generation for the current year under review was solid, providing good opportunities for future growth.

Operations Review

Flour Milling

Current year volumes were similar to those achieved in the prior year, with intensified competition and somewhat muted demand in the category. Pleasingly, there has been a recovery of volume momentum heading into the new financial year. The new state of the art flour mill in Bulawayo, which has been operating for just over a year, has delivered very pleasing results in terms of product quality and operating efficiencies.

Stockfeeds

Stockfeed volumes continued with the upward trend seen in recent years, growing 8% on prior year, largely driven by the poultry category, and to a lesser extent the dairy category.

The Group continues to progressively invest in enhancing efficiencies at its Harare Stockfeed facility, with improved production efficiencies and lower costs expected to be realised from further upgrades of the plant planned for 2025.

Maize Milling

Maize volumes grew 21% year on year, with volumes being driven by the lower local maize harvest, and the consequent reduced household maize stocks. The Pearlenta and business-to-business segments continue to grow steadily in line with the strategic plan of the Group.

Downpacking

Current year volumes in the Downpacking division, which primarily packs rice and salt, were disappointing, declining by 21% over the prior year. The decline was primarily driven by the ban on rice exports out of India, and the imposition of VAT on rice sales locally, both of which led to increased prices in the category, and as a result reduced demand.

Cereals

Current year volumes in the Cereals unit grew by 8% over the prior year. The division’s portfolio continues to grow on the back of the strategy to offer a full range of breakfast cereals to the consumer; pleasingly, some of the new products introduced have started to make some in-roads in regional markets, albeit at low volumes at this point.

Snacks

Volumes in the current year in this Division increased by 45% against the prior year, as additional production capacity enhancements were commissioned to support the growing demand for the popular “King” and “Zapnax” range of products. The production expansion programme for this division will continue into the forthcoming financial year.

Biscuits

Biscuit volumes in the current year were disappointing, declining by 23% compared to the prior year. The Group’s new world-class biscuit line, which can produce a wide range of biscuits, was successfully commissioned in August 2024, and this represents an exciting growth opportunity for the category in the period ahead.

Pasta

The Group’s new pasta line was commissioned in February 2024. This investment represents the first ever large-scale commercial pasta line to have been commissioned in Zimbabwe, and will result in the localisation of the production of pasta, a product which has typically been imported into the country. The investment should be complementary to the strong recovery in local wheat production, and means that the country can potentially save substantial foreign currency by value-adding flour from locally-grown wheat. The new, locally produced product is being marketed under the “Better Buy” and recently launched “Primo” brands and initial market response to the quality of the product has been extremely positive.

Contract Farming

National Foods continues to keenly support the local contract farming of various cereal crops, principally maize, soya beans and wheat. The Group acts as the largest off-taker to the “A Growth” contract farming scheme. In terms of the current winter wheat crop, 4,540 hectares have been planted and it is expected that around 23,000 tons of wheat will be yielded from this programme.

Corporate Social Responsibility

The Group continues to play its vital role in supporting the communities in which it operates. Assistance, generally in the form of food donations, is provided to 49 institutions working with vulnerable communities across the ten districts of the country. These institutions include orphanages, special needs groups, vulnerable women and children, schools, hospitals, churches, wildlife and other national social support initiatives.

Future Prospects

The Group has produced a pleasing set of results in a highly complex and challenging operating environment.

Chairman’s Statement (continued)

Future Prospects (continued)

In particular, the more established units have performed solidly. Focus in the coming year will be on the Group's recently introduced categories (cereals, biscuits and pasta) in particular, ensuring that targeted volume ambitions are achieved through offering products which are both relevant and appealing to consumers. The increase in operating costs which occurred in the financial year under review is concerning, and management will continue to drive cost and efficiency savings to maintain operating margins, avoiding price increases wherever possible.

Final Dividend

The Board is pleased to declare a final dividend of US3.29 cents per share (2023: US1.15 cents per share) payable in respect of all ordinary shares of the Company bringing the total dividend to US6.71 cents per share (2023: US4.05 cents per share). This dividend is in respect of the financial year ended 30 June 2024 and will be payable to all the shareholders of the Company registered at the close of business on the 11th of October 2024.

The payment of the final dividend will take place on or around the 8th of November 2024. The shares of the Company will be traded cum-dividend on the Victoria Falls Stock Exchange up to the market day of the 8th of October 2024 and ex-dividend from the 9th of October 2024.

Acknowledgement and Appreciation

I would like to thank the National Foods team, very sincerely, for their considerable efforts over the last financial year in meeting the challenges of an extremely complex trading environment; I am also grateful to my fellow Board members for their ongoing input and wise counsel.

Finally, as a Group we once again extend our gratitude to our loyal customers for their on-going support.



E. I. Manikai
Independent, Non-Executive Chairman
26 September 2024

Abridged Group Statement of Profit or Loss And Other Comprehensive Income

	Notes	Year Ended 30 June 2024 Audited US\$’000	Year Ended 30 June 2023 Audited US\$’000
Revenue	5	359 356	343 578
cost of raw materials		(277 716)	(271 506)
Profit before items listed below		81 640	72 072
other trading income		387	448
operating expenses		(57 679)	(49 167)
Operating profit before depreciation, financial loss, interest, equity accounted earnings and tax		24 348	23 353
financial gain / (loss)		869	(5 086)
depreciation		(4 991)	(4 122)
Operating profit before interest, equity accounted earnings and tax		20 226	14 145
interest income		1 096	477
interest expense		(2 597)	(5 184)
equity accounted earnings		339	328
Profit before tax		19 064	9 766
income tax expense	6	(5 308)	(2 237)
Profit for the year		13 756	7 529
Other comprehensive income		—	—
Total comprehensive income for the year		13 756	7 529
Profit for the year attributable to equity holders of the parent		13 756	7 529
Total comprehensive income for the year attributable to equity holders of the parent		13 756	7 529
EARNINGS PER SHARE (CENTS)			
- Basic and diluted earnings per share (cents)	7	20.11	11.01

Abridged Group Statement of Financial Position

	Notes	As At 30 June 2024 Audited US\$’000	As At 30 June 2023 Audited US\$’000
ASSETS			
Non-current assets			
property, plant and equipment	8	94 843	86 200
investment property		1 503	1 503
goodwill		325	325
investment in associates		2 198	1 858
other assets		7 828	7 037
right of use assets		605	143
		107 302	97 066
Current assets			
inventories	9	36 428	47 040
trade and other receivables	10	38 702	35 028
other assets		605	1 965
current tax receivable		113	397
cash and cash equivalents		7 664	3 810
		83 512	88 240
Total assets		190 814	185 306

Abridged Group Statement of Financial Position (continued)

	Notes	As At 30 June 2024 Audited US\$’000	As At 30 June 2023 Audited US\$’000
EQUITY AND LIABILITIES			
Equity			
share capital		682	684
revaluation reserve		37 138	37 138
distributable reserves		79 240	68 826
treasury shares		2	—
Total equity		117 062	106 648
Non-current liabilities			
deferred tax liability		12 852	10 408
non-current portion of lease liability		364	—
		13 216	10 408
Current liabilities			
trade and other payables	11	45 254	53 368
current portion of lease liability		241	100
borrowings	13	15 041	14 782
		60 536	68 250
Total liabilities		73 752	78 658
Total equity and liabilities		190 814	185 306

Abridged Group Statement of Cash Flows

	Notes	Year Ended 30 June 2024 Audited US\$’000	Year Ended 30 June 2023 Audited US\$’000
Operating activities			
cash generated from operations		27 556	13 251
working capital changes		(3 383)	13 105
Operating cash flow		24 173	26 356
interest received		1 024	477
interest paid		(2 597)	(5 184)
income tax paid		(2 579)	(3 886)
Net cash inflows from operating activities		20 021	17 763
Investing activities			
purchase of property, plant and equipment to maintain operations		(1 511)	(2 217)
purchase of property, plant and equipment to expand operations		(12 052)	(17 910)
proceeds on disposal of property, plant and equipment		76	—
proceeds from sale of other investments		1 360	10 540
decrease in other assets		(791)	—
Net cash outflow from investing activities		(12 918)	(9 587)
Financing activities			
proceeds from borrowings		6 568	2 692
repayment of borrowings		(6 309)	(2 645)
lease liability repayments		(158)	(191)
share buy back		(216)	—
dividends paid		(3 126)	(6 387)
Net cash outflow from financing activities		(3 241)	(6 531)
Increase in cash and cash equivalents		3 862	1 645
net foreign exchange difference on cash and cash equivalents		(8)	51
Cash and cash equivalents at the beginning of the year		3 810	2 114
Cash and cash equivalents at the end of the year		7 664	3 810

Abridged Group Statement of Changes In Equity

	Share capital US\$’000	Revaluation reserve US\$’000	Distributable reserves US\$’000	Treasury shares US\$’000	Total US\$’000
Balance at 30 June 2022	684	37 138	67 349	—	105 171
profit for the year	—	—	7 529	—	7 529
total comprehensive income	—	—	7 529	—	7 529
dividend declared	—	—	(6 052)	—	(6 052)
Balance at 30 June 2023	684	37 138	68 826	—	106 648
profit for the year	—	—	13 756	—	13 756
total comprehensive income	—	—	13 756	—	13 756
share buy back	(2)	—	(216)	2	(216)
dividend declared	—	—	(3 126)	—	(3 126)
Balance at 30 June 2024	682	37 138	79 240	2	117 062

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 Manufacturers (Proprietary) Limited which are incorporated in Botswana.

The Group's activities comprise of the milling of flour and maize, manufacture of animal feed, cereals, snacks, biscuits, pasta 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 abridged financial statements for the year ended 30 June 2024, have been prepared in accordance with the requirements of the Victoria Falls Stock Exchange Listing and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31). The Listing Requirements require financial statements to be prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). The Group's financial statements have been prepared based on the statutory records that are maintained under the historical cost basis.

The principal accounting policies applied in the preparation of the Group annual financial statements from which this press release is derived have been applied consistently in all material respects with those of the previous consolidated financial statements. The consolidated financial statements have been prepared in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The non-compliance with IAS 21 (The Effects of Changes in Foreign Exchange Rates), IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), and IAS 16 (Property, Plant and Equipment) affecting the 2023 financial statements does not carry over to impact the 2024 financial statements.

3 Functional Currency
These audited abridged consolidated financial statements are presented in United States Dollars ("US\$"), which is the functional and presentation currency of the Group.

4 Treasury bills
The Group has foreign legacy liabilities amounting to US\$1 199 236, being foreign liabilities that were due and payable on 22 February 2019 when the authorities promulgated SI33/2019 which introduced the ZW\$ currency. The foreign liabilities were registered and approved by the Reserve Bank of Zimbabwe, ("RBZ") and the Group transferred to the RBZ the ZW\$ equivalent of the foreign liabilities based on an exchange rate of US\$/ZW\$, 1:1 in line with Exchange Control Directives RU102/2019 and RU28/2019 and as directed by the RBZ. In September 2022, RBZ issued Treasury Bills (TBs) in respect of the deposit made by the Group. The Treasury Bills were issued at face value, with zero interest and have differing maturity tenures ranging from August 2025 to November 2042. In compliance with IFRS 9, the legacy debt was derecognised and the treasury bills were recognised. Management engaged an external valuer to determine the fair value of the TBs at initial recognition. Treasury Bills are traded on an Over the counter (OTC) market which is a secondary market that is less regulated, less transparent and less liquid. In a secondary market, zero coupon bonds are traded at discount rates agreed by the counter parties. The valuer gathered information on the prevailing discount rates and discounted the treasury bills to determine the fair value.

Subsequently, the treasury bills were measured at amortised cost with interest recognised at 12% on the instrument using the effective interest rate. The Group is confident that the Government will honour the treasury bills due to the sovereign nature of the instrument and will continue to provide the necessary support.

5 Operating Segments

	Milling and Manufacturing US\$'000	Properties US\$'000	Intersegment adjustments US\$'000	Total US\$'000
Revenue				
30 June 2024	359 146	3 122	(2 912)	359 356
30 June 2023	343 405	3 431	(3 258)	343 578
Operating profit before interest, equity accounted earnings and tax				
30 June 2024	18 722	1 504	—	20 226
30 June 2023	11 569	2 576	—	14 145
Depreciation				
30 June 2024	(3 993)	(998)	—	(4 991)
30 June 2023	(3 159)	(963)	—	(4 122)
Net interest expense				
30 June 2024	(1 612)	112	—	(1 500)
30 June 2023	(4 810)	103	—	(4 707)
Profit before tax				
30 June 2024	17 448	1 616	—	19 064
30 June 2023	7 087	2 679	—	9 766
Segment assets				
30 June 2024	151 605	39 209	—	190 814
30 June 2023 - Restated	146 911	38 395	—	185 306
Segment liabilities				
30 June 2024	(67 169)	(6 583)	—	(73 752)
30 June 2023 - Restated	(72 605)	(6 053)	—	(78 658)
Capital expenditure				
30 June 2024	11 506	2 057	—	13 563
30 June 2023 - Restated	14 464	5 663	—	20 127

Supplementary Information (continued)

	Year Ended 30 June 2024 Audited US\$'000	Year Ended 30 June 2023 Audited US\$'000
6 Income tax expense		
Current tax	2 864	1 189
- On current profits at normal rates	2 864	1 111
- Adjustments of prior year over provision	—	78
Deferred tax relating to current temporary differences	2 011	1 048
Deferred tax relating to effect of rate change (24.72% to 25.75%)	433	—
	5 308	2 237
7 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.		
Reconciliation of basic earnings to headline earnings		
Profit for the year attributable to equity holders of the parent	13 756	7 529
Adjustment for capital items		
Profit on disposal of property, plant and equipment	(20)	—
Tax effect of adjustment	5	—
Financial loss arising from current assets written down	—	(791)
Tax effect of adjustment	—	196
Headline earnings attributable to ordinary shareholders	13 741	6 934
Number of shares in issue		
Weighted average number of ordinary shares in issue	68 235 992	68 400 108
Basic and diluted earnings per share (cents)	20.11	11.01
Headline earnings per share (cents)	20.14	10.14
8 Property, plant and equipment		
Opening carrying amount	86 200	71 569
Cost	90 192	71 569
Accumulated Depreciation	(3 992)	—
Additions	13 563	20 127
Disposals	(55)	—
Depreciation	(4 789)	(3 992)
Currency translation difference	—	(1)
Derecognition/write off of assets	(76)	—
Transfer to investment property	—	(1 503)
Closing carrying amount	94 843	86 200
Cost	103 624	90 192
Accumulated Depreciation	(8 781)	(3 992)
9 Inventories		
Raw and packaging material	24 227	28 908
Finished products	8 748	12 030
Consumable stores	3 523	6 150
Allowance for obsolete stocks	(70)	(48)
	36 428	47 040
10 Trade and other receivables		
Trade receivables	29 316	23 122
Prepayments	5 663	8 808
VAT receivable	393	1 772
Other receivables	3 563	2 202
	38 935	35 904
Allowance for credit losses	(233)	(876)
	38 702	35 028
11 Trade and other payables		
Trade payables	40 199	50 390
Other payables	5 055	2 978
	45 254	53 368
12 Commitments for capital expenditure		
Approved and contracted	1 247	3 587
Approved but not yet contracted	8 098	7 891
	9 345	11 478

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

Supplementary Information (continued)

13 Interest bearing borrowings

Interest bearing borrowings constitute bank loans from various local financial institutions which accrue interest at an average rate of 11% per annum as at 30 June 2024 (2023: 11%). The facilities are short-term and mature at different dates during the year and these will be reviewed and renewed when they mature. All facilities are secured by guarantees from National Foods Holdings Limited.

14 Uncertain tax positions

The local market has experienced significant currency and legislative changes since 2018, which have created numerous uncertainties in the tax treatment of transactions due to the absence of clear guidelines and transitional measures.

In addition, there are further complications arising from the wording of the legislation concerning the currency of settlement of certain taxes for the periods 2019 to 2021, which give rise to interpretations that may differ from those of the tax authorities, thereby creating uncertainties in tax positions. In the last few years, the Zimbabwe Revenue Authority (“ZIMRA”) assessed additional Income Taxes, penalties and interest amounting to USD 4.49m for the periods 2019 to 2021 against the Group for amounts that had already been settled in Zimbabwe Dollars, but which ZIMRA deemed should have been paid exclusively in foreign currency, or for matters on which the Group believes it has no tax liability. No credit has been given by ZIMRA to the equivalent amounts already paid in the Country’s legal tender.

These assessments are being objected to and challenged in the courts, and are at various stages of appeal. Should the Group’s appeal not be successful, the historical Zimbabwe dollars paid towards the settlement of these taxes could be refunded. Due to the effect of inflation, these amounts would likely be paid at extremely low values in today’s terms.

The Group continues to engage the relevant authorities while these assessments are being objected to and challenged through the courts. Tax payments that have been made with respect to the revised assessments have been accounted for as prepayments on the Group’s Statement of Financial Position, in anticipation of a successful appeal process, as the Group believes that the settlements it previously made to fully expunge its tax liabilities were in line with the legal requirements prevailing at the time of settlement.

14 Uncertain tax positions (continued)

The Group has, so far, paid USD 3.38 million under the “pay now, argue later” principle. The legislative gaps giving rise to differences in interpretations remain.

Shareholders are further advised that the above update on uncertain tax positions has been issued prior to the Finance Bill, 2024 becoming law; this Bill is currently in the Senate for debate, and might have a material effect and consequences of the tax position of the Group.

15 Share buy back

During the year ended 30 June 2024, National Foods Holdings Limited repurchased 164 116 shares at \$1.30 each, totalling \$213 351. The equity impact includes a decrease in Share Capital by \$1 641, an increase in Treasury Shares by \$1 641, and a decrease in Retained Earnings by \$215 888 (including \$2 537 in transaction charges). As of 30 June 2024, 164 116 shares are held in treasury. The buyback was funded by internal cash resources, with no new financial liabilities incurred.

16 Events after the reporting date

Final dividend declaration

The Board is pleased to declare a final dividend of US\$3.29 cents per share (2023:US\$1.15 cents per share) in respect of all ordinary shares of the Company. This dividend is in respect of the financial year ended 30 June 2024 and will be payable to all shareholders of the Company registered at the close of business on the 11th of October 2024.

17 Going concern

The Directors have assessed the ability of the Group to continue as a going concern and believe that the preparation of these financial statements on a going concern basis is appropriate.

