Dairibord Holdings

More Than Just Milk

Annual **Report** 2019

DAIRIBORD
DAIRY DELIGHTS
DAIRIBORD
Zimbabwe (Private) Limited

Contents

About This Report

We are pleased to present the annual report for Dairibord Holdings Limited, a company listed on the Zimbabwe Stock Exchange (ZSE). The report is produced and published annually to provide a transparent account of how we have used the resources endowed us to generate sustainable value.

The report provides material information about our business, operating context, prospects, governance, strategy and stakeholder interests for the year 1 January 2019 to 31 December 2019.

Reporting Frameworks

The Board of Directors of Dairibord Holdings Limited are satisfied that this report was prepared with due consideration of the following reporting requirements and provisions:

- The Companies Act [Chapter 24:03]
- Listing requirements of the Zimbabwe Stock Exchange (ZSE)
- International Financial Reporting Standards (IFRS)
- Global Reporting Initiative (GRI) Standards

This report has been prepared in accordance with the GRI Standards 'Core' option.

Reporting Boundary

The report covers the primary activities of the company in Zimbabwe. In this report, unless otherwise noted references to ''our'' , ''we'', ''us'' , ''the Company'', "Dairibord" refers to Dairibord Holdings Limited and its subsidiaries.

External Assurance

The integrated financial and non-financial disclosures provided in this report are intended to provide reliable and accurate information for stakeholders. Non-financial information in this report was reviewed by internal subject matter experts and management but not externally assured. The financial statements were audited by Ernst & Young Chartered Accountants (Zimbabwe). An independent auditors' report on the financial statements contained in this report appears on pages 56-58. Our Board has approved this Report.

Forward-looking Statements

This report contains certain forward-looking statements concerning Dairibord's financial position, results, operations and businesses. These statements and forecasts involve risk and uncertainty, as they relate to events and depend on circumstances that occur in the future. Various factors could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements.

We welcome your feedback on our reporting and any suggestions you have in terms of our business and reporting practices. To do so, please email Mercy Ndoro on ndorom@dairibord.co.zw, or Call +263 (242) 790801-6.

Josphat Sachikonye
Chairman

Antony Mandiwanza
Group Chief Executive

Vision, Mission and Values

History of the Company

Our story traces back to 1952 when we were still the Dairy Marketing Board a state-owned parastatal established through the Agricultural Marketing Act. Our establishment then was for the reception of all milk delivered to us, manufacturing and orderly marketing of milk and dairy products and the administration of regulations applicable to producer registrations.

Our set up in 1952 provided a foundation through which we have grown to be one of the leading milk processors in Southern Africa.

DAIRIBORD
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1952 — Dairy Marketing Board established under the Agricultural Act of 1952. DMB subsequently assumed control of milk processing co-operatives in Harare, Bulawayo, Gweru, Kadoma and Mutare.

1960 — New Dairy commissioned in Harare.

1978 — New cheese plant opened in Kadoma.

1983 — Sterilised Milk Plant commissioned in Chipinge.

1990 — New plant commissioned in Bulawayo.

1993 — Chitungwiza Powder and Butter plant Commissioned.

Nutritious Foods and Beverages for the Sustenance of Good Health From Generation to Generation

1994

DMB is commercialised and DZL is born.

1997

DZL is listed on the Zimbabwe Stock Exchange becoming the first state-owned company in Zimbabwe to do so.

2001-03

DZL acquires 100% of Martindale (Private) Limited in 2001 and forms NFB Logistics in 2003.

2006

Dairibord Holdings is born out of the restructuring of the DZL Group. The company is transformed into a holding company with four subsidiaries- Dairibord Zimbabwe (Private) Limited, Martindale (Private) Limited, Dairibord Malawi (Private) Limited and NFB Logistics (Private) Limited. The name of the holding company changed to Dairibord Holdings Limited from Dairibord Zimbabwe Limited (DZL).

2016

Dairibord holdings restructures its Zimbabwe operations into one operating entity effectively transferring Lyons and NFB Logistics into Dairibord Zimbabwe (Private) Limited.

2019

Dairibord Holdings Limited disposes of its entire interests in Dairibord Malawi.

Our Brands

DAIRIBORD

DAIRY DELIGHTS

DAIRIBORD

Zimbabwe (Private) Limited

DAIRIBORD Chimombe Long Life Milk

DAIRIBORD fun 'n fresh

Yu-mmy Yoghurt

DAIRIBORD STERI Long Life MILK Sterilised Full Cream Milk

DAIRIBORD NUTRIplus

LYONS Peanut Butter

DAIRIBORD Super Milk

LYONS QUENCH CORDIALS & SYRUPS

LYONS MAID The Cream Of Ice Creams

DAIRIBORD LACTO

Aqualite still bottled water

DAIRIBORD FLAVOUR RAVERS CHOCOLATE

DAIRIBORD Pfuko

LYONS Quick Brew TEA BAGS

DAIRIBORD a real dairy ice cream

CASCADE

RabRoy

DAIRIBORD Supreme Creme

All our operations follow a rigorous quality assessment process that ensures that our products are safe and healthy for the consumer. Quality and safety is an integral part of our product design.

Group Structure

Dairibord Holdings Limited is a manufacturer and marketer of quality milk, foods and beverages. The company is listed on the Zimbabwe Stock exchange. The company owns Dairibord Zimbabwe (Private) Limited as its flagship subsidiary. Dairibord Holdings also has 100% interest in 4 property companies Goldblum Investments, Chatmos Enterprises, Qualinex Investments and Slimline Investments. Lyons Africa, Lyons Zimbabwe and NFB Logistics are dormant companies also owned by DHL.

Group Brands and Markets

Group Brands and Markets

The Group produces an extensive range of products which include Liquid Milks (long and short shelf life), foods (yoghurts, ice creams, condiments, and spreads) and beverages (cordials, ready to drink dairy and non-dairy, tea and water) which are marketed and distributed in domestic and export markets.

Product Category	Product Type	Brands
Liquid Milks		**Dairibord Zimbabwe (Private) Limited**
	Long Shelf Life	Dairibord Steri Milk, Dairibord Chimombe Dairibord Supermilk
	Cultured	Dairibord Lacto
	Flavoured Milks	Flaver Raver
	Cream	Dairibord Sterilised Cream
Foods	Yoghurts	Dairibord Yummy, Dairibord Froot Scoop Dairibord Yogie
	Ice Cream Sticks	Nutty Squirrel, Skippy Choc, Bigga Bear, Super Split, Plus 20, Monsta Mouse, Green Giant, Mello Ice Tropical
	Ice Cream Cones	Dairibord and Lyons branded cones
	Ice Cream Cups	Dairibord and Lyons branded cups
	Bulk Ice Creams	Dairibord Real dairy, Lyons Maid
	Sauces & Condiments	Rabroy Tomato Sauce, Rabroy Salad Cream, Rabroy Mayonnaise, Rabroy Tangy Mayonnaise, Lyons Peanut Butter
Beverages	Ready to Drink	Cascade, Pfuko-Udiwo Maheu, Nutriplus, Fun 'n Fresh, Natural Joy
	Crushes and Cordials	Quench
	Bottled Water	Dairibord Aqualite
	Tea	Quick Brew Tea Bags
	Drinking Chocolate	Lyons Drinking Chocolate

Markets Served

All our products are available to the Zimbabwean market through a network of channels which includes wholesalers, retailers, traders, vendors general trade and institutions. A number of our brands have been well received in the export markets and these include Supermilk, Steri Milk, Chimombe, Lyons Peanut Butter, Rabroy Tomato Sauce, Rabroy Salad Cream, Rabroy mayonnaise, Yummy yoghurts, Stick ice creams, Pfuko, Cascade, Quench Cordials and Quickbrew Tea.

EXPORTS

The major export markets for our brands are Botswana, Malawi, Mozambique, Namibia, South Africa and Zambia.

Business Associations and Membership

1. Buy Zimbabwe
2. Confederation of Zimbabwe Industries.
3. Employers Confederation of Zimbabwe.
4. Marketers Association of Zimbabwe.
5. Zimbabwe Business Council on Wellness.
6. Zimbabwe Dairy Industry Trust

Our Sustainable Business Model

The Group creates value through the manufacturing and distribution of good quality, nutritious foods and beverages. Our business model rests upon exploring and exploiting local and regional opportunities in the Liquid Milks, Foods and Beverages space as a growth strategy for revenue and profitability.

OUR STRATEGY AT A GLANCE

Dairibord Holdings
More Than Just Milk

1 — FOCUS

- Liquid Milks
- Foods
- Beverages

2 — KEY STRENGTHS

- Strong heritage
- Diversified product portfolio
- Strong brand equity
- Diversified distribution channels
- Nationwide distribution network
- State of the art processing technology
- Diversified skill base

3 — PRIORITIES

- Milk supply growth
- Exports growth
- Growing domestic market share
- Margin optimisation

4 — OPPORTUNITIES

- Growth in raw milk production to address supply gap and reduce import bill through import substitution
- Exports sales growth through deepening and widening existing offering
- Margin optimisation through operational efficiencies

We continue to review and strengthen our business model given the volatile and complex operating environment we operate in. We believe in innovation and growth that delivers superior, sustainable value to all our stakeholders through measures that seek to minimise negative socio-economic and environmental impact.

Our Sustainable Business Model (cont.)

OUR VALUE CHAIN

Our success relies on a range of inputs such as human capital, raw milk, packaging materials and utilities from our many partners and suppliers on one hand and the unwavering support we get from our valued customers and consumers on the other hand. We continue to count on their support as we strive to create sustainable shareholder and stakeholder value. As shown below, Dairibord is a key cog in the dairy and non-dairy food and beverage processing value chain.

Inputs

Raw Milk is sourced from farmers who sign contracts of supply with the company. The pricing of milk is market determined to retain competitiveness. Milk collection is the responsibility of the company.

Raw Materials comprise of Skimmed Milk Powder (SMP), Full Cream Milk Powder (FCMP), Sugar, Orange Juices and Fruit Sets Tomato Paste, Oil, Eggs e.t.c.

Packaging Materials comprise of High-Density Polyethylene (HDPE), Polyethylene Terephthalate (PET), paper packaging e.t.c. Due to depressed, industrial activity in Zimbabwe, most materials are imported exposing the business to global commodity price volatilities and foreign exchange fluctuations.

Utilities [electricity water coal and other fuels]- Utilities availability is erratic and at a high cost particularly water and electricity. The business relies on standby facilities to support operations during power and water outages.

Human Capital [contract and permanent] Labor is a combination of contract, permanent and outsourced services. Remuneration recognizes collective bargaining, market benchmarks and productivity incentives.

Processes

The Group undertakes value addition by converting the inputs into value added products. The Group operates 4 factories in Zimbabwe.

Marketing and Sales

Modern Trade: This channel is composed of key retail outlets.

Wholesalers: The channel is comprised of large and medium scale wholesalers.

General Trade: Composed of small to medium scale retailers, wholesalers and convenience stores. A significant amount of cash sales is generated through this channel.

Vending: This is a cash channel with independent vendors buying stocks for resale on a daily basis.

Franchises: Most franchises operate from the Group's premises formerly operated as company owned distribution depots.

Hospitality and Institutions: The channel focuses on hotels, schools and similar institutions.

Exports: Trade is done mainly with customers in Zambia, Mozambique Botswana, South Africa, Namibia and Malawi.

Awards

Zimbabwe Association of Dairy Farmers (ZADF)

In July 2019 Antony Mandiwanza won the ZADF Dairy Oscar for his contributions to the dairy industry over the past decades. This award was presented by ZADF at their annual general meeting at Montclair Hotel Nyanga.

Zimbabwe Agricultural Show

Dairibord received "Best Display for Agricultural Value Addition and Beneficiation" prize at the inaugural Zimbabwe Agricultural Show 2019.

His Excellency President E.D Mnangagwa visited the Dairibord Show stand. On his right is the Group Chief Executive for Dairibord, Mr Antony Mandiwanza.

Buy Zimbabwe Farmers Support Award

In December 2019 for the second consecutive year Dairibord was recognised again winning second prize for the Buy Zimbabwe Farmers Support Award (which we had won the year before).

Dairibord also won company of the year award for 2019, while Mr. Mandiwanza won the CEO of the year.

STRATEGY AND PERFORMANCE COMMENTARY

Performance Highlights

	Inflation Adjusted		Historical Cost	
	2019	2018	2019	2018
FINANCIAL PERFORMANCE				
Revenue (continuing operations)	1 114 706 053	697 489 191	497 216 128	126 442 610
Operating profit (continuing operations)	90 219 006	55 130 092	76 915 701	9 994 123
Profit for the year (continuing operations)	142 238 249	35 724 042	51 117 530	6 475 145
Earnings before, interest and tax, depreciation & amortisation (EBITDA)	113 211 212	83 649 497	81 993 853	15 005 838
Net cashflows (used in)/ generated from operating activities	2 435 414	50 911 341	(6 045 080)	9 229 337
Net assets	364 076 132	276 920 970	267 047 751	50 200 936
PROFITABILITY RATIOS				
EBITDA	10%	12%	16%	12%
Interest cover (times)	13.22	17.51	17.67	17.51
Return on Equity (ROE)	39%	13%	19%	13%
LIQUIDITY RATIOS				
Gearing ratio	7%	7%	10%	7%
Current ratio	2.16	2.20	1.52	2.20
Acid test ratio	0.89	1.17	0.79	1.17
SHARE INFORMATION AND PERFORMANCE				
Earnings per share				
-Basic (ZWL cents)	39.59	9.27	14.13	1.68
-Diluted (ZWL cents)	39.59	9.27	14.13	1.68
-Headline Earnings (ZWL cents)	32.02	8.88	7.47	1.61
Closing market price (cents)	42.75	15.00	42.75	15.00
Net asset value per share (cents)	101.70	77.79	74.59	14.10
Market capitalisation in ZWL	153 045 367	53 700 129	153 045 367	53 700 129
Number of ordinary shares in issue at the end of period	358 000 858	358 000 858	358 000 858	358 000 858
Weighted average number of shares	358 000 858	358 000 858	358 000 858	358 000 858

SELECTED SUSTAINABILITY INDICATORS

	2019	2018	% Change
Electricity consumption (MwH)	10 389	13 044	(20)
Water Consumption (ML)	397 108	465 145	(15)
Coal consumed (tons)	5 762	6 458	(11)
Diesel consumed (000L)	2 237	2 009	11
Labour turnover (Count)	19	31	(39)
Social responsibility spend ($000)	493	197	150

Diesel consumed increased 11%

Diesel consumed increased to run generators to compensate for the decrease in electricity caused by non-availability due to load shedding

Chairman's Statement

J. Sachikonye | Chairman

INTRODUCTION

I am pleased to present the Group's audited results for the year ended 31 December 2019. The commentary on financials is based on the inflation adjusted numbers. The historic amounts are shown as supplementary information. The information does not comply with the requirements of International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 - Financial Reporting in Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on the historic financial information.

OPERATING ENVIRONMENT

The overall operating environment was considerably challenging.

Increased cost and unavailability of foreign currency, power, fuel, water, raw and packaging materials resulted in an increase in operating costs. Inflationary pressures had a negative impact on consumer demand and liquidity.

To mitigate the negative impact of the economic factors, the company pursued a low cost operating model.

GROUP PERFORMANCE

Raw Milk Intake

Raw milk intake grew by 10% compared to national milk growth of 7.2%, benefiting from milk supply development initiatives targeted at small, medium and large scale milk producers.

Sales Volumes

Sales volumes dropped by 17% against an industry average decline of 23% for the manufacturing sector. The Liquid Milks category achieved a marginal growth of 0.2%, due to an increase in local raw milk intake. The beverages category declined by 23%, while the food category which accounts for 9% of the sales volumes declined by 39%.

The drop in volumes was minimised, relative to the industry performance, due to strong brands and extensive market reach. This allowed the business to sustain capacity utilization of 44% against a manufacturing industry average of 36.4%.

Turnover

Turnover grew by 60% to ZWL 1.12 billion driven by growth in exports and necessary product price adjustments.

Export revenue grew by 100% from US$ 1.7 million to US$ 3.4 million as the company continued to drive exports in order to increase its regional foot print and to generate foreign currency to cover import requirements.

Profitability

The business achieved an operating profit of ZWL 90 million compared to ZWL 55 million in 2018. An operating profit margin of 8.1% was attained up from 7.9% in prior year. The improved performance was on account of reduced fixed overheads, diligent procurement practices, and an intensified drive to improve operational efficiencies. Profit after tax increased to ZWL 142 million from ZWL 36 million in the prior year.

Foreign liabilities reduced from US$ 3.9 million in 2018 to US$ 0.93 million in 2019, a 76 % drop as the company focused on managing and reducing foreign denominated debts.

DAIRIBORD MALAWI

Disposal of Dairibord Malawi was finalized in the third quarter of 2019. At the time of the disposal, the liabilities of the subsidiary exceeded assets and the group realised a gain of ZWL 15.2 million.

> **"The business achieved an operating profit of ZWL 90 million compared to ZWL 55 million in 2018."**

Chairman's Statement (cont.)

OUTLOOK

The COVID-19 global pandemic will have far reaching and unpredictable impact on the way of doing business in 2020 and beyond. The full effect on the business and the economy at large is still unknown. However, it is envisaged that it will have very significant negative impact on the company's performance.

Notwithstanding the headwinds alluded to above, the business will remain focused on the following areas for value preservation and business continuity:

- revenue enhancement initiatives to drive brands in the local and export markets;
- prioritization of scarce resources to support export growth initiatives;
- supporting local raw milk production initiatives;
- cost reduction and containment, as well as increased production efficiencies to sustain margins;
- develop effective route to market channels to optimally capture and defend market share;
- tight working capital management to limit effects of inflation; and
- continue to be a responsible corporate citizen by supporting initiatives relating to COVID-19 risk mitigation.

SUSTAINABILITY

Dairibord remains steadfast in upholding the principles of sustainability as guided by the Global Reporting Initiative Standards. As one of the voluntary early adopters of sustainability reporting in Zimbabwe, the company has continued to grow in providing capacity development to staff, enhancing performance measurement and embedding sustainability in company's core business processes.

DIRECTORATE

Mr Ketan Naik was appointed to the Board as a Non-Executive Director with effect from 21 August 2019. Mr Naik sits on the Finance and Audit Committee. The Board looks forward to his contribution.

DIVIDEND

The Board has taken into account the uncertainties in the local and global economies, exacerbated by COVID-19, and resolved to preserve working capital by passing the dividend for the year ended 31 December 2019.

APPRECIATION

On behalf of the Board, I would like to extend my appreciation to all our stakeholders, valued customers, management and staff for the continued commitment to supporting the growth and success of the business. I further extend my gratitude to fellow board members for their leadership and oversight during a challenging operating environment.

J. Sachikonye
Chairman
25 April 2020


DAIRIBORD
Chimombe
Loved & trusted
Long Life Milk
© Think Tank Advertising 8897
DAIRIBORD Chimombe Full Cream Milk
DAIRIBORD Chimombe Low Fat Milk
Chimombe Super Milk
A Proud Superbrand
for the 11 th year running
The champion in nourishing families.
High in protein ✓ High in calcium ✓
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Group Chief Executive's Review of Operations

Antony Mandiwanza | Group Chief Executive

PERFORMANCE OVERVIEW

The year 2019 was characterised by significant changes in the operating environment resulting in shifts in business practices to sustain shareholder value. Dairibord's key milestones of the three year structural transformation journey to unlock value that started in 2016 were largely achieved. Continuous adaptation to the prevailing environment will be necessary going forward, anchored on revenue enhancement, cost reduction and containment as well as product innovation.

The business performance in the year under review showed resilience in a volatile and constrained operating environment. The business delivered growth above prior year on raw milk intake, revenue and profitability, despite a drop in sales volumes. The financials presented in this report, are inflation adjusted.

OPERATING ENVIRONMENT

The year was characterized by weakening of the domestic currency and hyperinflation following the removal of USD parity in February 2019. Other significant economic drivers included the removal of subsidies on power, fuel and selected agricultural products resulting in cost push. The overall impact of the operating environment on businesses included:

- Depressed aggregate demand due to erosion of consumer disposable incomes;
- Erratic supply and high cost of utilities and inputs into production;
- Foreign currency shortages, liquidity constraints, high interest rates and escalating cost of doing business; and
- Reduced investment and delayed implementation of capital projects.

To mitigate the impact of the above, the business focused on developing local suppliers and support for local milk production in order to reduce demand for foreign currency; improving efficiencies across the value chain and route to market realignment to reduce cost and improve competitiveness. The business maintained its export drive to augment foreign currency required to meet the import bill. Capital investment was focused on cost reduction and upgrading of plant and equipment.

PERFORMANCE OVERVIEW

Revenue and Volumes Sold

The Group recorded volume sales of 73 million litres, reflecting a decline of 17% from prior year. This was however a smaller reduction than the manufacturing industry average decline of 23% (CZI survey). The main constraint was foreign currency induced product supply shortages which was mitigated by the following:

- Improved raw milk intake which grew 10% above 2018
- 100% growth in export revenue to US$3.4 million
- Development of local packaging suppliers for import substitution

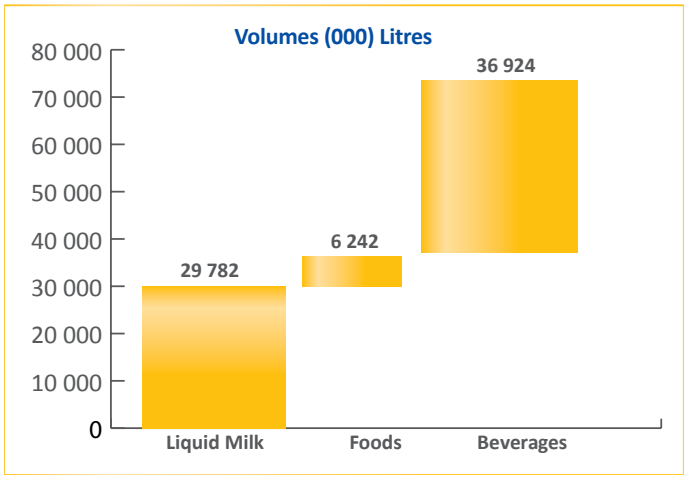
To sustain revenue enhancement and protect margins, regular price adjustments were made while striving to remain competitive.

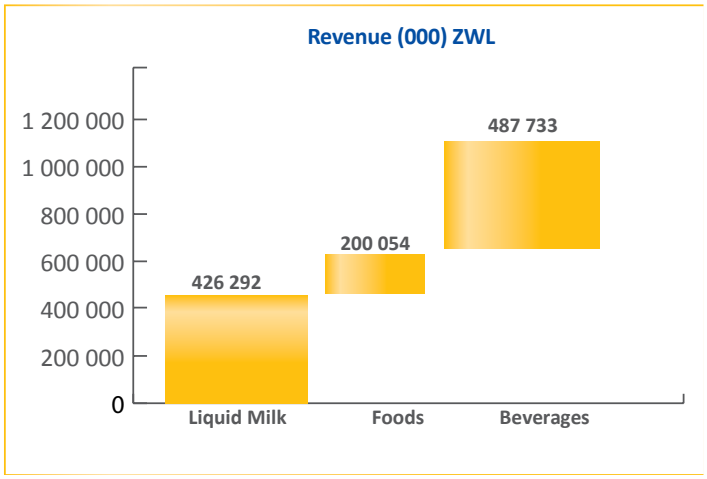
Portfolio Performance

The charts below show the volume and revenue performance by portfolio:

> "Our focus will be on re-imagining the future"

Group Chief Executive's Review of Operations (cont.)





Liquid Milks

The Liquid Milks category achieved a 0.2% volume growth against prior year, in an environment characterized by declining sales volumes. The company sustained Liquid Milks volume on account of a 10% increase in raw milk intake that reduced dependency on imports.

Foods

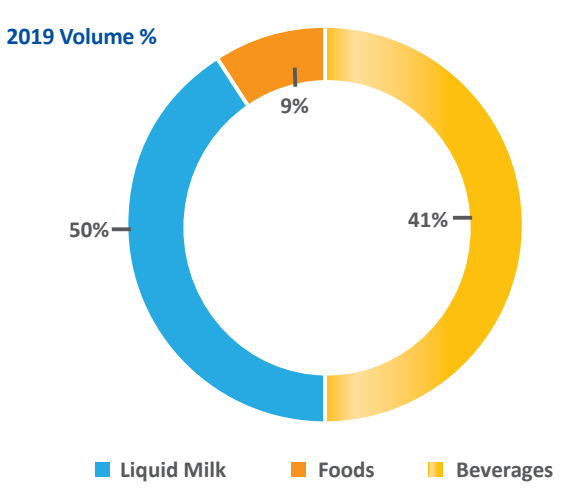
The Foods category, which was the most affected, declined 39% from prior year. Key lines affected were Yoghurts, Ice-creams, Condiments and Peanut Butter due to a combination of demand depression and input supply challenges.

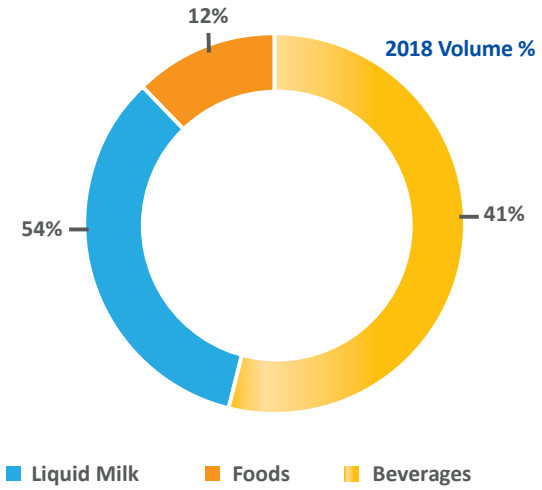
Beverages

Beverages declined by 23% compared to prior year due to declining consumer purchasing power. The Beverages category presents opportunities for growth by focusing on affordability and right sizing product offerings in line with changing consumer preferences.

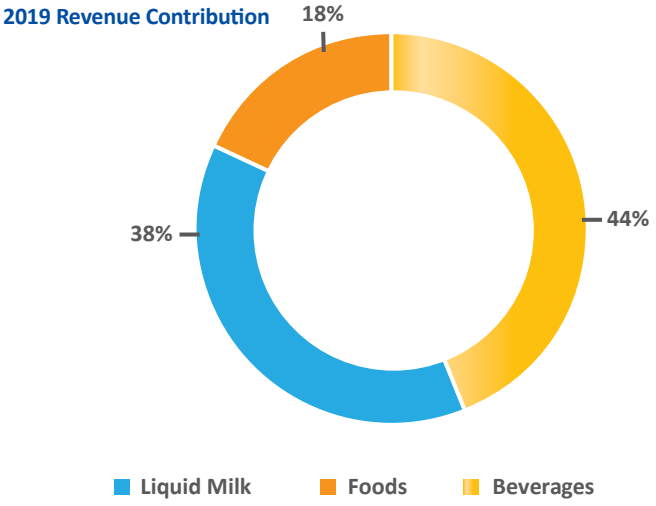
Portfolio Mix

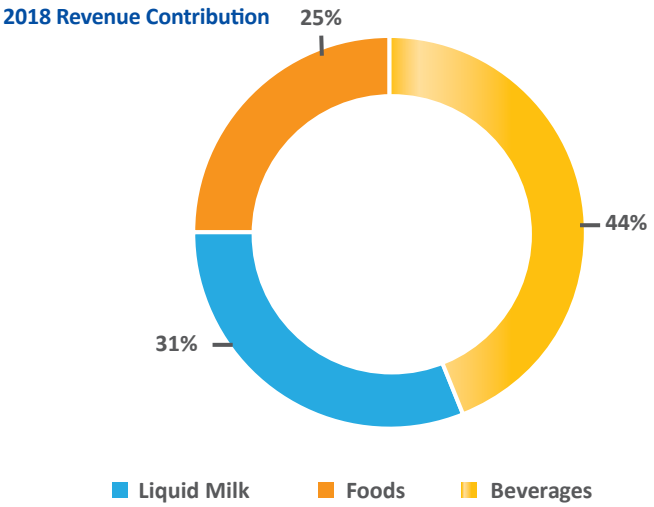
The chart below shows the volume mix by portfolio:





The company's product portfolio remained relatively balanced.





PROFITABILITY

Input costs continued to rise as suppliers of goods and services adjusted prices in line with the devaluing local currency. Profitability was achieved through modest sales volume decline, timely price adjustments, favourable product mix, focused cost containment, improved efficiencies across the value chain and prudent working capital management. These initiatives resulted in sustaining operating profit margins.

Operating Profit of ZWL$90 million was recorded, which was a 64% increase on prior year. Included were revaluation gains on investment properties of ZWL$17 million and a profit on disposal of Dairibord Malawi Limited (DML) of ZWL$15.20 million. All the conditions precedent for sale of DML were complied with in 2019 and the subsidiary was deconsolidated with effect from 1 August 2019.

Profit before tax for the year increased from ZWL$32 million to ZWL$141 million a 344% increase.

Borrowings

Interest bearing borrowing (including overdraft) grew from ZWL$22.56 million as at 31 December 2018 to ZWL$33.06 million, largely driven by inflation induced increases in working capital requirements. The gearing ratio at 7.3% remained low which is an advantage going forward should value adding opportunities arise.

Cash generation and utilization

Net cash flows generated from operations during the period were ZWL$ 2.44 million compared to ZWL$ 51 million in prior year. The reduction was on account of investments in inventories, prepayments, and foreign currency denominated payables. The cash flows from operations and borrowings were used to fund investments in critical plant and equipment and dividends.

Overall capital investment was minimal given the uncertain business environment and already sufficient invested processing capacity to meet current and medium term requirements.

Given the volatility of the exchange rate, the company made a deliberate value preserving decision to reduce foreign currency exposure which closed at US$0.93 million from US$3.90 million as at 31 December 2018.

MILK SUPPLY

Full potential for milk production growth during the year was stunted by drought, foreign currency shortages and in particular spiralling costs of stock feeds which weighed down milk production yields. Notwithstanding these challenges, national milk intake by processors grew by 7.2% to 80 million litres while Dairibord achieved a 10% growth. Whilst this, to a limited extent, narrowed the demand and supply gap, the country still has an estimated deficit of 50 million litres per annum which is partially closed by importation of milk powders. Going forward this demand and supply imbalance presents opportunities for implementing strategies to achieve both import substitution and export generation.

In pursuance of the above objectives, the company's vibrant milk supply development unit continued to focus on taping growth opportunities for large, medium and small scale farmers. Provision of veterinary services, nutrition support services, dairy herd growth initiatives, as well as partnerships in dairy development funding schemes were all focused on the ultimate objective of promoting overall milk growth and farmer viability in the country. These investments contributed to the dominance of Dairibord as the major dairy processor in the country in a pool of more than 15 processors.

BRAND BUILDING

The Group's brands remained one of the key pillars of the business in both the domestic and regional markets. The value of these brands however is not reflected in the company's Statement of Financial Position.

Dairibord Chimombe, Lacto and Lyons Quench won accolades at the Marketers Association of Zimbabwe (MAZ) 2019 Super Brands Awards as evidence of the position occupied by the Group's brands in the market.

Dairibord Chimombe Plant

Investment in brand equity and channel relationships will continue to be of critical importance in defending and growing market share.

HUMAN CAPITAL

Human capital base remains critical in delivering value to stakeholders. The business invested in skills and leadership development, adjusted conditions of service to cushion employees and retain critical skills while ensuring cordial industrial relations. While the current environment is limiting, the business will continue to invest in staff capacity building programs where necessary and feasible.

SUSTAINABILITY

Having started reporting sustainability impacts since 2012, the business is progressing to focus on the "Beyond Reporting" phase of the Sustainability agenda which aims at value creation. The key to this phase is strengthening of management approaches to material issues (product responsibility, health and safety, stakeholder engagement, efficient use of energy resources and human rights) as outlined in the Sustainability section of this Report.

OUTLOOK

The business environment will likely remain challenging and our focus will be on re-imagining the future. The COVID-19 pandemic has redefined the business environment and calls for a fluid business model.

While there will be an inevitable reduction in economic growth that will impact the business, sustainable value creation will be achieved through the following:

- Milk supply development through strategic partnerships and out grower schemes;
- Supporting development of local production of agro-based raw materials such as groundnuts to reduce over reliance on imports and create employment;
- Smart partnerships with suppliers of key raw and packaging materials;
- Efficiency improvement across the value chain;
- Investing in plant and equipment toward cost reduction and to address affordability;
- Route to market remodelling including digital marketing;
- Cash generation to improve working capital; and
- Intensifying export drive and harnessing domestic free funds in line with SI 85 of 2020.

Headwinds are expected in 2020, however the business is confident that it will remain profitable and sustain long term shareholder value by leveraging the company's most valued assets: our brands and our people.

A Mandiwanza
Group Chief Executive
25 April 2020

GOVERNANCE

Dairibord Holdings Limited Board of Directors

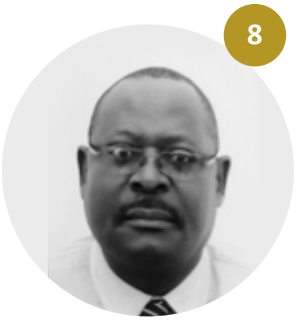
Dairibord Holdings Limited Senior Management

Corporate Governance & Ethics

Risk Management

Dairibord Holdings Limited Board of Directors

Mr. Josphat Sachikonye
(Chairman)
Independent, Non-Executive Director
Tenure: 10 years
B. Acc (UZ)
MBL (UNISA) CMA (UK)
INSEAD Management Development Program Executive Management Programme (UCT).
Director at Trust Holdings Limited



1. Mr. Antony Mandiwanza
(Group Chief Executive)
Executive Director
Tenure: 22 years
MBA (UZ), Executive Development Program (UZ),
Dip. Food and Dairy Technology (West Scotland Agricultural College UK). He is also the current Chairman at Tobacco Sales Ltd.

2. Ms. Mercy R. Ndoro
(Group Finance Director and Company Secretary)
Executive Director
Tenure: 10 years
B. Acc (Hons) (UZ), ACISZ, MBA (UZ). She is also the Board Chairperson at Microplan and a Director at FBC Bank.

3. Mrs. Rachel Pfungwa Kupara
Independent, Non-Executive Director
Tenure: 4 years
B. Acc (Hons), CA (Z), MBA (UZ),
Executive Development Program (LBS). She is a Non- Executive Director of British American Tobacco, a Board Member of Zimbabwe Insurance Brokers, Board Member of First Mutual Wealth Management and the Chairperson of Financial Securities Exchange.

4. Ketan K Naik
Non-Executive Director
BSc. (Hons) in Management Sciences from Warwick Business School and MSc. Real Estate Investment from CASS Business School. He is the Chief Executive Officer of Rank Zimbabwe and a member of the Harare Chapter of the Young Presidents Organisation.

5. Mrs. Sibusisiwe R Chindove
Independent, Non-Executive Director
Tenure: 13 years
MSc Food Science and Technology (University College of Cork), B Admin (UZ), LCCI Dip Marketing Sales and PR. She is the head of Corporate Affairs at Zimplats.

6. Mr. Cleton Mahembe
Non-Executive Director
Tenuer: 22 years
Diploma in Agriculture (Chibero College of Agriculture)

7. Mr. Christopher R.J Hawgood
Non-Executive Director
Tenure: 2 years
BSc Hons in Agricultural Management (University of Natal),
Chairman at Beatrice Farmers Association,
Chairman of National Dairy Cooperative and Chairman of Tavistock Estates (Pvt) Ltd.

8. Mr. Nobert Chiromo
Independent, Non-Executive Director
Tenure: 2 years
B.Compt (UNISA), CA (Z)
He is a Director and Partner of Corporate Excellence Financial Advisory Services.

Mr. David Hasluck and Mr. Cron von Seidel retired at the AGM held on 31 May 2019 having joined the board in 2015 and 2016 respectively. David Hasluck was Chairman of the Finance and Audit committee and a member of the Milk Supply Development and Remuneration Committees. Cron von Seidel was a member of the Investments Committee. The Board approved the appointment of Mr. Ketan K Naik as director of the company with effect from 21 August 2019.

Dairibord Holdings Limited Senior Management

Antony Mandiwanza
(Group Chief Executive)
Executive Director
MBA (UZ), Executive Development Program (UZ)
Dip. Food and Dairy Technology (West Scotland Agricultural College UK)

1. Mercy R. Ndoro
(Group Finance Director and Company Secretary)
Executive Director
B. Acc (Hons) (UZ), ACISZ, MBA (UZ)

2. Theodora Marimo
Manufacturing Executive
BSc (Honours) degree in Agriculture (UZ), MSc in Food Science (UZ), MBA (UZ)

3. Tracy Mutaviri
Marketing Executive
Bachelor of Business Studies (UZ), MBA (University of Pennsylvania)

4. Trymore Chikomo
Commercial Services Executive
Bachelor of Business Studies, Honors in Marketing (UZ), MBA (UZ).

5. Angela Gumbo
Business Development Executive
BCom Economics and Finance (University of Cape Town). Project Management Professional (PMP), Project Management Institute (USA)

6. Edward Startenus
Milk Supply Development Executive
Bachelor of Technology Management (University of Hanze) (Netherlands)

7. Anna Dhlamini
Business Information Systems Executive
MSc Information Security (Charles Stuart University) (Australia), MBA (MANCOSA), BCom Management (UNISA), Diploma in Information Processing (City & Guilds), Microsoft Certified Professional (MCP)

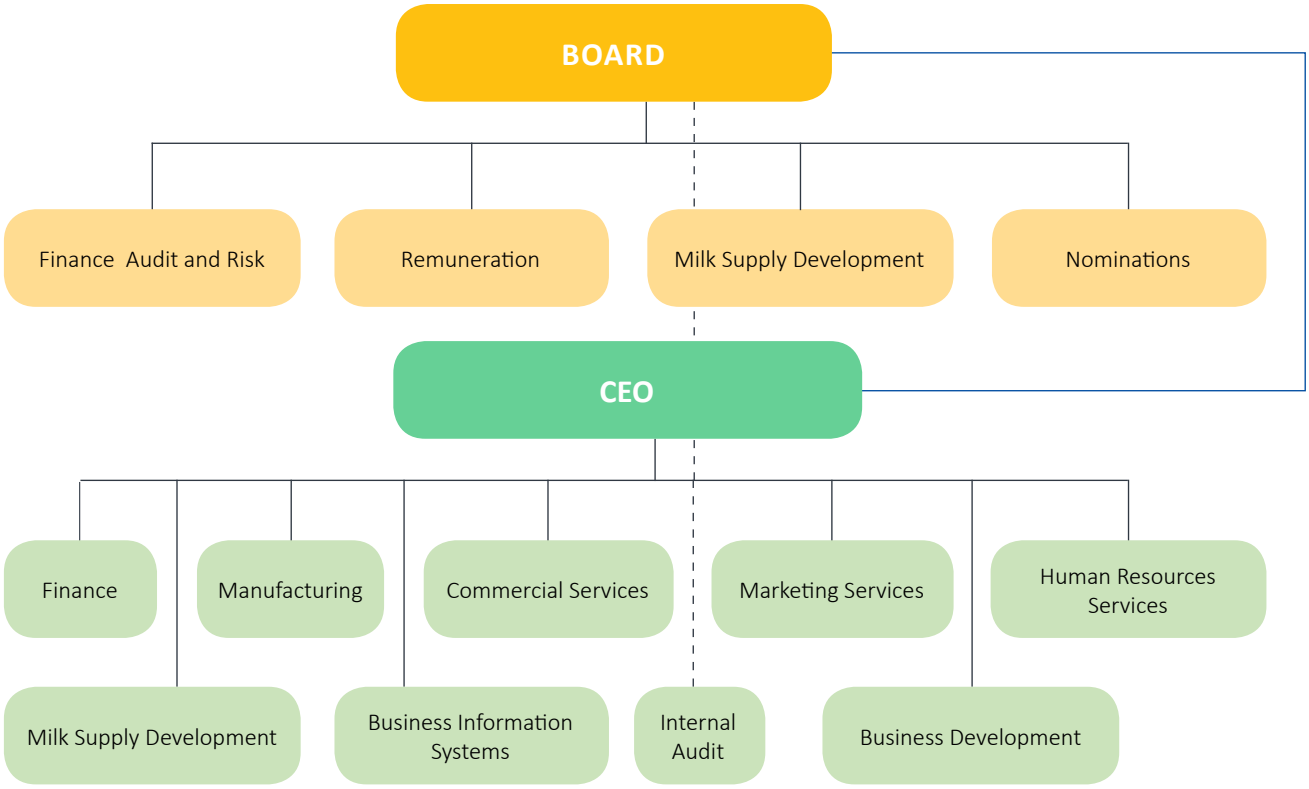
8. Bernard Chakeredza
Internal Audit Executive
B. Acc (UZ), MBA (UZ), ACIS

9. Gilbert Takabarasha
Human Resources Executive
Bsc (Honours) degree in Politics and Administration (UZ), IPMZ Dip, MBA (UZ)

Corporate Governance & Ethics

Governance Structure

The Chairman heads the Board to define governance, vision and long term strategy. The CEO and the committees report directly to the board. Dairibord Zimbabwe (Pvt) Limited has eight (8) functions headed by executives who report directly to the Group Chief Executive. The Internal Audit and Risk Management function remains an independent function that reports to the Board.



Corporate Governance Practices

Good corporate governance structures and practices ensure that Dairibord Holdings is managed efficiently and responsibly on behalf of all stakeholders. It provides a foundation for investor confidence, financial integrity, and financial performance

The Board of Directors is responsible for the direction and control of the Group, setting its strategic aims providing leadership to put them into effect, supervising management and reporting to shareholders on their stewardship. To that end, it has established appropriate policies and procedures to govern the conduct of the company's business and deliberations of the Board. The Board affirms its commitment to ensuring the Group acts responsibly and transparently from an economic, environmental and social perspective while creating sustainable value and benefits to all stakeholders.

The Group has adopted the National Code of Corporate Governance in Zimbabwe (ZIMCODE) to which it is committed to comply. The Group will continue to observe best practices in corporate governance by continuously benchmarking with international best practices contained in The King IV Report on Corporate Governance for South Africa Organisation for Economic Cooperation and Development (OECD 1999) Principles of Corporate Governance and Principles of Corporate Governance in the Commonwealth (CACG Guidelines 1999). The following is a broad review of the present structure and practices:

Corporate Governance & Ethics (cont.)

Business Ethics

The Group's primary ethical framework is defined by the Group's Corporate Governance Code as approved by the Board. The code is reviewed and updated continuously. The code provides guidelines as to what constitutes unethical behavior. The Group maintains an ethics hotline through Deloitte Tip-offs Anonymous and all reports are treated as confidential. We have adopted a Zero Tolerance Approach to corruption in all business dealings with stakeholders. All cases involving corruption are carefully investigated. Depending on the case, the company may involve experts, external auditors and the police. The Group plans to develop the capacity to enable managing, aligning and developing policies on human rights in line with the United Nations Guiding Principles on Human Rights and Business, particularly in our supply chain.

Communication with Shareholders

The Group provides platforms for shareholders to communicate with the Board. Some of the platforms include annual general meetings press announcements of performance, quarterly updates, annual reports, company website, formal meetings with shareholders and investors presentations and use of shareholders voting rights system.

Share Dealings

Directors and Senior Management are required to declare any dealings in the shares of the company. They are required to declare any other interests that may materially affect the company. Directors and all Group employees are not permitted to deal directly or indirectly in the shares of the company during:

- The closed periods from the end of a reporting period to the announcement of results.
- Any period that they are aware of any negotiations or details which may affect the share price.

Board Structure and Expertise

The present Board comprises seven non-executive directors including the Chairman (78%) and two executive directors (22%). An independent, non-executive director chairs the Board. The Board meets at least quarterly. Members of the Board possess various expertise that includes business, finance, manufacturing, agriculture and human resources management.

Appointment and Retirement of Non-Executive Directors

In terms of the company's Articles of Association a third of non-executive directors retire from office by rotation at the annual general meeting and are eligible for re-election.

Executive Remuneration Policy

It is Dairibord' s policy that remuneration for its executives is competitive and comparable with other companies of similar nature. A significant portion of their salaries is performance-related based on collective and self-funded schemes. The performance schemes are continuously reviewed in line with the company strategy.

Professional Advice

It is Board policy that provided the Board agrees that there is a justifiable case, directors shall be entitled to seek independent professional advice at the company's expense in the furtherance of their duties.

Board Gender Distribution

Executive Gender Distribution

Corporate Governance & Ethics (cont.)

BOARD COMMITTEES

Committee	Members	Main Function
Finance, Audit and Risk	Mrs. Rachel Pfungwa Kupara (Chairman) Mr. Nobert Chiromo Mr. Ketan Naik	The Committee monitors the company's overall control procedures, risk management and financial reporting. It provides direct oversight and liaison on behalf of the Board with both internal and external auditors. The Committee reviews all significant Group risks, as well as risk mitigation initiatives and their effectiveness quarterly.
Remuneration	Mr. Josphat Sachikonye (Chairman) Mrs Rachel Pfungwa Kupara Mr. Antony Mandiwanza	This committee is responsible for reviewing the company's remuneration policies and approving remuneration packages for senior executives.
Nominations	Mr. Josphat Sachikonye (Chairman) Mrs. Sibusisiwe Chindove Mr. Cleton Mahembe	This committee conducts searches and receives nominations, carries out background and reference checks and makes recommendations on candidates for board membership. It reviews the adequacy of the expertise, relevance and independence of the board. The Committee also co-ordinates the evaluation of board performance.
Milk Supply Development	Mr. Christopher R. J. Hawgood (Chairman) Mr. Josphat Sachikonye Mr Nobert Chiromo	The role of the Milk Supply Development Committee is to drive the milk supply growth strategy for the Group. Key objectives are to reduce the cost of raw milk production, increasing output at farm level and improving milk production efficiencies.

ATTENDANCE TO MEETINGS DURING 2019

Director	Year of appointment	Committees				
		Main Board Attended	Finance & Audit Attended	Nominations Attended	Remuneration Attended	MSDC Attended
Mrs. S Chindove	2006	4/4	N/A	1/1	N/A	N/A
Mr. N. Chiromo	2017	3/4	4/4	N/A	N/A	N/A
Mr C.R. J Hawgood	2017	3/4	N/A	N/A	N/A	2/2
Mrs R. P Kupara	2015	4/4	4/4	N/A	1/1	N/A
Mr C Mahembe	1997	4/4	N/A	1/1	N/A	N/A
Mr. A Mandiwanza	1997	4/4	N/A	N/A	1/1	N/A
Ms M. R Ndoro	2009	4/4	N/A	N/A	N/A	N/A
Mr. J Sachikonye	2009	4/4	N/A	1/1	1/1	2/2
Mr. K Naik	2019	2/2	1/1	N/A	N/A	N/A
Mr. D.W. Hasluck	2015	N/A	1/1	N/A	N/A	N/A
Mr. C. Von Seidel	2016	2/2	N/A	N/A	N/A	N/A

The Group CEO attended meetings by invitation for meetings where he is not a member.

Corporate Governance & Ethics (cont.)

Compliance

Dairibord operates within the prescribed laws and regulations of the areas in which it operates. We have a set of principles and values that ensure our employees and leadership abides by the rules of the land. This guides our people to ensure we minimise compliance risk.

Responsibility

The company secretary is the senior custodian for compliance matters at Dairibord Holdings.

Monitoring Compliance

Each executive in our eight functions manages compliance systems for their relevant department ensuring they are up to date on any changes taking place and that staff in their respective functions are kept abreast on the changes. All staff members are expected to be aware of the Dairibord code of conduct. We continuously engage with regulatory authorities on any legal changes and for advice concerning legal matters.

Production

Dairibord is certified to SAZ ISO 22000 Food Safety Management System. Internal audits are carried out as per plan; External verification is done annually by Standards Association of Zimbabwe who is the certifying body. Management reviews are done twice a year to check the level of compliance and corrective measures taken for non-compliance.

During the year, the Group continued its strict compliance protocols, taking every effort to comply with the following instruments and regulations:

- Companies Act [24:03]
- Zimbabwe Stock Exchange (ZSE) Listing Rules
- Securities and Exchanges Commission of Zimbabwe (SECZ)
- Regional Town and Country Planning Act [29:12]
- International Financial Reporting Standards (IFRS)
- Income Tax Act
- VAT Act
- Capital Gains Tax Act
- Exchange Control Act [22:05]
- National Social Security Act [17:04]
- Labour Relations Act
- Trade measures Act
- Trade Mark Act
- Dairy Regulations 1997
- Animal Health (Foot and Mouth) Regulations 1997
- Dairy Regulations 2012
- Pneumoconiosis Act
- Labour Act [28:01]
- Dairy Regulations 1978
- Agriculture Marketing Authority Act [18:04]
- Foods and Foods Standards Act [15:04]
- Public Health Act [15:17]
- Environmental Management Act [20:27]
- Consumer Protection Act [14:44]

Risk Management

Risk Management Philosophy

Risk is embedded in the Group's activities and is not separable from opportunity. Given the turbulence in the operating environment continuous risk assessment is critical and what may be a low impact low likelihood circumstance may metamorphose into the most significant risk in a short period e.g. global pandemics, cyclones, social instability, etc. Risk Management is integrated across the business as an integral part of our operations and for value preservation. The risks identified in this report are the major uncertainties in terms of likelihood and impact.

Group Risk Management Framework

The Board is terminally responsible for risk governance. The Board has delegated the risk management function to the Group Finance Audit and Risk Committee. The composition of the Finance, Audit and Risk Committee is made up of Non-Executive Directors only with 67% being independent directors. The committee is accountable to the main Board of Directors. The mandate of the Finance Audit and Risk Committee regarding risk is to ensure that the Group has adequate systems to identify, measure, predict, prepare for and respond adequately to any risks that the organization may face.

Operational Structure

Management is accountable to the Board for designing implementing and monitoring the Group's risk management procedures and every manager is responsible for managing risk in their areas of responsibility.

To ensure the efficient monitoring and assessment of risk management systems, the Group Chief Internal Auditor is responsible for evaluating the adequacy and operational effectiveness of the procedures. The Group Chief Internal Auditor reports to the Board through the Finance, Audit and Risk Committee.

Main Risks Affecting the Group and Mitigating Measures

Risk Category	Specific Exposures	Mitigants
Legal/ Regulatory	• Non-compliance with tax laws. • Increased costs of doing business due to levying of duty in foreign currency.	• Tax health checks are done regularly including reviews by external specialists. • Transfer pricing policy documentation and continuous review of the same. • Frequent engagement with authorities on tax laws and policies that reduce the tax burden on the business particularly the payment of duty in foreign currency.
	• Product and workplace safety below standards stipulated by law	• Operating standards are maintained above minimum requirements. • Quality issues resolved amicably with customers in line with the quality policy. • Certification with regulators like the National Social Security Authority, Environmental Management Agency and the Ministry of Agriculture is in place.
	• Regulatory compliance	• Refer to previous table for more detailed list of regulations to which we comply.
Force Majeure Events	• COVID-19 Global Pandemic Cyclones Earthquakes etc	• Due to difficulty in predicting such events the policy is to have a quick response time once risks present. • A business continuity plan in place and is quickly customised and implemented to suit the specific crisis. • During such times we also priorities Corporate Social Responsibility (CSI) in partnership with stakeholders in Government and Private Sector.
Economic Risk	• Loss of value on monetary assets through rising inflation • Erosion of profits through rising costs and failure to recover full costs from consumers due to erosion of disposable incomes.	• Continuous review of consumer prices to remain profitable. • Regular reviews of wages and salaries to cushion employees against rising inflation. • Continuous review of credit terms to preserve value.
	• Declining consumer disposable incomes	• Widen product offering to cater for all classes in society. • Price adjustments to retain competitiveness and viability
	• Risk of Price Controls	• Maintain a diversified product portfolio to minimize impact.
	• Increased competition from new entrants	• Maintain superior product quality and consistent product availability. • Invest in building competencies to remain the preferred supplier/customer in the market.

Risk Management (cont.)

Risk Category	Specific Exposures	Mitigants
Socio-Political	• Deterioration in social instability impacting operations through work stoppages asset and employee safety risk and worsening country risk profile • Excessive wage demands by labour unions resulting in unsustainable wage levels	• Through the company's risk management framework, the business continuously reviews emerging risks based on socio-political factors. • The company developed a clear policy on how to manage operations during social instability scenarios. • Proactive participation in wage negotiations. • The business continually reviews employee remuneration and provides cushioning allowances to cushion employees and mitigate the negative impact of inflation on purchasing power.
Business Risk	• Failure of the business model to create superior and sustainable performance	• Continuous improvement in the business model to sustain the momentum achieved so far. • Continuous review of the cost structure and manpower levels for cost reduction and alignment to mitigate against drop in capacity utilization.
	• Work stoppages/operational failure due to raw materials non-availability power outages and other unforeseen eventualities	• The company invested in water collection tankers to reduce the cost of ferrying bought in water. • Solar Energy Options are currently under review. • Driving exports to contribute towards foreign currency requirements. • Increasing investment in inventories to improve product supply. • Reduced terms for receivables to preserve the value of monetary assets. • Invested in standby generators and boreholes to ensure a consistent supply of utilities.
	• Inadequate raw milk intake volumes.	• Improved the milk supply strategy beyond heifer procurement focusing on herd growth feed formulation and procurement veterinary support and artificial insemination. • 2019 raw milk intake increased by 10% and the momentum is expected to continue.
Information System Risk	• Risk of loss of data due to cyber- crime system hacking or unauthorized access. • Risk that the system is not available to users due to operational challenges.	• Adequate back-up and data redundancies in place to prevent data loss in the event of any systems malfunction or failure. • Business Information Systems Policy and Password Policy is in place. • Intrusion Detection and Prevention Systems (IDS/ IPS) are also in place and are continuously reviewed. • Up to date Anti-Malware Software. • Manual systems can be activated in the event of failure but subject to appropriate approvals. • Actively monitor and manage content posted on social media and manage stakeholder relations.
Talent Risk	• Loss of skilled Employees	• Rewarding top performers to improve retention. • Training and development of staff to ensure adequate skills pool.
	• Inadequate succession planning exposing the future of the business	• Having key positions with at least one person ready to take over and being capitated for future growth opportunities. • Several management development programs are underway viz. MBAs Graduate Trainees and Food and Dairy Technology training.
Financial risk	• Refer to page 101 where Financial Risk is comprehensively dealt with in note 34 to the financial statements.	

SUSTAINABILITY STRATEGY

Our Approach to Sustainability

Stakeholder Engagement

Materiality Process

Reporting Practices

Our Approach to Sustainability

Sustainability is core to the future of Dairibord Holdings' business and our growth. As part of the global ecosystem, impacts attributed to our business contribute to impacting the resource limits of the planet.

The Group's approach to sustainability is to tap into the opportunities for performance improvement presented by the widening intersection between business strategy and sustainability. The key areas of interest are linked to our core value chain drivers as illustrated below. Each element of the value chain is integrated and provides a point at which we can add value or impact the associated stakeholders by strengthening our systems to manage impacts associated with each stage.

From sourcing raw materials from our suppliers to end-use disposal of our products, each stage of the value chain directly interfaces with our employees and communities. These common areas of interest when optimized, provide benefits to both the business and the overall global sustainability agenda.

Sustainability Governance

The Group has a sustainability team responsible for driving the sustainability agenda for the business under the leadership of the Business Development Executive. Operationally, the Sustainability Team tracks sustainability indices monthly and key issues for management attention. Our processes are such that once a material issue is identified, the sustainability team evaluates the materiality and impact of such issues based on its economic, environmental and social significance at the company level and the business as a whole before reporting to senior management for policy and decision making.

For continuous improvement and independent review, the Group is advised by INSAF, a sustainability advisory firm, which has been engaged since 2012.

Inclusive Business

Inclusive business is the profitable integration of the less privileged members of the community and small and micro-enterprises in the core value chain of larger companies. People and enterprises at the Base of the Pyramid (BoP) can be involved as suppliers, distributors, retailers, consumers, entrepreneurs and innovators and as additional employees.

The impact of the business as a commercial enterprise on the low to middle-income sections of society is reflected in the business model which engages them in both upstream and downstream operations.

The table below shows the linkages between the business and the bottom of the pyramid stakeholders. The Group's commitment to these engagements is long-term and mutually beneficial.

Our Approach to Sustainability (cont.)

	Priorities	2019 Support Statistics
Farmers	• Payment of a viable price, on time and at weekly intervals to support farmers in managing inflationary pressures. • The guaranteed market for milk produced • Provision of Extension Services • Credit facilities for herd development, stock feeds, equipment and other farm requirements • Lobbying to the government for favorable agriculture policies	3.357 million litres collected from small scale farmers of which 1.032 million from Milk collection Centres (MCCs). $156 200 Value of extension services provided to small scale.
Vendors	• Viability of vending as a source of livelihood • Provision of uniforms and merchandising equipment • Transportation to and from selling points	ZWL1 783 492 for uniforms US$950 000 of equipment provided.
Small scale suppliers	• Creating opportunities for small formal businesses	ZWL435 000 value in services from small companies per month.
Franchises and Distributors	• Credit facilities • The utilisation of company premises to conduct business • Marketing support • Assistance in managing their businesses	• ZWL10.5 million credit facility. • 11 out 16 Franchises utilising DZPL premises. • Marketing Support value of ZWL901 888.
Merchandiser	• Provision of uniforms • Merchandiser Training	• ZWL408 623 for uniforms • Training done two times for the year

Capital Management

The Group recognises that the various forms of capital, both financial and non-financial, are necessary for running a profitable and sustainable enterprise. As part of the Group's business model, all forms of capital are integrated and these are:

Financial Capital:	Human Capital:	Social Capital:	Natural Capital:	Intellectual Capital:
• These are the financial resources that are used to fund our business activities and support our strategy. This includes equity from shareholders, loans from financial institutions and credit facilities from trade partners	• This refers to the employees as well as the processes used to engage and develop them. Critical components are the skills, capabilities, knowledge and experience relevant to the advancement of the Group's strategy	• This is the advantage we enjoy from relationships with key stakeholders including government, customers, employees, suppliers, regulators and financial institutions.	• This refers to the natural environment from which inputs are produced and outputs and waste disposed of. As a manufacturing entity, we are committed to preserving this natural capital as well as working to optimize benefits e.g. through recycling water, energy efficient building design and exploring use of solar energy.	• This refers to trademarks and knowledge our employees possess as well as the intellectual capital that enables the business to remain ahead of competition and influence trends in our chosen domains. We take pride in, and continually invest in our pillars of strong enduring brands and human capital.

Stakeholder Engagement

The Group's stakeholder engagement strategy is part of our overall corporate affairs and risk management strategy. Key to our operations is our stakeholders who include investors, employees, communities, government, regulators, media, suppliers, customers, consumers and the society at large. The Group values these stakeholders. As such, stakeholder engagement is done to capture material concerns from our stakeholders as an input into the organization's strategy. Our stakeholders are categorised into Internal [Employees Management] and External [Suppliers, Customers, Consumers, Government, Investors, Shareholders, Financial Institutions, Media and Communities].

The selection of these stakeholders is based on the level of their interest in, and or, impact on the operations of the business. Selection is done by management on an ongoing basis in line with the need to match strategy with risk management.

Engaging stakeholders provides the social and relationship capital crucial to our business model. Stakeholder engagement is distributed across the Group to key staff with the responsibility of interfacing with stakeholders in their processes. Key material issues from stakeholder engagement processes were escalated to the Executive committee and Board for decision making. In 2019 the Group engaged with stakeholders on various critical issues as shown below:

Stakeholder	Engagement Method	Material Issues Identified and Discussed	Results/ Action Taken
Customers and consumers	• Customers satisfaction surveys • Business review meetings • Digital and Social media platforms • One on one meetings and face to face calls	Product supply Pricing Product quality Payment terms New product launches Imitation by formal and informal competitors	• Prices adjusted to absorb the increase in input cost. • Terms reduced to align with prevailing market conditions where suppliers are demanding prepayments. • Product quality significantly improved compared to the prior year period. • New line extensions successfully listed in all stores and well received by the market. • Product supply remains a key challenge given the foreign currency supply constraints. • Legal and market-based strategies being deployed to fight imitations.
Government and regulatory Authorities	• Official representations (letters) • Representations through industry bodies • Formal meetings • Policy briefings • Compliance Inspections	Taxation and supply of foreign currency Creation of a level playing field between imports and exports	• The business received an allocation of foreign currency from the Reserve Bank of Zimbabwe. The allocations were however not adequate for the company's requirements. • On 20 February 2019, the RBZ liberalized RTGS/USD exchange rate to allow for market-determined exchange rates. • Secured adequate import permits for milk powders to augment local raw milk. • The government temporarily suspended SI122 of 2017 to improve product supply. This did not result in increased competition due to deteriorating landed costs for imports.
		Regulatory compliance	• The business remains compliant with regulations including foreign currency, tax, environmental and safety requirements.
		Water and electricity outages	• Utility supply remains a challenge. • The company, however, relies on standby facilities (generators, boreholes & reservoirs) to bridge the gap when authorities fail to supply. • Subject to availability of foreign currency, the business is also exploring investment in solar energy.
Suppliers including farmers	• Formal meetings • Supplier briefings • Workshops	Raw milk supply initiatives and pricing	• Our Milk Supply Development Unit organises country tours every quarter to all our milk supply regions to meet with farmers to discuss key issues affecting the industry and possible mitigation measures that Dairibord can support in addressing them. • Initiatives are bearing fruit as reflected in the growth in raw milk intake
		Prices quality and supply consistency for key inputs.	• Supply of key raw materials remains a challenge due to foreign currency supply constraints. • Foreign currency constraints also impacted input prices affecting margins. • Business is focusing on import substitution and export generation as a key to addressing foreign currency induced product supply constraints. • The export drive resulted in 100% growth in export revenues.

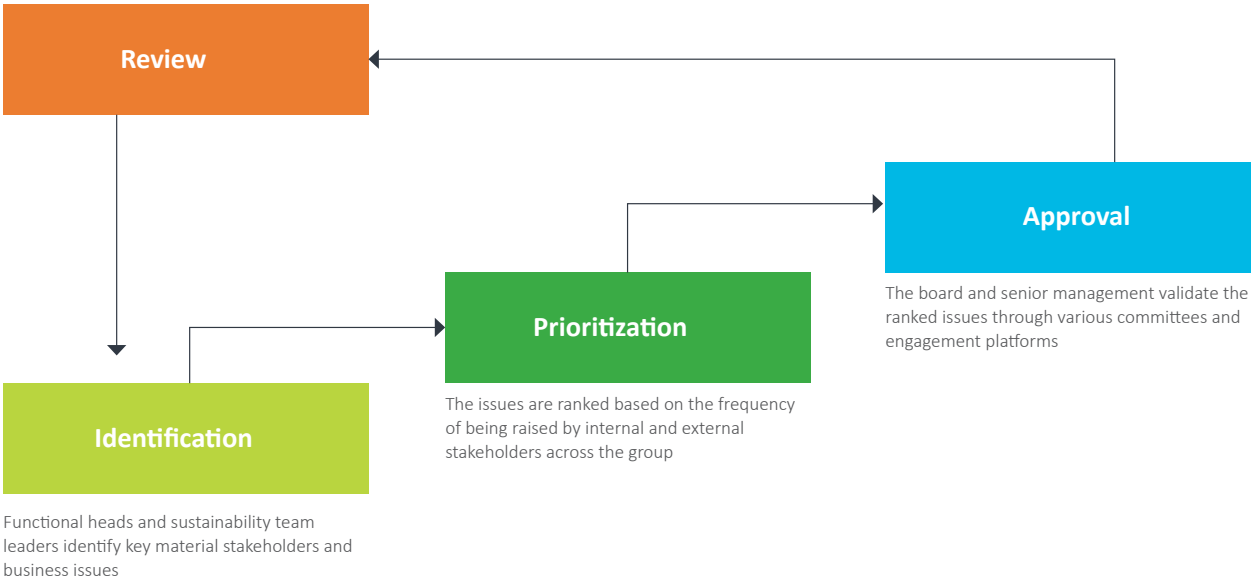
Stakeholder Engagement (cont.)

Stakeholder	Engagement Method	Material Issues Identified and Discussed	Results/ Action Taken
Employees	• Employee Engagement surveys • Works council meetings • One on one discussions • Recognitions	Conditions of service Performance trends and organizational transformation	• Salaries adjusted to cushion employees from the declining purchasing power of incomes • Industrial relations climate was stable throughout the year. • Staff Recognition Hampers for best performing factory based on specified criteria.
Investors and Analysts	• AGMs, Briefings, one on one meetings	Business turnaround Sustainability of performance Strategy	• The business posted increased profits in the year. • Costs remained under control particularly overheads despite inflationary pressures. • Strategies in place to further grow the performance and reinforce strategic pillars.
Financial Institutions	• Formal meetings	Funding Requirements for the business and for milk producers. Tenure and interest Rates	• Credit facilities were availed by the financial institutions. • Interest charged was competitive.

Provision of veterinary services for large, medium and small scale farmers

Materiality Process

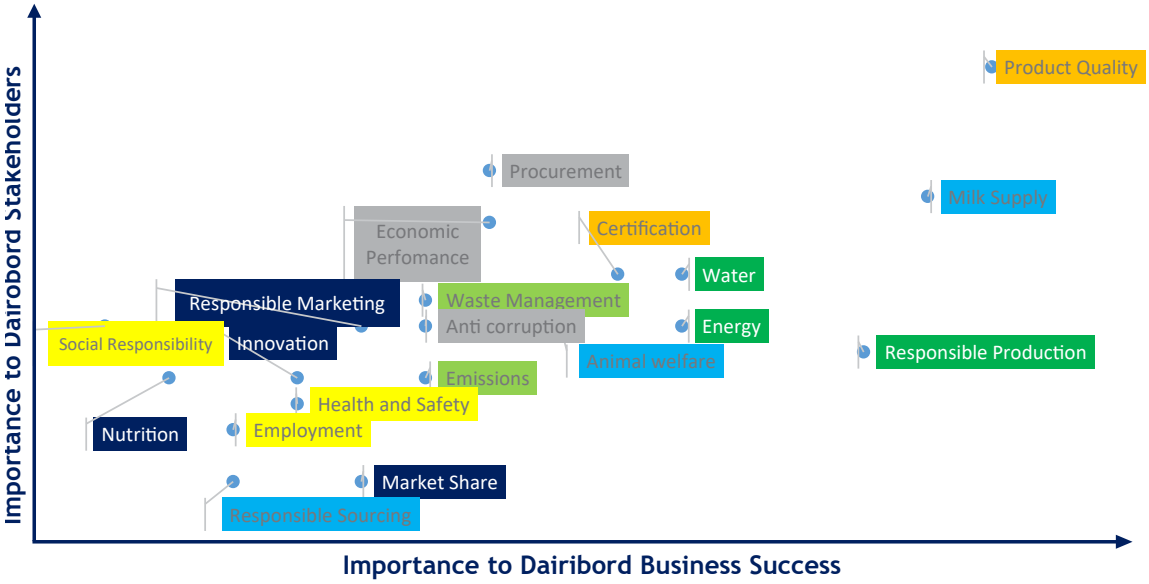
The Group's approach to identifying material aspects for disclosure is influenced by the stakeholder engagement process and internal evaluation. This process takes into account the operating environment in Zimbabwe. The approach to materiality by the Group is broadly guided by the GRI's Sustainability Reporting Guidelines to ensure consistency in our approaches and basis for reporting.



Material Topics

Economic	Social	Environmental
Economic performance Indirect economic impact Anti-corruption, Innovation Procurement practices Market Share	Employment, Nutrition Health and Safety Supply chain, Responsible Marketing, Vulnerable Communities Support	Waste, Energy, Water, Materials, Animal welfare Emissions, responsible production

Dairibord Materiality Matrix



Report Boundary

Reporting boundary for the Group is defined by where material impacts are identified within the Group's operations. The Group assesses environmental and social issues deemed to be of high impact to the Group and our stakeholders. The boundary of the report content and performance indicators are approved at the Group level following an evaluation process. This report covers sustainability performance from our operations in Zimbabwe.

Reporting Practices

REPORTING PRACTICES

Dairibord Holdings Limited discloses both financial and non-financial information in an integrated format to provide stakeholders with a broad understanding of the business performance.

Report Data

The report used qualitative and quantitative data and information to explain how the Group performed on material topics considered important to our stakeholders. Information used for this report was extracted from Group records, policies and respective persons in charge of the topic areas.

Report Period

The reporting period for the Group spans over 12 months from 1 January to 31 December each year.

Report Declaration

Management declares that this report was prepared in accordance with the applicable GRI Standards – 'Core' option.

SUSTAINABILITY PERFORMANCE

Our Consumers

Quality Control and Standards

Our Supply Chain

Sustainable Production

Caring for The Planet

Our People and Communities

Sustainability Performance

OUR CONSUMERS

Consumers have always been at the heart of our business. They influence our daily activities and our continued success is anchored on an understanding of consumer needs and their changing tastes and preferences. We are fully committed to delivering a superior value proposition and continue to evolve to remain relevant.

As our consumers are increasingly becoming health conscious this trend has necessitated continuous improvement and innovation to develop products that meet these emerging needs. Our products also have a role to play in addressing the needs of the vulnerable populations in our areas of operation such as pregnant women and children. Responsible innovation, which also incorporates how we communicate with consumers of our products, is key to ensuring the health and safety of our consumers and improving our market share.

Product Responsibility

At Dairibord we are accountable for our products throughout the entire value chain up to the point of consumption. Our responsibility begins at farm level, and on receiving materials from suppliers right up to final disposal and recycling of the packaging material for our products. We have put in place processes and systems that ensure that all elements that would render our products harmful to consumers are minimised or eliminated across the entire value chain.

Consumer engagemennt

Innovation

Our success at Dairibord has been stimulated by our innovative mind-set. We continuously develop new products to meet consumer needs and to address the nutritional requirements affecting the vulnerable sectors of our consumer base. We are proud that our innovative spirit has made us a dominant player in the dairy, foods and beverages market in Zimbabwe. Some of the research and development initiatives undertaken have helped reduce our import bill through premium quality alternatives developed with the Zimbabwean consumer in mind.

We recognise the rising health concerns by consumers regarding sugar and fat content in foods and beverages. In response to this trend, we have developed products with reduced quantities of sugar and fat., We have also fortified some of our products in line with legal requirements in Zimbabwe to meet dietary deficiencies prevailing in the market. Nutriplus is one such product fortified with 13 vitamins and minerals.

	Volume (litres)	Amount (ZWL)
Fortified Products	264 703	1 013 344

Responsible Communication

As a leading manufacturer and marketer of quality food and beverages, we play a significant role in influencing healthy eating and promoting active lifestyle among our consumers. We subscribe to the concept of responsible communication particularly on labelling and advertising. These processes help consumers make accurate and informed decisions about our products. We seek to ensure our communications are consistent with the principles of balanced diet, good nutrition, and personal choice.

Our consumers are why we exist as a business and as such we go all-out to serve their best interest by driving sufficient and accurate messages through our communication and nutritional labelling. Dairibord products are compliant to all relevant legislation i.e. those relating to the environment of processing, core product and labelling regulations (local and international). This is evidenced by the ministry of health food product certifications awarded to our products. The packaging depicts the product and our labelling is deliberately crafted in a way that will not mislead the consumer.

On our packaging we declare nutritional value and allergens where applicable so that consumers are fully aware of contents such as lactose or nuts. We are also careful to notify consumers not to substitute breast feeding with cows' milk.

QUALITY CONTROL AND STANDARDS

Quality is one of the greatest expectations of our consumers, they have entrusted us with the responsibility to provide them and their families with safe and high-quality products. All our operations follow a rigorous quality assessment process that ensures that our products are safe and healthy for the consumer. Quality and safety is an integral part of our product design.

The group quality department is responsible for monitoring and managing the quality across our value chain from raw materials through to the market. It ensures that the quality and safety of the products is not compromised at any of the value chain stages. The quality department has established a set of parameters that form a complex system for monitoring and auditing. This is how the microbiological quality, hygiene, and composition of products are controlled. Dairibord quality system offers consumers and other interested stakeholders the confidence that products and production processes follow strict quality and safety criteria.

Checking for freshness of raw milk

In this regard our quality assurance processes focus on the following:

- Testing of raw materials before use in production processes.
- Testing of products during conversion processes.
- Testing of finished goods before delivery into the market.
- Assessment of suppliers to ensure they meet quality standards and other operational requirements for responsible business.
- Certifications by industry standards bodies to align with industry benchmarks
- Customer complaint handling procedures.
- We have adopted internationally recognised standards to manage the quality of products. We ensure that the employees who handle our products are fit to handle food products.
- We also track and assess products in the market.

Supplier compliance with Food Safety and Quality Standards

Indicator	Unit	2019
Suppliers audited / inspected	Count	11
Suppliers not audited	Count	9

Production Sites certified to Food Safety Management Systems

To ensure the efficiency of the Dairibord Quality and Safety systems all production sites are subjected to an internationally recognised Food Safety audit undertaken annually by an accredited third-party certification body. Our production sites are certified to HACCP and ISO certified with one of our sites currently undergoing recertification. Our Food Safety Management System has been accredited to FSSC 22000 certification.

	Unit	2019	2018	2017
Certified production sites	Count	3	4	4
Sites undergoing recertification audit	Count	1	0	0
Total number of sites	Count	4	4	4

In addition to international standards local regulations and laws require us to meet specific requirements for our sector.

The following certifications and legal requirements were maintained in 2019:

- ISO certification at Dairibord's Rekayi Tangwena,Chitungwiza and Chipinge Factories.
- Halaal Certification at Dairibord's Rekayi Tangwena and Chipinge Factories.
- HACCP- (Hazard Analysis and Critical Control Point).
- Public Health Act.
- SI 5 of 2015 Foods and Foods Standards.
- Ministry of Health and SAZ certification of all products.

We are mindful of the impact of our supply chain on the final product we deliver to our consumers as such we intend to continuously reinforce our systems to manage and eliminate potential quality risks. Key to our system is the traceability process inspections on material delivery help us eliminate quality and safety risks. We have a batching system to ensure we can track the final product materials back to ingredients and we will continually improve it in line with our drive for product responsibility.

The quality of raw and packaging materials we source determines the excellence of the final products we deliver to our clients. Internal systems to inspect vet and train suppliers help us achieve this goal. We continue to positively accept feedback from our consumers on areas of improvement on quality. Comments and queries regarding our products can be communicated via our website *https://www.dairibord.com/contact-us/* or social media sites [i.e. face book and twitter].

OUR SUPPLY CHAIN

Dairibord is proud of the business partnerships that contribute to the final products we deliver to our consumers. Unethical practices, drought, and shifts in weather patterns can affect our ability to continue operating. Issues such as human rights violations, child labour, corruption, water scarcity and climate change present key risks in our continued ability to source key materials like milk and other ingredients.

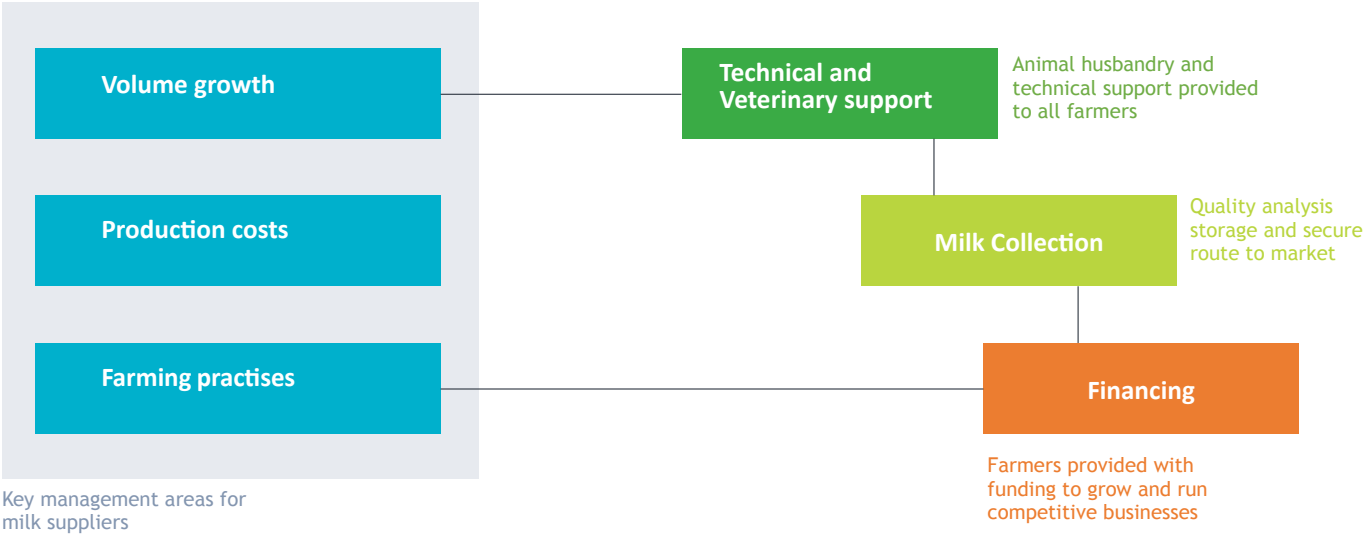
We seek to tap into opportunities provided by sustainable practices in our business partnerships while minimising the risks of association to address the socially conscious consumer. The key to our value chain is the traceability, quality, and safety of raw materials that we source. We seek to enhance our value chain to ensure our supply chain is sustainable. Working closely with farmers and suppliers helps us understand the risks they face and to improve their livelihoods.

Responsible Sourcing

Our supply chain relationships present risks and opportunities for us. This has been largely driven by consumer's interest to know more about what is in their food, where it comes from and how it is made. This consumer push coupled with an understanding that the absence of supply chain scrutiny can silently promote human rights violations and environmental degradation has stimulated our drive to improve responsible sourcing. Suppliers go through a strict new supplier approval process which involves assessment of specifications, safety data sheets and certificates of analysis. Each subsequent consignment is inspected using approved specifications to ensure safety and consistency. Two (2) new supplier visits were conducted in 2019.

MILK SUPPLY

Milk Farm



Key management areas for milk suppliers

Milk is a major raw material in our value chain, and as such we place a huge emphasis on its continued and viable supply. We consistently engage with farmers to ensure they are capacitated to continue supplying this essential raw material in sufficient quantities and at the quality we expect.

Dairibord has a Milk Supply Development Unit (MSDU) that provides extension services to its large and small scale milk producers to grow milk supply through improved quality and quantity at low cost. Through the MSDU staff, farm management and technical support are provided to dairy farmers to ensure compliance with the Dairy Act. Dairibord provides the service of five fully qualified veterinary doctors to all of the company's milk producers. This is meant to ease the farmer's burden concerning overall animal health and welfare.

Dairibord Veterinary Doctors are responsible for overall animal health and welfare

MSDU staff offer training on farm business management, parlour set up and hygiene, clean milking production, milk handling, bulk tank maintenance, pasture management, fodder production and safe storage of both milk and chemicals. The major parameters the unit monitors are raw milk quality, farming practices, volume growth and cost of milk production. Financial resources are fully provided by the company to enable the unit to pursue its objectives which are aligned to the Group's strategy. We are also on a drive to promote and develop small scale farmers to capacitate our future high demand for milk.

Dairy farmers are provided with technical advice on breeding and herd expansion so that farmers can increase their milking herd size. The MSDU assists farmers with the identification, sourcing, and procurement of all the necessary inputs at competitive prices. The farmers have been provided with state of the art milk testing machines that can test all the required milk parameters and milk composition. Dairibord has a total of 72 dairy farmers that supply milk to the company. Out of the 72 farmers, 6 are milk collection centers with over 200 farmers supplying into them.

Investment in small scale dairy farmers (Milk Collection Centres).

	2019	2018	2017
Total Milk Intake (Million Litres)	27 147	24 576	19 875
% of Milk from Small Scale Farmers (including farmers supplying MCC's)	4%	3%	4%

Small Scale farmers 4%

Small scale farmers supplying MCC's grew 36%

Growth was driven by new projects that were supported. While the number of cows grew by 32% the yield per cow per day dropped by 23% due to drought impacts leaving very modest organic growth. The herd growth sets a platform for long term milk intake potential and Dairibord is focusing on supporting farmers with projects to grow feed on-farm using sustainable agricultural practises to increase yields per cow thereby improving viability and sustainability.

Milk Quality Seminar

In February 2019 Dairibord hosted a Milk Quality Seminar by Dr. Peter Edmondson from the United Kingdom. This was an extremely big success that kicked off a nationwide program for quality improvement by testing individual cows and defining targeted improvements on each farm. The results have been amazing thus far and the program will carry on in 2020.

Nutritionist Training

In April 2019 the training from our nutritionist for small scale dairy farmers was held in Chipinge and Mutare. In these regions, almost 300 small scale dairy farmers supply us with milk through 6 milk collection centres.

Quarterly Country Tours

In May, September, and December of 2019 we held our quarterly country tours where we introduced testing on BactoCount and engaged with farmers to hear their concerns and formulate ways to assist where possible.

Animal Welfare

The welfare of the dairy herds that produce our milk is of paramount importance to us. This benefits the entire value chain as well kept animals are more likely to produce higher quality milk more sustainably. The somatic cell count tests we conduct in our facilities give us a picture of the welfare of the cattle helping us track and educate farmers. We provide loans and other support to our farmers to help them source feeding supplements to avoid malnourishment of cattle. Local regulations such as the Prevention of Cruelty to Animals' Act (Chapter 19.09) also require proper treatment of animals whether domesticated or not. It is against this understanding that we seek to promote animal welfare in all business relationships with dairy farmers.

We rely on the five freedom of animal welfare to assist our farmers in handling their animals. The five freedoms are as follows:

- Freedom from hunger, thirst, and malnutrition, ensuring the animal's access to freshwater and a diet that maintains full health;
- Freedom to have a suitable physical environment providing the animal with an environment that includes shelter and a comfortable resting area;
- Freedom from pain, injury, and disease, preventing or diagnosing and treating issues quickly
- Freedom to express their species-specific behavioral characteristics, providing the animal sufficient space, proper facilities and the company of animals of their species;
- Freedom from fear and distress, ensuring conditions and care that do not involve psychological pain for the animal.

SUSTAINABLE PRODUCTION

Our operations are dependent on the natural resources, and we understand that our planet is limited as the population grows so is the demand for more resources to meet its needs. At Dairibord we value the natural resources and understand that most of them are finite and where they can be regenerated, the replacement rate is much lower than depletion. We understand how our operations, if not monitored and managed, can impact negatively our environment which in turn affects our business in the long run. We aim to efficiently use the resources endowed to us in our operations through sustainable production., We want to make our operations as efficient as possible.

Priorities

- Office and plant redesign to save energy. Reduction in consumption of energy and hence savings in costs and reduced impact on the environment
- Investing in solar energy to reduce the utilisation of carbon-emitting energy sources
- Responsible utilisation of water through efficiencies and recycling to minimise water abstraction
- Consider reducing coal consumption, by introducing alternative cheaper and low carbon alternatives.
- Cost avoidance through material usage efficiency, waste reduction, energy efficiency, and water efficiency initiatives.

Management Approach

We have ambitions towards minimising environmental impact. Emissions, water use, energy and waste are areas where we can make a significant difference. The Group continues to monitor and report on its solid and liquid materials discharged into the environment. Our drive towards efficiency will contribute to our ambitions to reduce our impact.

Overall Equipment Effectiveness (OEE) – is a measure of how well a manufacturing operation is utilized (facilities, time and material) compared to its full potential, during the periods when it is scheduled to run. By monitoring the OEE during each shift, it is precisely known when disturbances and problems occurred. Disturbances often result in wastages and product losses and by continuously managing our OEE we have become resource-efficient.

Sustainability Performance (cont.)

Materials

The efficient and economic use of production material is key to reaching our sustainability goals at Dairibord. Any wastage increases pressure on an already limited planet and increases costs. Dairibord values the materials used in the manufacture of its products and respects the planet and stakeholders involved in providing us these raw materials. We promote the use of renewable raw materials and continually improve process efficiency and production.

	Units	2019
Renewable materials		
Raw materials (million)	Litres	27 026
Packaging (million)	Kg	2 204
Non-renewable materials		
Raw materials (million)	Litres	9 704
Packaging (million)	Kg	2 032

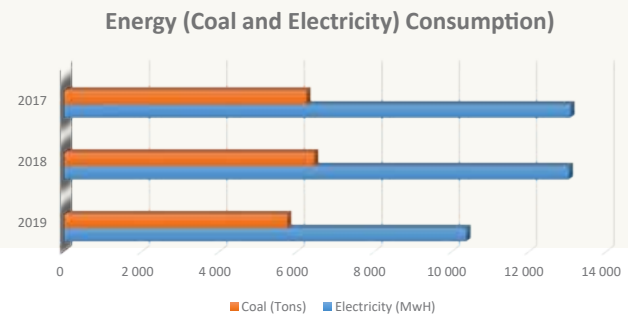
Where possible, we use recycled materials in production. However, due to the nature of our business, we are limited to the materials we can recycle. Material usage efficiencies therefore are of paramount importance. The usage efficiency is monitored daily by working out usage yields per product line. The yields are established by Research & Development personnel during the introduction of new product, a new material, a new processing line and monitored regularly thereafter. Yields for standard packaging materials are 98% for sheeting and 99% for containers (bottles and cups), whilst that of raw materials is 100% (+/-1%). Recycling of scrap HDPE packaging materials is done at Chipinge Blow Moulders during the production of Steri bottles. The scrap material is added to the virgin material at 25%. During the year only 6% of recycled materials were used in the manufacture of our products.

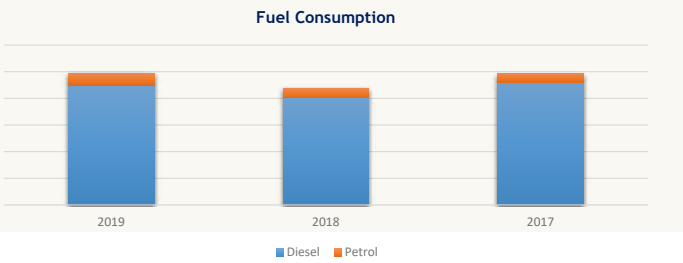
Energy Consumption Within The Organisation

	2019	2018	2017
Electricity (MwH)	10 389	13 044	13 084
Heating Coal (Tons)	5 762	6 458	6 259

Fuel	2019	2018	2017
Diesel '000' litres	2 237	2 009	2 295
Petrol '000' litres	230	181	170

Our operations rely on a constrained grid electricity supply which has forced us to run generators during load shedding periods. Our fuel consumption has increased to cater for the generators, the total costs of energy have risen as a result. For electricity, our targeted index is 8.25 Litres of Product/KWhr consumed and Coal 22 litres of Product/1kg of Coal consumed. Energy-saving initiatives were put in place by putting transparent roofing sheets on Ice cream, Cascade & Peanut Butter Factories.





Diesel consumption increased largely due to major power outages particularly in our Chipinge operations.

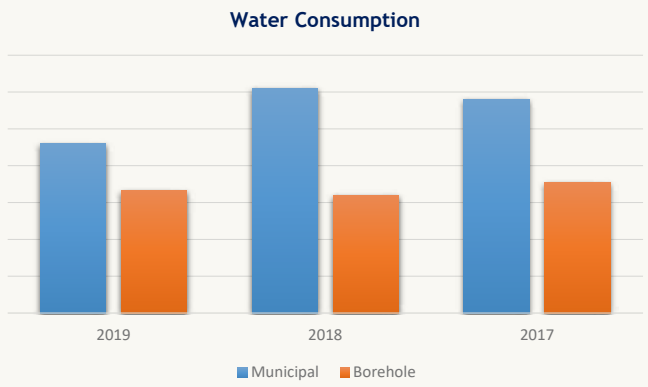
Water Consumption

Water is a precious resource used in our operations primarily as a raw material and for cleaning our facilities. Currently, our major sources of water are the municipal and borehole facilities. Given the priceless value of water, it is our responsibility to protect and respect our water sources by reducing unnecessary wastage and efficiently using it. The key to our management of water is a production plan. It is synchronized in such a manner that guarantees a cost-effective utilization of water. Optimum production runs are done to take advantage of economies of scale. Water utilization indices are tracked daily to monitor performance against targets. Each factory has a water utilization index, which is tracked after 24 hours of running.

Water Recycling

We use reverse osmosis for treating the water we use in our operations and about 30% of this water is lost in the treatment process. This significant volume of water is then used to water our lawns at our facilities which in turn controls dust.

Sustainability Performance (cont.)



Water Source	2019	2018	2017
Municipal (' 000 of Litres)	230 089	305 028	290 027
Borehole ('000 of Litres)	167 019	160 117	177 396
	397 108	465 145	467 423

Water usage at 397 ML translated to a usage index of 5.6 L of water per litre of product produced. The targeted index of 5 L of water per litre of product produced could not be achieved because of diseconomies of scale. Lower production runs were done in the second half of the year owing to depressed demand on some lines coupled with the inconsistent supply of inputs on other lines. This resulted in instances whereby production runs were not optimal, and water usage is, in most cases constant.

CARING FOR THE PLANET

Our operations generate waste and emissions that can threaten the capacity of our planet to support life. We generate a significant amount of wastewater, organic waste and plastic waste due to the nature of operations. Our business generates a significant amount of wastewater whose constituents are mainly lactose, casein, detergents, and sanitisers. We depend on coal, petrol, diesel and grid electricity as the major sources of energy for our operations, due to the fossil nature of these sources we contribute more to the release of greenhouse gases in the environment. We are committed as an organisation to reduce our environmental footprint by assessing how we impact the environment and analysing viable options to offset our impact from our energy use.

Management Approach

Our management of waste and emissions is directly tied to sustainable production. We rely on continuous monitoring to assess how much waste and emissions we are generating and we stand guided by the environmental regulations on the prescribed quality of effluent and emissions that are safe to dispose of in the environment. We are setting our ambitions for resources management efficiency on utilities to minimise waste and reductions in emissions to reduce our contribution to global warming and climate change.

Environmental Management Priorities

- Enhancing product responsibility by contributing to the collection and recycling of plastic packaging.
- Waste segregation before disposal to recover useful and recyclable materials
- Optimising emissions performance in line with regulatory requirements and benchmarks

Performance

The table below shows the physical quantities discharged into the environment as a result of our operations or consumption of our products:

Waste

Waste type	Disposal method	Unit	2019	2018
Coal Ash	Sold	Kg	633 820	710 400
Packaging waste generated				
linear low density Polyethylene (LLDPE)	Recycling & Landfill	Kg	519 007	476 307
Biaxial-oriented polypropylene (BOPP/ VMCPP)	Recycling & landfil	Kg	9 500	13 453
High density Polyethylene (HDPE)	Recycling & landfill	Kg	1 817 827	2 713 999
Polyethylene Terephthalete (PET)	Recycling & Landfill	Kg	189 871	258 661
Polypropylene (PP)	Recycling & landfill	Kg	160 302	268 608
Liquid waste				
Effluent	Municipal	M^3	158 843	186 058
Oils	sold	Litres	3 315	-

Packaging Recycling

In 2019 we recycled 67.2 tons of packaging waste, the proportions are as follows

Segregation of waste

We introduced an initiative to select reusable and recyclable materials from our waste. This process has increased our waste recovery increasing the weight available for recycling while cutting down on the amount of waste sent for disposal at the dump site.

The business remains committed to reducing the negative environmental impact of the waste discharged into the environment during production, distribution or after consumption. Through PETRECOZIM, the business supports the recollection of solid waste from the environment and the following section details the performance of the initiative.

Recycling Initiatives: PETRECOZIM

The Group continued to support the industry recycling initiative through PETRECOZIM (PET Recycling Company of Zimbabwe), a PET recycling company co-owned by 8 companies (Dairibord included). We fund the operational and capital expenditure required for Petrecozim. In 2019 we contributed ZWL$75 776.

The Group continued to support the industry recycling initiative through PETRECOZIM

Emissions

The operation of boilers, generators and the use of grid electricity is linked to the release of air polluting substances. We take all reasonable actions to reduce our impacts related to gaseous waste. Our emissions also contribute to the global crisis caused by climate change as such it is key for us minimise our emissions.

Dairibord like any other factory entity provides steam to support its facilities. The steam is generated from coal-fired boilers. These boilers emit emissions during the run periods and such emissions are regulated in Zimbabwe by Statutory Instrument 72 of 2009 which is the basis upon which these emission measurements are premised.

We engaged an external consultant firm Enviromark to assess our nitrogen oxide, particulate matter, carbonic acid, and sulphur oxide emissions, the objective of the assessment was to evaluate air quality impact arising from the operations. The boilers were in the GREEN EMA band with four generators in the blue and green EMA bands. These appliances emit to the environment and these emissions are regulated by EMA (The Zimbabwe Environmental Management Agency).

Emissions Reduction Activities

- We have eliminated the use of diesel forklifts as a safety precaution and we are now using electric forklifts that do not emit polluting substances.
- Preventative maintenance – the engineering department has a scheduled maintenance program to ensure that machinery generators and boilers are working efficiently to reduce emissions related to equipment malfunction.

OUR PEOPLE AND COMMUNITIES

Our people are a huge pillar for the business. We depend on them to achieve our strategic objectives and to represent the business when engaging with stakeholders. We seek to instil a workplace environment that stimulates equal opportunity, fair treatment, dignity, and respect. Continuous interaction with communities helps us understand their needs and how our relationships can enhance the company's strategy for the long term. Dairibord takes responsibility for improving the lives of those living and working in the areas where we operate.

Sustainability Performance (cont.)

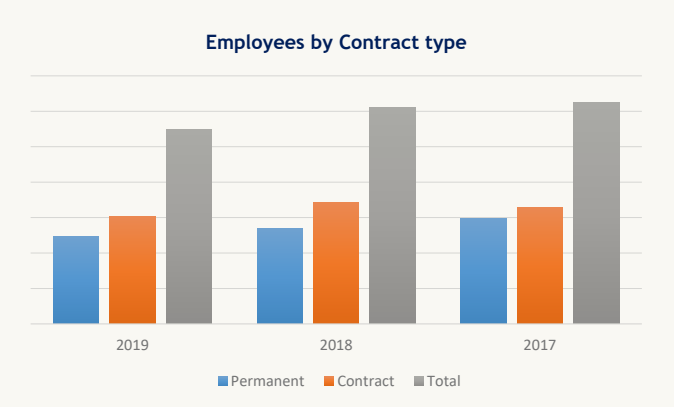
OUR PEOPLE AND COMMUNITIES (CONTINUED)

The Group's human capital strategy focuses on the following priorities:

- Healthy and Safety.
- Training and development.
- Productivity enhancement
- Respect and fair treatment of all employees.
- Equal opportunity for marginalized groups including gender equality

Dairibord Chitungwiza received recognition as the "2019 Most Productive Manufacturing Team"

Total Employees at year-end



Employees by contract type

Employee Category	2019	2018	2017
Permanent	494	536	595
Contract	605	683	655
Total	1 099	1 219	1 250

New Employees by age

Employee hire	2019
Under 30years old	48
30-50 years old	51
Over 50 years old	10
Total new employees	109

Human Resources Initiatives

- Developmental programs for all managerial levels, providing cushioning allowances for staff, subsidized canteen meals, medical aid for staff, Recognition and Innovation awards, Talent Development sessions to assist employees with their career path.
- Recruitment on merit without segregating vulnerable members of society, and the deliberate recruitment of female employees in production.
- Employee engagement survey. (Awareness and buy-in to strategy from staff, good relations and team-work. Health and safety in the workplace)
- Wellness training and events (Gender-based violence, dental awareness, health, and safety)
- Sustainability reporting improvement – enhance knowledge of sustainability champions in identifying and managing material topics.

Employee Turnover

	2019	2018	2017
Total Turnover	19	87	103
Turn Over %	1.7%	7.1%	8.2%

Employment Creation

Dairibord contributes significantly to employment by creating opportunities for ordinary men and women to become small scale business people through street vending. Each year, the company avails vending opportunities for over 929 street vendors of which 38% are female. Over and above this, through the extensive route to market network Dairibord has indirectly contributed to employment creation in modern trade, general trade, merchandising and transport service companies.

Empowerment

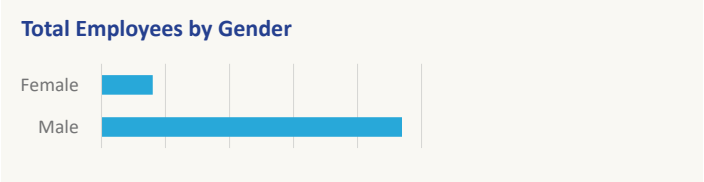
Dairibord Employee Share Ownership Trust (DESOT) The Trust was established in July 1997 for the purpose of purchasing shares in Dairibord, and the employees made history in Zimbabwe by successfully participating in the privatisation of the company, without assistance. The feat has been a leading example which has been followed by other companies. The trust currently owns about 12% shareholding in Dairibord Holdings Limited under Serrapin Investments (Pvt) Ltd, a sign of confidence in the company by the employees both past and present.

Sustainability Performance (cont.)

Employees Gender Distribution

Gender disparities remain a key disadvantage for women. We understand how this impedes their development and making them vulnerable to limited opportunities, as such we continue to uphold the principles of equal opportunities and fair treatment to create a conducive environment where more women aspire to work.

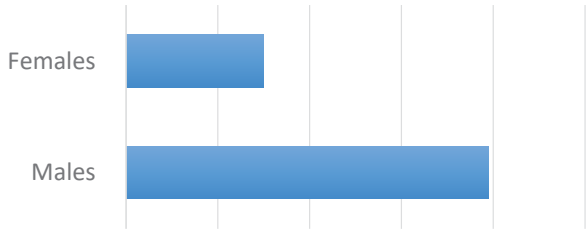
Gender	2019	2018	2017
Female	160	189	176
Male	939	1 030	1 074
The proportion of female employees to Total Employees	15%	16%	14%



Creating Opportunities For Women

With women continuously facing barriers in the workplace, we recognise that prioritising gender equality and women's rights are crucial. The women that are already working for us have an equal chance to access leadership opportunities, our board and executive committee is a testimony to our promotion of gender equality in the workplace.

Female Employees hired in 2019

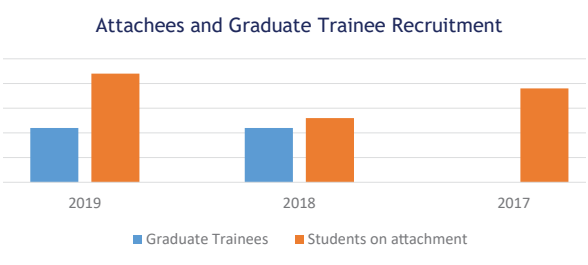


Total Employees by Gender

Graduate Trainees and Students on Attachment

The business has created a platform of opportunities to develop young graduates skills as well as feed the talent pipeline through structured graduate training programs and attachment schemes in various disciplines.

Category	2019	2018	2017
Graduate Trainees	11	11	-
Students on attachment	22	13	19
	33	24	19



Remuneration

Our remuneration policy guides us in determining our compensation to our people. Collective Bargaining Agreement's (CBA's) are the benchmark minimum we use to determine salaries for our non-managerial staff. Management and other executives are paid based on an agreed fixed pay agreement set at competitive rates to attract the best calibre of employees. Incentives are provided based on the collective performance of the group and self-financing incentive schemes. 84% percent of our employees are covered under CBA's.

Occupational Health & Safety

At Dairibord, we recognize the importance of providing a safe working environment for our employees. We prioritize this not only as a legal requirement but as a basic human right for our people. We are committed to ensuring that the safety of our employee's contractors and other clients that do business with us is well protected across all our facilities including encouraging upholding safety principles outside the work environment. We have a Safety, Health, and Environment (SHE) department which ensures that this goal is achieved through continuous engagement, training and awareness.

Management Approach

At Dairibord we are conscious of the occupational hazards associated with our operations. Our organization is driven by the principles of sustainable growth and promoting a safe working environment. We strive to achieve zero harm in all activities and promoting an injury-free workplace.

Key Priorities

- Complying with all relevant legal and other requirements governing safety, health, and environment.
- Preventing accidents, injuries, and cases of occupational ill-health that may arise from our operations.

- Providing regular awareness, communication, participation and consultation with all employees, contractors and other stakeholders.
- Communicating and making available to all stakeholders, our policy, environmental aspects and occupational hazards arising from our products and services.
- Continually improving our occupational health and safety performance against measurable objectives and targets.

General Awareness

We provide general awareness to our staff on the hazards and safety risks of activities in our operations. Safety toolbox talks are informal meetings where employees meet to discuss particular safety issues across departments before starting work daily or by shift. They help promote safety culture.

We also have posters and signage across the plant to educate and remind employees and stakeholders across the plant of the safety risk and safe actions to minimise injury.

Wellness Activities in 2019

- Zimbabwe Business Council on AIDS (Program implementation in the workplace)
- Dairibord Wellness day which focused on the following:
  - Health talks on Non-Communicable diseases, risk factors, prevention and management
  - Blood sugar, BP checks
  - BMI
  - VIAC
  - HIV testing and counselling
  - Prostate cancer education
- CIMAS (Ambulance service activity)
- Integrated health services (Dental Services)
- Zimbabwe Gender Commission – Rekayi Tangwena, Chitungwiza and Simon (Gender-Based Violence)

Work-related Accidents

Category	Unit	2019	2018	2017
Fatalities	Count	0	0	0
High Consequence work-related injuries	Count	3	0	0
Recordable work-related injuries	Count	62	108	122
Lost days due to absenteeism	Days	115	239	281
Lost time injuries	Count	16	23	23

The main type of injuries experienced during the year were lacerations, burns, eye irritation fractures, soft tissue injury, and sprains.

Programmes	2019	2018	2017
Wellness Programme (average number of trainees)	51	13	14
Anti-Retroviral therapy	4	7	7
Medical Aid	657	666	692
Peer Educators	13	13	13
HIV/ AIDS awareness campaigns	4	4	4
Clinics	1	1	1
First Aid workers	35	32	33

Community Investment and the Sustainable Development Goals

Dairibord Holdings cares about the people and the communities in which we operate, our operations are reliant on the people in our value chain which includes farmers, employees, and consumers. We are grateful for the support and resources we gain from these communities and make an effort to give back to support and help alleviate the challenges we face as a society.

Sustainability Performance (cont.)

Management Approach

As part of our belief of ploughing back into communities, we subscribe to the UN's Sustainable Development Goals as a commitment to being a responsible corporate citizen. Our community investment thrust is motivated by the need to promote healthy lifestyles, provide access to quality education, supporting and empowering the needy and to contribute towards a cleaner environment. We remain indebted to the invaluable role the community plays for us to achieve our business objectives.

Key Priority Areas for our Community activities

- Educational support for talented but disadvantaged bright children {SDG 4}
- Sports sponsorship- Dairibord Rugby Festival Sponsorship {SDG 3}
- Support for the needy and vulnerable through various donations to Charitable Organisations and Cyclone IDAI victims, {SDG 2}
- Empowering the girl child (50% of Executive Management is female) {SDG 5}
- Poverty alleviation – through the employment of street vendors, use of small scale distributors/franchisees as part of our Route to Market and sourcing inputs and services from small scale milk suppliers and farmers. {SDG 1}
- Continued investment in PETRECOZIM [Pet Recycling Company of Zimbabwe] Operating expenditure and Capital expenditure {SDG # 12}

Key Focal SDGS For Dairibord

Education Support

Dairibord established a bursary scheme in 2006 targeted at gifted children of shop floor workers and the disadvantaged ones from outside the company. A total of 67 children (42% being female) have been supported under this scheme since its launch. The beneficiaries were and are still considered from the secondary and tertiary levels.

At tertiary level and for external students, support was offered to students undertaking programs such as Accounting, Agriculture, ICT, Engineering and Business Studies.

Dairibord sponsored the iconic Dairibord Schools Rugby Festival for the sixth time in 2019

Dairibord co-sponsored the annual Tiger Fish Tournament hosted annually in Kariba

Sport

Dairibord is passionate about promoting healthy lifestyles and developing young talent through sports. For the 6th year running, Dairibord sponsored the iconic week-long Dairibord Schools Rugby Festival. The festival has seen participation by both high school boys' and girls' rugby teams. In 2019 the initiative attracted 135 high schools and 15 primary schools. Dairibord takes pride in seeing the girl child venturing into a lucrative sporting discipline that was previously a preserve of her male counterpart.A total of seven (7) players in the current Zimbabwe national rugby team were mentored through the Dairibord Schools Rugby Festival. Besides support for high schools rugby, Dairibord also supports sports at the primary school level. We recently co-sponsored the newly launched Japhet "Short Cat" Mparutsa Mbare Schools Sports Tournament attended by primary schools in Mbare, Harare.

Dairibord also co-sponsored the Tiger Fish Tournament hosted in Kariba, where some of our milk producers take part.

Sustainability Performance (cont.)

Support for the needy and vulnerable

Dairibord has over the years been touching the lives of vulnerable groups. We believe the hand we extend to the communities we serve has the potential to drastically improve an individual's quality of life by affording them the right to nutritious foods and beverages.

This year we provided support to the Society for the destitute and Aged, Cancer Serve Trust and Cyclone Idai victims.

Cyclone Idai

We responded to the call for help to Cyclone Idai survivors by availing the needed basics. We donated products that included Steri Milk, Pfuko, Lacto, Inyanga loose tea and blankets towards cyclone Idai victims., The donation amounted to RTGS $82 850

Childline Fun Run

During the year under review, Dairibord also supported the Fun Run aimed at raising funds for Childline by providing refreshments to over 500 participants. We also donated a total of $30 000 towards the national Zimbabwe Rugby and football teams.

Dairibord donated towards Cyclone Idai victims in Chimanimani, Chipinge and Bikita

Community Investments

Target	Organisations Supported	Items donated	2019 ZWL$ '000'
Schools	150 Schools [135 High Schools and 15 Primary Schools	Product giveaways and Branded T-Shirts	162 000.00
The needy and vulnerable members of society	Society for The Destitute and Aged Cancer Serve Trust	Product giveaways and groceries.	125 000.00
Cyclone Idai Victims	Chimanimani and Bikita Cyclone Victims	Blankets and Product giveaways	82 850.00
Business Organisations	Women Accountants Conference Celebration Centre Marathon Harare Mayor Cheer Fund Prince Edward Reunion Day Arts support-(Albert Nyathi Talent Show) Agriculture Media Awards Zimbabwe Agricaltural Show Society Retailers & Wholesalers of Zimbabwe Zimra Buy Zimbabwe CZI congress Zimbabwe National Soccer Team Zimbabwe Rugby Union Zim Association of Dairy Farmers congress Enactus Zimbabwe Spar Fun Run Zimbabwe Television Network	Sponsorship and Cash Donations	123 000.00

Sustainability Performance (cont.)

VALUE GENERATION AND DISTRIBUTION

Management Approach

Our business viability is managed as part of our overall business model which is anchored on exploring and exploiting opportunities in the Liquid Milks, Foods and Beverages segments. Our management ensures these opportunities are capitalised on by focusing on our key strengths and priorities. We seek to enhance this process in the future by driving an inclusive approach to wealth generation and distribution so that our economy, employees, our farmers, suppliers and communities, who benefit from us will also stimulate our business.

	Inflation Adjusted		Historical	
Economic Value Generation	**2019 ZWL$**	**2018 ZWL$**	**2019 ZWL$**	**2018 ZWL$**
Value generated	316 716 961	184 411 188	159 459 681	33 430 528
Other income and finance revenue	155 173 530	3 243 109	24 719 242	587 919
	471 890 491	**187 654 297**	**184 178 923**	**34 018 447**
Economic Value Distribution				
Other operating expenses	(26 623 851)	(359 163)	(6 355 721)	(65 110)
Selling and distribution expenses	(83 990 759)	(53 105 385)	(46 315 317)	(9 627 079)
Staff costs and benefits	(66 760 257)	(51 248 091)	(31 503 014)	(9 290 384)
Administration expenses	(52 242 109)	(20 424 445)	(20 990 056)	(3 702 595)
Discontinued operations	(763 363)	(3 824 527)	(763 363)	(693 320)
Depreciation and amortisation	(24 063 786)	(6 713 046)	(1 177 556)	(1 216 958)
Providers of capital	(6 822 472)	(3 148 527)	(4 352 160)	(570 773)
Provision for taxes	(69 149 008)	(16 931 598)	(22 367 569)	(3 069 403)
Value added	**141 474 886**	**31 899 515**	**50 354 167**	**5 782 825**

Tax Payments and Strategy

Payments to the government are a significant material topic for our business and our stakeholders in terms of compliance and how we pay an important part in the development of the country. The major form of payments to government is tax, as a responsible corporate citizen we actively monitor and manage our tax affairs to ensure full compliance and transparency.

We have put in place several measures to manage tax which include the following

- Statutory payments take precedence over other all tax payments.
- A compliance checklist requires information as to whether all taxes were paid on the due dates in completed every quarter. This is reviewed by the Group Finance director.
- As and when new laws and regulations are enacted we adjust our systems to reflect the changes.
- As and when a new Finance Bill is passed:
  - Management holds a training session with the tax consultants to review the changes and the impact on the business and how to implement the changes for compliance.
  - Relevant personnel attend tax seminars to remain up to date with changes.
- We are always in constant liaison with our tax consultants to get clarity on any grey areas.
- We institute a tax health check every three years to ensure that our tax affairs are healthy.
- We also relate closely to our relationship manager at the Zimbabwe Revenue Authority.

	2019 ZWL$ '000'	2018 ZWL$ '000'	2017 ZWL$ '000'
Corporate tax	7 167 313	1 225 614	53 436
Value added tax (VAT)	1 898 940	1 265 184	1 528 735
Import duty	6 605 681	2 226 080	1 829 945
Paye	5 169 474	1 357 356	1 582 585
Withholding tax	565 237	215 812	147 374
Capital gains tax	13 747	15 984	-
Fines	-	-	-
Aids levy	155 084	40 721	47 478
Total	21 575 475	6 346 750	5 189 553

Receipts from Government

	2019 ZWL$ '000'	2018 ZWL$ '000'	2017 ZWL$ '000'
Export incentives	29	36	40

Operations Assessed for Risk Related to Corruption

Our company is actively involved in the fight against bribery and corruption. These issues threaten and worsen economic development by misleading completion and perpetuating poverty. We encourage our employees, and suppliers to report illegal and inappropriate actions. We act to decisively put an end on any corrupt activities.

FINANCIAL REPORTS

UNAUDITED SUPPLEMANTARY INFORMATION

Statement of Directors' Responsibility

The Directors are required by the Companies Act (Chapter 24:03) to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Group (Dairibord Holdings Limited and its subsidiaries) as at the end of the financial period as well as the profit and cash flows for the same period.

The Directors are responsible for maintaining records, which disclose with reasonable accuracy the financial position of the company, and which enable them to ensure that the consolidated financial statements comply with the Companies Act (Chapter 24:03). The Directors are also responsible for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

The Directors recognize and acknowledge their responsibility for the Group's systems of internal control. These systems are adequate to provide reasonable assurance that the assets of the Group are safeguarded and that accurate records, necessary for the preparation of the financial statements, are maintained.

The Directors consider that in the preparation of these financial statements, reasonable and prudent judgments and estimates have been made. International Financial Reporting Standards have also been followed, where applicable with suitable accounting policies having been consistently applied subject to limitations imposed by statutes.

Compliance With Legislation

These financial statements prepared under the historical cost convention (except for fair value measurement where applicable) agree with the underlying books and records, and have been prepared in accordance with the accounting policies set out in Note 2.

Compliance With IFRSs

The Financial Statements are prepared with the aim of fully complying with International Financial Reporting Standards (IFRS) which comprise International Financial Reporting standards (IFRSs) developed by the International Accounting Standards Board (IASB); International Accounting Standards (IASs) adopted by the IASB; Interpretations originated from the International Financial Reporting Interpretations Committee (IFRICs) and the former Standing Interpretations Committee (SIC).

The financial statements for the year ended 31 December 2019 do not fully comply with IFRS due to the reasons explained below. The same issues resulted in non-compliance with IFRS in the 2018 financial statements.

The IFRS Conceptual Framework, provides that in applying fair presentation to the Financial Statements, entities should go beyond consideration of the legal form of transactions and other factors impacting on the Financial Statements and to also consider the underlying economic substance therein. International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates" requires an entity to apply certain parameters in determining the functional currency of an entity, for use in preparing its Financial Statements. IAS 21 also requires an entity to make certain judgements around appropriate exchange rates to be applied between currencies where exchangeability through a legal exchange mechanism (such as a formal currency market) is not achievable.

In February 2019, the Government of Zimbabwe issued Statutory Instrument 33 of 2019 (SI 33), which, based on our interpretation:

- introduced an electronic currency called the RTGS Dollar which commenced trading on the interbank market at 1US:2.5RTGS Dollars;
- prescribed parity between the US$ and local currency up to the effective date of 22 February 2019, for accounting and other purposes

The financial statements for the year ended 31 December 2018 did not achieve full compliance with IFRS, due to the requirement to comply with SI 33 of 2019. SI 33 created inconsistencies with IAS 21, as well as with the principles embedded in the IFRS Conceptual Framework, as also enunciated in the guidance issued by the Public Accountants and Auditors Board on 21 March 2019. This resulted in accounting treatment being adopted in the 2018 Financial Statements which is different from that which would have been adopted if the Group had been able to comply with IFRS. The non-compliance with IAS 21 in 2018 impacted the opening balances for the 2019 financial statements. In addition, during 2019, the Group translated its foreign currency transactions and balances to local currency using the interbank exchange rates, in compliance with SI 33. The interbank exchange rates are not reflective of market rates due to the limited availability of foreign currency on the interbank and therefore the interbank rates used do not comply with IAS21.

As such, the Directors and Management have been unable to produce financial statements which in their view would be true and fair and urge users of the financial statements to exercise due caution. Note 2.1 seeks to provide users with more information given the context and the aforementioned guidance.

Going Concern

In view of the subsequent events of 27 April 2020, the Directors have assessed the ability of the Group to continue as a going concern and have satisfied themselves that the Group is in a sound financial position, and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors believe that the preparation of these financial statements, on a going concern basis is still appropriate.

Preparation And Audit Of The Financial Statements

The financial statements have been audited by the Group's External Auditors, Ernst & Young Chartered Accountants (Zimbabwe), who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Directors and Committees of the Board. The annual report was prepared under the supervision of the Finance Director, Ms. M. Ndoro (PAAB Number: 04593). The directors confirm that all representations made to the independent auditors during the audit were valid and appropriate.

Approval Of The Financial Statements

The financial statements for the year ended 31 December 2019 have been approved by the Board of Directors and are signed on its behalf by the Chairman of the Board, Mr J.H.K Sachikonye and by the Group Chief Executive, Mr. A. Mandiwanza.

J.H.K Sachikonye

A Mandiwanza

25 April 2020

Directors' Report

The Directors have pleasure in submitting their twenty fifth annual report, together with audited financial statements of the Group for the year ended 31 December 2019.

SHARE CAPITAL

The authorized share capital is 425 000 000 ordinary shares of ZWL$0.0001 each. The number of issued ordinary shares remained at 358 000 858.

RESERVES

The movement in the distributable reserves during the year is outlined below in ZWL:

Distributable reserves at the beginning of the year	136 616 530
Profit for the year	141 716 109
Dividend paid	(12 550 769)
Disposal of subsidiary	(4 714 487)
Distributable reserves at the end of the year	**261 067 383**

Movements in other reserves are shown in the statement of changes in equity and in the notes to the financial statements.

PROPERTY PLANT AND EQUIPMENT

Expenditure on property, plant and equipment during the period was ZWL22.3 million. Expenditure for the year January to December 2020 is planned at ZWL43 million. This expenditure is to be financed mainly from the Group's own resources.

DIVIDEND

The Board resolved to pass the dividend for the year ended 31 December 2019.

DIRECTORS

In accordance with article 100 of the company's Articles of Association, Mr. C Mahembe retires by rotation and being eligible, offers himself for re-election.

In accordance with article 100 of the company's Articles of Association, Mr. N. Chiromo retires by rotation and being eligible, offers himself for re-election.

In accordance with article 107 of the company's Articles of Association, Mr. Ketan K Naik who was appointed director of the company with effect from 21 August 2019 retires, and being eligible, offers himself for re-election.

AUDITORS

Members will be asked to approve the remuneration of the auditors, Ernst & Young Chartered Accountants (Zimbabwe) of ZWL1 771 575, for the year ended 31 December 2019 and their re-appointment as Auditors to the company for the ensuing year.

M. Ndoro
Company Secretary

25 April 2020

Building a better working world

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Independent Auditor's Report

To the Shareholders of Dairibord Holdings Limited

Report on the Audit of the inflation adjusted Consolidated Financial Statements

Adverse Opinion

We have audited the inflation adjusted consolidated and company financial statements of Dairibord Holdings Limited and its subsidiaries (the Group), as set out on pages 60 to 107, which comprise the inflation adjusted consolidated and company statement of financial position as at 31 December 2019, and the inflation adjusted consolidated and company statement of comprehensive income, inflation adjusted consolidated and company statement of changes in equity and inflation adjusted consolidated and company statement of cash flows for the year then ended, and notes to the inflation adjusted consolidated and company financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted consolidated and company financial statements do not present fairly the financial position of the Group as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Non-compliance with International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates in Prior Period and Inappropriate Application of IAS 8

As explained in note 2 to the inflation adjusted consolidated and company financial statements, Dairibord Holdings Limited applied the United States Dollar (US$) as its functional currency for the period 1 January 2018 to 22 February 2019 and the Zimbabwe Dollars (ZWL) for the period 23 February 2019 to 31 December 2019. In order to comply with Statutory Instrument 33 of 2019, issued on 22 February 2019, Dairibord Holdings Limited changed its functional currency with effect from this date. We however believe that the change in currency occurred prior to that date. The inflation adjusted consolidated and company financial statements are presented in ZWL.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period.

Specifically, there was a requirement for banks to separate out FCA RTGS Accounts from the FCA Nostro US$ Accounts during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US$ amounts. In February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar (RTG$) and the interbank foreign exchange market. Furthermore, Statutory Instrument 142 of 2019 specified that for all domestic transactions, the Zimbabwe Dollar (which comprises RTGS$, Bond notes and Bond Coins) was the sole legal tender effective 24 June 2019.

These events triggered the need for Dairibord Holdings Limited to assess whether there was a change in functional currency (from US$ to RTGS/ ZWL) and to determine an appropriate spot rate as required by IAS 21.

We believe that events in the market and subsequent promulgation of the ZWL as a formal currency supports that there was a change in functional currency from US$ to ZWL and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 ZWL: US$ exchange rate and this occurred effective 1 October 2018.

Accordingly, the consolidated and company financial statements of Dairibord Holdings Limited included balances and transactions denominated in US$ that were not converted to ZWL at a ZWL: US$ exchange rate that reflects the economic substance of its value as required by IFRS. The directors have provided more information on their approach in Note 2.2 to the inflation adjusted consolidated and company financial statements.

In respect of the above matter we issued an adverse opinion in the prior year as the effects of the departure from IFRS were pervasive to the financial statements but could not be quantified owing to the nature of the matter.

Management's approach in the current year, for reasons explained on Note 2.1, was to prospectively apply the change in functional currency from USD to ZWL from 23 February which is incorrect. The correct approach would have been a retrospective restatement as a prior period error in terms of *International Financial Reporting Standards – IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors.*

Therefore, management has not restated the opening balances to resolve the matters which resulted in the adverse audit report in the prior period and therefore the matter is continuing.

As a consequential impact the application of IAS 29 is inappropriate.

Furthermore, notwithstanding that IAS 29 - Financial Reporting in Hyperinflationary Economies has been applied from 23 February 2019 to 31 December 2019, it is noted that its application was based on prior and current periods' financial information which was not in compliance with IAS 21 / IAS 8 as described above. Had the correct base numbers been used, most elements of the financial statements would have been materially different.

In addition, as a result of the incorrect application of IAS 8, on the 23rd of February 2019, management translated foreign denominated balances to ZWL/RTGS$ at the interbank exchange rate of 1:2.5 and recognised the translation adjustments of ZWL8 371 783 directly to equity which is contrary to the requirements of IAS 21.

As a result of these matters:

- All corresponding numbers remain misstated on the Statements of Financial Position, Cash Flows Profit or Loss and Changes in Equity.
- As opening balances enter into the determination of cash flows and performance, our current year opinion is modified in respect of the impact of this matter on the Statement of Cash Flows, Statement of Profit or Loss and Statement of Changes in Equity.

Our opinion on the current period's consolidated and company financial statements is also modified because of the possible effects of the above matter on the comparability of the current period's figures and the corresponding figures.

In addition to the impacts on the corresponding numbers, current year performance and cash-flows the matter continues to impact the balances on the Statement of Financial Position as many of these still comprise of amounts from opening balances. Whilst this matter might not affect all accounts in the statement of financial position the specific accounts and the portions affected by this matter have not been identified / quantified here. This is due to the further matters requiring modification (which have been discussed below) and which result in virtually all amounts being incorrectly stated.

Exchange rates used in the current year (Non-compliance with IAS 21)

As outlined in Note 2.4a to the consolidated and company financial statements, for the year ended 31 December 2019, the Group translated foreign denominated transactions and balances using interbank rates. The exchange rates used for the translation do not meet the definition of a spot exchange rate as per IAS 21. We therefore believe that the exchange rates for transactions and balances between the US$ and the ZWL used by the Group did not meet the criteria for appropriate exchange rates in terms of IFRS. Had the correct rate been used a number of significant accounts would have been affected in a material manner.

The effects of the above departures from IFRS are material and pervasive to the inflation adjusted consolidated and company financial statements.

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

Key Audit Matters

Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, the Chief Executive Officer's Business Report, the Directors' Report, the Statement of Corporate Governance and Responsibility and the Sustainability Report, but does not include the inflation adjusted consolidated and company financial statements and our auditor's report thereon. Our opinion on the inflation adjusted consolidated and company financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the inflation adjusted consolidated and company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated and company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group did not comply with the requirements of IAS 21 – Effects of Changes in Foreign

Exchange Rates and we could not obtain sufficient appropriate evidence regarding the valuation of properties. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' Report affected by the failure to comply with the referred standard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and company financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted consolidated and company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated and company financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the inflation adjusted Consolidated and Company Financial Statements

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

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

- Identify and assess the risks of material misstatement of the inflation adjusted consolidated and company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the inflation adjusted consolidated and company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated and company financial statements, including the disclosures, and whether the consolidated and company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the inflation adjusted consolidated and company financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

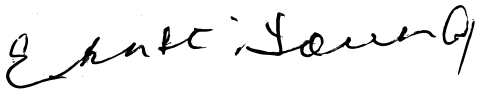
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated and company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report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

Independent Auditor's Report (cont.)

Report on Other Legal and Regulatory Requirements

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted consolidated and company financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is Fungai Kuipa (PAAB Number 335).



Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

28 April 2020

Statements Of Profit Or Loss And Other Comprehensive Income

For The Year Ended 31 December 2019

		INFLATION ADJUSTED			
		GROUP		COMPANY	
	Notes	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Continuing operations					
Revenue from contracts with customers	3	1 114 079 970	697 024 706	-	-
Rental income		626 083	464 485	-	-
Revenue from management services	3	-	-	8 663 968	5 726 553
Revenue from royalties	3	-	-	8 724 159	6 767 944
Revenue		**1 114 706 053**	**697 489 191**	**17 388 127**	**12 494 497**
Cost of sales		(797 989 092)	(513 078 003)	-	-
Gross profit		**316 716 961**	**184 411 188**	**17 388 127**	**12 494 497**
Other operating income	4	27 182 807	2 569 034	(112 991)	34 924 550
Selling and distribution expenses	5.1	(136 222 456)	(86 638 130)	-	-
Administration expenses	5.2	(90 834 455)	(44 852 837)	(16 088 967)	(8 326 682)
Other operating expenses	5.3	(26 623 851)	(359 163)	1 081 819	(65 875)
Operating profit	**6**	**90 219 006**	**55 130 092**	**2 267 988**	**39 026 490**
Net monetary gain/ (loss)		126 584 187	-	(229 504 331)	-
Finance costs	7	(6 822 472)	(3 148 527)	(3 403 162)	(2 020 879)
Finance revenue	8	1 406 536	674 075	4 284 625	3 410 411
Profit before tax		**211 387 257**	**52 655 640**	**(226 354 800)**	**40 416 022**
Income tax expense	9	(69 149 008)	(16 931 598)	(1 805 574)	(1 583 815)
Profit for the year from continuing operations		142 238 249	35 724 042	(228 160 454)	38 832 207
Discontinued operations					
Loss for the year from discontinued operations	11	(763 363)	(3 824 527)	-	-
Profit for the year		**141 474 886**	**31 899 515**	**(228 160 454)**	**38 832 207**
Profit/(loss) attributable to:					
Equity holders of the parent		141 716 109	33 195 222	(228 160 454)	38 832 207
Non-controlling interests		(241 223)	(1 295 707)	-	-
		141 474 886	**31 899 515**	**(228 160 454)**	**38 832 207**
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Exchange differences on functional currency change		(8 372 164)	-	(4 527 308)	-
Exchange differences on translating foreign operations		(6 990 793)	601	-	-
		(15 362 957)	**601**	**(4 527 308)**	**-**
Total comprehensive income for the year		**126 111 929**	**31 900 116**	**(232 687 762)**	**38 832 207**
Total comprehensive income /(loss) income attributable to:					
Equity holders of the parent		128 562 242	33 195 635	(232 687 762)	38 832 207
Non-controlling interests		(2 450 313)	(1 295 519)	-	-
		126 111 929	**31 900 116**	**(232 687 762)**	**38 832 207**
Earnings per share (cents)					
Basic earnings for the year attributable to ordinary equity holders of the parent	10	39.59	9.27		
Diluted earnings for the year attributable to ordinary equity holders of the parent	10	39.59	9.27		
Headline earnings for the year attributable to ordinary equity holders of the parent	10	32.02	8.88		
Earnings per share for continuing operations (cents)					
Basic earnings from continuing operations attributable to ordinary equity holders of the parent	10	39.73	9.97		
Diluted earnings from continuing operations attributable to ordinary equity holders of the parent	10	39.73	9.97		
Headline earnings from continuing operations attributable to ordinary equity holders of the parent	10	32.16	9.57		

Statements Of Financial Position

As At 31 December 2019

	Notes	INFLATION ADJUSTED			
		GROUP		COMPANY	
		2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Assets					
Non-current assets					
Property, plant and equipment	12	306 716 068	191 553 618	3 054 103	289 781
Investment property	13	19 242 488	7 998 564	-	-
Intangible assets	14	1 580 905	1 944 848	505 209	546 633
Investment in subsidiaries	15	-	-	46 603 338	259 876 907
Long-term loans receivable	16.1	-	-	9 745 470	17 384 631
Other non-current financial assets	17.1	481 729	2 766 484	199 642	1 059 119
Deferred tax asset	29	-	114 082	-	114 082
		328 021 190	**204 377 596**	**60 107 762**	**279 271 153**
Current assets					
Inventories	18	146 272 195	100 996 590	-	-
Related party balances	19.1	-	-	6 940 098	23 508 933
Prepayments		26 843 947	17 095 127	374 226	31 090
Trade and other receivables	20	56 579 934	40 031 346	595 146	1 587 936
Short-term loans receivable	16.2	-	-	12 400 000	12 371 192
Financial assets at fair value through profit or loss	17.2	-	883 731	-	883 731
Cash and cash equivalents	21	18 839 288	56 915 184	325 584	3 493 403
		248 535 364	215 921 978	20 635 054	41 876 285
Assets classified as held for sale	11	-	13 020 245	-	-
		248 535 364	228 942 223	20 635 054	41 876 285
Total assets		**576 556 554**	**433 319 819**	**80 742 816**	**321 147 438**
Equity and liabilities					
Equity					
Share capital	22.1	197 482	197 482	197 482	197 482
Share premium	22.1	7 610 573	7 610 573	7 610 573	7 610 573
Non-distributable reserves	22.4	95 200 697	157 357 369	89 247 860	93 775 166
Reserves of assets classified as held for sale	22.4	-	(23 301 191)	-	-
Retained earnings		261 067 383	136 616 530	(42 607 144)	198 104 079
Equity attributable to owners of the parent		364 076 135	278 480 763	54 448 771	299 687 300
Non-controlling interests		-	(1 559 793)	-	-
Total equity		**364 076 135**	**276 920 970**	**54 448 771**	**299 687 300**
Non-current liabilities					
Interest- bearing borrowings	23.1	9 135 979	7 134 918	4 211 667	4 306 223
Financial guarantee liability	24	1 262 915	755 566	-	-
Deferred income	25	-	-	-	-
Deferred tax liability	27	86 876 095	35 182 859	526 545	-
		97 274 989	**43 073 343**	**4 738 212**	**4 306 223**
Current liabilities					
Trade and other payables	28	80 472 169	79 593 574	4 003 246	2 898 255
Interest- bearing borrowings	23.2	19 447 092	13 286 189	15 778 976	12 371 192
Bank overdraft	21	4 477 442	2 139 412	-	-
Dividend payable	22.3	151 294	484 912	151 294	484 912
Amounts owed to group companies	19.2	-	-	1 106 617	461 677
Income tax payable		10 657 433	2 766 196	515 700	937 879
		115 205 430	98 270 283	21 555 833	17 153 915
Liabilities associated with assets held for sale	11	-	15 055 223	-	-
		115 205 430	113 325 506	21 555 833	17 153 915
Total liabilities		**212 480 419**	**156 398 849**	**26 294 045**	**21 460 138**
Total equity and liabilities		**576 556 554**	**433 319 819**	**80 742 816**	**321 147 438**

J.K.H SACHIKONYE
Chairman
27 Arpil 2020

A. MANDIWANZA
Group Chief Executive

Statements Of Cash Flows

For The Year Ended 31 December 2019

		INFLATION ADJUSTED			
		GROUP		COMPANY	
	Notes	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Operating activities					
Profit before tax-continuing operations		211 387 257	52 655 640	(226 354 800)	40 416 022
Loss before tax-discontinued operations		(763 363)	(3 377 606)	-	-
Adjusted for:					
Depreciation of property, plant and equipment	12	22 628 264	27 916 649	741 259	109 409
Impairment	12	1 647 894	-	-	-
Asset written off	12	-	7 888	-	7 888
Amortisation of intangible assets	14	363 943	602 755	41 424	72 599
(Profit)/loss on disposal of property, plant and equipment	5.3	(396 169)	(615 801)	(7 575)	34 620
Profit on disposal of investment property	4	-	(9 593)	-	-
(Profit)/ loss on disposal of a subsidiary	11	(15 192 207)	-	128 733	-
Profit on disposal of financial assets at fair value through profit or loss	4	-	(673 231)	-	(673 231)
Net monetary (gain)/ loss		(126 584 187)	-	229 504 331	-
Non-cash dividend income	4	-	-	-	(34 191 432)
Finance income	8	(1 406 536)	(674 075)	(4 284 625)	(3 410 411)
Inventory written off	18	2 680 133	3 176 726	-	-
Allowances for credit losses	20	(221 099)	4 535 931	-	-
Grants released to profit and loss	25	-	(152 364)	-	-
Loan guarantee costs	24	-	575 312	-	-
Fair value adjustment on investment property	13	(11 243 924)	(64 540)	-	-
Fair value adjustment on financial assets at fair value through profit or loss	17.2	-	(120 674)	-	(120 674)
Finance costs		6 822 472	4 298 974	3 403 162	2 020 879
Working capital movements :					-
Increase in inventories		(47 955 739)	(39 142 606)	-	-
(Increase) /decrease in trade and other receivables and prepayments		(26 297 406)	17 840	1 509 131	(1 088 858)
Increase in amounts owed by group companies		-	-	-	(12 904 861)
Increase in amounts owed to group companies		-	-	644 940	6 814 341
Increase in trade and other payables		878 595	13 153 004	1 104 911	1 666 504
		16 347 928	62 110 229	6 430 891	(1 146 205)
Interest paid		(6 822 472)	(4 298 974)	(3 403 164)	(2 020 879)
Income tax paid		(7 090 042)	(6 899 914)	(819 272)	(615 636)
Net cashflows generated from/(used in) operating activities		**2 435 414**	**50 911 341**	**2 208 455**	**(3 782 720)**
Investing activities					
Purchase of property, plant and equipment	12	(22 326 575)	(6 349 051)	(3 508 672)	(38 989)
Purchase of intangible assets	14	-	(34 162)	-	-
Proceeds from sale of property, plant and equipment		1 102 664	2 346 205	92 972	-
Proceeds from sale of assets held for sale & investment property		-	285 405	-	-
Proceeds from sale of financial assets at fair value through profit or loss		-	6 639 812	-	6 639 812
Purchase of financial assets at fair value through profit or loss	17.2	-	(6 729 639)	-	(6 729 639)
Grants received	25	-	1 311 263	-	-
Loans repaid/(issued) to other third parties		2 284 754	(3 949 636)	-	(1 588 680)
Loans issued to subsidiaries		-	-	(28 700 000)	(3 210 458)
Loans repaid by subsidiaries		-	-	11 948 741	28 608 007
Finance income on effective interest rate method	8	1 406 536	674 075	4 284 625	3 410 411
Net cash (outflow)/inflow from Investing activities		**(17 532 621)**	**(5 805 728)**	**(15 882 334)**	**27 090 464**
Financing activities					
Proceeds from borrowings		28 700 000	3 210 458	28 700 000	3 210 458
Repayment of borrowings		(13 677 797)	(21 671 210)	(13 677 797)	(20 291 855)
Dividends paid	22.3	(12 884 386)	(3 839 140)	(12 884 386)	(3 839 140)
Net cash inflows/(outflows) from financing activities		**2 137 817**	**(22 299 892)**	**2 137 817**	**(20 920 537)**
Net increase in cash and cash equivalents		(12 959 390)	22 805 721	(11 536 062)	2 387 207
Net foreign exchange difference		(35 826 700)	363 162	3 840 935	-
Effect of change in functional currency		8 372 164	-	4 527 308	-
Cash and cash equivalents at beginning of the period		54 775 772	31 606 889	3 493 403	1 106 196
Cash and cash equivalents at the end of the period	**21**	**14 361 846**	**54 775 772**	**325 584**	**3 493 403**

Statements Of Changes In Equity

For The Year Ended 31 December 2019

GROUP

	Attributable to equity holders of the parent							
	Share Capital ZWL	Share Premium ZWL	Non - distributable reserves ZWL (Note 23.4)	Reserves of assets classified as held for sale ZWL	Retained earnings ZWL	Total ZWL	Non - controlling interests ZWL	Total equity ZWL
As at 1 January 2018	**197 482**	**7 610 573**	**134 148 421**	**-**	**108 853 822**	**250 810 298**	**(264 273)**	**250 546 019**
Effect of adopting new accounting standard IFRS 9	**-**	**-**	**-**	**-**	**(1 575 530)**	**(1 575 530)**	**-**	**(1 575 530)**
Restated 1 January 2018	197 482	7 610 573	134 148 421	-	107 278 292	249 234 768	(264 273)	248 970 495
Profit /(loss) for the year	-	-	-	-	33 195 222	33 195 222	(1 295 707)	31 899 515
Other comprehensive income	-	-	414	-	-	414	187	601
Total comprehensive income	**-**	**-**	**414**	**-**	**33 195 222**	**33 195 636**	**(1 295 520)**	**31 900 116**
Transfer to retained earnings of share option reserve	-	-	(92 657)	-	92 657	-	-	-
Dividends (Note 22.3)	-	-	-	-	(3 949 641)	(3 949 641)	-	(3 949 641)
Reserves of operations discontinued operation	-	-	23 301 191	(23 301 191)	-	-	-	-
As at 31 December 2018	**197 482**	**7 610 573**	**157 357 369**	**(23 301 191)**	**136 616 530**	**278 480 763**	**(1 559 793)**	**276 920 970**
Restated 1 January 2019	197 482	7 610 573	157 357 369	(23 301 191)	136 616 530	278 480 763	(1 559 793)	276 920 970
Profit /(loss)for the year	-	-	-	-	141 716 109	141 716 109	(241 223)	141 474 886
Exchange difference on Functional currency change	-	-	(8 372 164)	-	-	(8 372 164)	-	(8 372 164)
Exchange differences on translating foreign operations	-	-	(4 781 703)	-	-	(4 781 703)	(2 209 090)	(6 990 793)
Total comprehensive income	**-**	**-**	**(13 153 867)**	**-**	**141 716 109**	**128 562 242**	**(2 450 313)**	**126 111 929**
Dividends (Note 22.3)	-	-	-	-	(12 550 769)	(12 550 769)	-	(12 550 769)
Disposal of a subsidiary	-	-	(49 002 805)	23 301 191	(4 714 487)	(30 416 101)	4 010 106	(26 405 995)
As at 31 December 2019	**197 482**	**7 610 573**	**95 200 697**	**-**	**261 067 383**	**364 076 135**	**-**	**364 076 135**

COMPANY

	Share Capital ZWL	Share Premium ZWL	Non distributable reserves ZWL (note 23.4)	Retained earnings ZWL	Total ZWL
As at 1 January 2018	197 482	7 610 573	93 867 823	163 128 856	264 804 734
Profit for the year	-	-	-	38 832 207	38 832 207
Total comprehensive income	**-**	**-**	**-**	**38 832 207**	**38 832 207**
Dividends paid (Note 22.3)	-	-	-	(3 949 641)	(3 949 641)
Transfer to retained earnings of the share option reserve	-	-	(92 657)	92 657	-
As at 31 December 2018	**197 482**	**7 610 573**	**93 775 166**	**198 104 079**	**299 687 300**
Loss for the year	-	-	-	(228 160 454)	(228 160 454)
Total comprehensive income	**-**	**-**	**-**	**(228 160 454)**	**(228 160 454)**
Dividends paid (Note 22.3)	-	-	-	(12 550 769)	(12 550 769)
Exchange difference on Functional currency change	-	-	(4 527 306)	-	(4 527 306)
As at 31 December 2019	**197 482**	**7 610 573**	**89 247 860**	**(42 607 144)**	**54 448 771**

Notes to the Financial Statements

1. CORPORATE INFORMATION

The financial statements of Dairibord Holdings Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2019 were authorised for issue on 21 April 2020 in accordance with a resolution of the directors. Dairibord Holdings Limited is a company incorporated and domiciled in Zimbabwe. The registered office is located at 1225 Rekayi Tangwena Avenue, in Harare. The Group's principal activities are the manufacturing, processing, marketing and distribution of milk products, foods and beverages.

2. ACCOUNTING POLICIES

Accounting policies and methods of computation applied in the preparation of these financial results are consistent, in all material respects, with those applied in prior year.

2.1 Basis of preparation

The consolidated financial statements are based on the statutory records that are maintained under the historical cost convention, except for land and buildings, investment property and available for sale financial assets that have been measured at fair value. The historical costs have been adjusted for the effects of applying International Accounting Standard (IAS 29)- 'Financial Reporting in Hyperinflationary Economies". The consolidated financial statements are presented in Zimbabwe Dollars (ZWL), which is the Group's functional and presentation currency. The group changed its functional currency in February 2019. This followed the issuance of Statutory Instrument (SI) 33 of 2019 which was promulgated by the Government of Zimbabwe giving effect to the new currency. The statutory Instrument prescribed parity between the United States Dollar (USD) and the local currency as at and up to 22 February 2019 and also prescribed the manner in which certain balances in the financial statements may be treated as a consequence of the recognition of the RTGS Dollar as currency in Zimbabwe. Introduction of the Interbank foreign exchange meant that the foreign exchange balances would be converted to RTGS using the rates ruling on this platform. On 24 June 2019, a Statutory Instrument 142 was introduced by the Government of Zimbabwe which introduced a mono currency system and birth of the Zimbabwe Dollar (ZWL). The ZWL is at par with the RTGS and Bond Notes.

Pursuant to this, the company adopted 28 February 2019 as the effective date of change (back stop date) for accounting purposes. At this date, the group converted all foreign currency denominated monetary assets and liabilities using the ruling interbank rate. The resultant exchange differences were accounted for in equity through other comprehensive income.

2.1 (a) Hyperinflation

On 11 October 2019, the Public Accountants and Auditors Board (PAAB) issued a pronouncement on the application of IAS 29. This followed runaway inflation experienced in Zimbabwe. The pronouncement required that entities operating in Zimbabwe with financial periods ending on or after 1 July 2019 prepare and present financial statements in line with the requirements of IAS 29.

The Directors have made appropriate adjustments to reflect the changes in the general purchasing power on the Zimbabwe Dollar and for purposes of fair presentation in accordance with IAS29, these changes have been made on the historical cost financial information. Various assumptions have been made, with significant assumption being the use of consumer price indices (CPI) for the period.

The source of the price indices used was the Reserve Bank of Zimbabwe website. Below are the indices and adjustment factors used up to December 2019:

	Indices	Adjustment Factor
CPI as at 31 December 2019	551.63	1.00
CPI as at 28 February 2019 (company's selected date of change in Functional Currency)	100	5.52
Average CPI for 2019	228.62	

As per note 2.1, the company's selected date of currency change is 28 February 2019 and hence prior year comparatives have been restated by applying the 28 February 2019 conversion factor as this is the company's back stop date for hyperinflation purposes. All monetary assets and liabilities are not restated while non-monetary assets and liabilities that are not carried at amounts current at balance sheet date and components of shareholders' equity are restated by the relevant monthly conversion factors. Inventory has been restated using the average conversion factors calculated based on the company's average inventory days. Income tax and results of the disposed foreign subsidiaries that are not operating in a hyperinflationary economy are restated whilst all other items in the income statement are restated by applying the relevant monthly conversion factors. The effect of inflation on the net monetary position of the company is included in the income statement as a monetary gain/ (loss) adjustment.

2.1 (b) Basis of consolidation

The consolidated financial statements comprise the financial statements of Dairibord Holdings Limited and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

2. ACCOUNTING POLICIES (CONTINUED)

2.1 (b) Basis of consolidation (continued)

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non – controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The Group determines whether a subsidiary is materially owned by reference to such factors as rights or control the non-controlling shareholders have on the subsidiary principally the right to appoint directors to the Board of the subsidiary.

2.2 Changes in accounting policies and disclosures

The Group applied for the first time certain standards, interpretations and amendments to standards, which are effective for annual periods beginning on or after 1 January 2019. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The nature and the impact of each amendment is described below:

(i) IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRC 4 *Determination whether an arrangement contains a lease, SIC- 15 Operating Leases- Incentives and SIC- 27 Evaluating the substance of transactions involving the legal form of a lease*. The standard sets out the principles for which the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 01 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial adoption. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Group entered into commercial lease agreement on commercial buildings. The leases are for a one year period with renewal options included in the contracts. There are no restrictions placed upon the Group in entering into the lease. Each part has the right to terminate the lease at the end of the lease term. There is uncertainty relating to the renewal of the leases based on the following:

- It's not entirely within the Group's powers to renew the lease.
- The lessor may increase the lease fees to the levels that may not be viable for the Group.
- The volatility of the operating environment as is currently obtaining in Zimbabwe may cause the Group not to renew if the lease is considered expensive at renewal date.
- Availability of newer and better properties in the market.

Based on these uncertainties the Group applied the available practical expedient in terms of IFRS 16 and elected not to account for the Right of Use asset on these leases which have lease terms that are less than 12 months. The effect of adoption of IFRS 16 as at 1 January 2019 for the Group was therefore nil.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures (continued)

Before the adoption of IFRS16, the group classified each of its leases at inception as either a finance lease or an operating lease.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgement at the date of the financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about the future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i. Useful lives and residual values of property, plant and equipment

The Company assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. Residual values were reassessed during the year and were still in line with those determined last year. Refer Note 2.5 (g) for the useful lives of property, plant and equipment and Note 12 for the carrying amount of property,, plant and equipment balances.

ii) Revaluation of land and buildings and investment property

The Group measures freehold land and buildings and investment property at fair value with changes in fair value being recognised in other comprehensive income for land and buildings and profit or loss for investment property. Investment property was valued by an independent valuer as at 31 December 2019, by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. As at 31 December 2019, the directors performed a valuation of the freehold land and buildings by reference to market-based evidence. Refer note 12 and 13 for the carrying amount of land and buildings and investment property as well as the estimates and assumptions used to determine the fair values.

iii) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount,the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to Other Comprehensive Income. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU

iv) Judgments in relation to contracts with customers

Estimating variable consideration for returns and volume rebates

The Group estimates variable considerations to be included in the transaction price for the sale of products with rights of return and volume rebates.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

The Group developed a model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.
The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will likely be entitled to a rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Group applied a model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future. As at 31 December 2019, the amount assessed as refund liabilities for the expected returns and volume rebates were considered immaterial to be recognised in the financial statements and accordingly no refund liabilities or right of return assets have been recognised.

v) Provision for expected credit losses (ECLs) of trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and the carrying amount of receivables is disclosed in Note 34.1 and 20, respectively.

vi) Recoverability of deferred tax asset

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

vii) Functional currency assessment.

Significant judgement is required to determine the functional currency. The currency that mainly influences sales prices, currency of the country whose competitive forces and regulations mainly determine sales prices, currency that mainly influences labour, material and other costs are the primary considerations. Other considerations include currency in which funds (financing activities) are generated and the currency in which receipts from operating activities are usually retained and the underlying currency of the major items on the statement of financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Foreign currency translation

The financial statements are presented in Zimbabwe Dollars (ZWL), which is also the company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

All differences arising on settlement or translation of monetary items are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

b) Revenue and other income recognition

The Group is in the business of selling liquid milks, foods and beverages. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangement, because it typically controls the goods or services before transferring them to the customer.

Revenue comprises of revenue from sale of goods at Group level. At company level the revenue comprises of royalties and management services. Revenue is recognised in terms of IFRS 15 considering whether performance obligations are satisfied at a point in time or over time. Revenue is measured based on the consideration specified in the different contracts with customers and net of value-added tax, rebates and discounts.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.4(iv).

i) Revenue from contracts with customers

The Entity recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1. Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the entity allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The entity satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

a) The entity's performance does not create an asset with an alternate use to the entity and the entity has as an enforceable right to payment for performance completed to date.
b) The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
c) The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Sale of goods

Revenue from sale of goods (liquid milks, foods and beverages) is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is up to 30 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of the goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and is constrained to the extent that it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

- **Rights of return**

  Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

- **Volume rebates**

  The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group applied the requirements on constraining estimates of variable consideration and assessed the effect as immaterial and thus no refund liability was recognised for the expected future rebates.

(ii) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section e) Financial instruments – initial recognition and subsequent measurement.

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Contract liability

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due. Contract liabilities are recognised as revenue when the Group performs under the contract.

ii) Revenue from management fees (Rendering of services)

DHL (the company) recognizes management services within the inter- segment revenue. The performance obligation is satisfied over time. This is because the benefits derived from the services are simultaneously received and consumed as they are performed. As DHL (the company) provides management services to subsidiaries, the services from the technical employees are enjoyed through their service throughout the month. The income will be measured on a time basis where the portion earned as a result of the time lapsed will be recognised as revenue.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

Dividend income

Revenue is recognised when the Company's right to receive payment is established, which is generally when the shareholders approve the dividend.

Royalties

Royalties are charged by the holding company to the subsidiary for its use of the brands and patents which are owned by the former. The subsidiary uses the brands and patents on a daily basis through production and marketing of goods and the holding company invoices for use of its brands monthly. This constitutes a right to access the brands and thus the Holding company recognises revenue as the goods (made using the brands) are sold i.e. monthly.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be received from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it occurred during the measurement period or recognised in profit or loss if it is incurred after the measurement period.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- Receivables and payables that are stated with the amount of value added tax included.

The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Pensions and other post-employment benefits and termination benefits

Pensions and other post-employment benefits

Retirement benefits are provided for Company employees through independently administered defined contribution funds, including the National Social Security Authority Scheme in Zimbabwe and National Social Security Fund in Malawi. Contributions to the defined contribution fund are recognised in profit or loss as they fall due. The cost of retirement benefits applicable to the National Social Security Authority Scheme and National Social Security Fund is determined by the systematic recognition of legislated contributions.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Company recognises termination benefits as a liability and an expense at the earlier of when the offer of termination cannot be withdrawn or when the related restructuring costs are recognised under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Termination benefits are measured according to the terms of the termination contract. Where termination benefits are due more than 12 months after the reporting period, the present value of the benefits shall be determined. The discount rate used to calculate the present value shall be determined by reference to market yields on high quality corporate bonds at the end of the reporting period.

e) Financial assets

Initial recognition

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (e) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through profit or loss

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, related party balances and loan to a director and farmers included under other non-current financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
  or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- **Trade receivables**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

- **Financial guarantee contracts and other receivables**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For other receivables, the Group applies the general approach in calculating ECLs because most receivables in this category extend beyond 12 months. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For guarantee contracts, the Group recognises a guarantee liability based on the cash flows of the financial asset discounted at the rate equal to the difference between the interest rate which would have been charged had there been no guarantee and the rate charged with the guarantee. The guarantee liability is then measured at the higher of the discounted cash flows calculated as explained above and the ECL in respect of the guarantee.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

f) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition if, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Interest bearing borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 23.

Financial guarantee liability

A liability is recognised equivalent to the expected credit loss on the guarantees the Group gave on loans issued to farmers and its staff. The guarantee is measured at the present value of the loans cash flows discounted at the interest rate differential between the market interest rates the borrower would have been charged had there been no guarantee and the interest rate charged with the guarantee. Refer to Note 24 for more detail.

Trade and other payables

Trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

g) Freehold land and buildings, plant and equipment

Property includes freehold land and buildings. Property is measured at fair value less subsequent accumulated depreciation and subsequent impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Plant, furniture, fittings, equipment and motor vehicles are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. The revaluation reserve will be utilised upon the de-recognition of the asset. The revaluation surplus will be transferred to retained earnings upon the de-recognition of the asset.

Cost includes the cost of replacing part of the plant and equipment and borrowing cost for long term construction projects if the recognition criteria are met. When significant parts of property plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in profit or loss as incurred.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

The Company's policy is to depreciate property, plant and equipment evenly over the expected life of each asset, with the exception that no depreciation is charged on land and assets under construction and not yet in use. The expected useful lives of the property, plant and equipment are as follows:

Plant	3-10 years
Furniture, fittings and equipment	2 – 10 years
Motor vehicles	
- Light	5 years
- Heavy vehicles and trailers	8 years

The carrying amounts of property, plant and equipment are reviewed at each reporting date to assess if they are recorded in excess of their recoverable amounts and where carrying values exceed the estimated recoverable amounts, assets are written down to their recoverable amounts.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in profit or loss in the year the asset is de-recognised.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year end. Adjustments are made prospectively as a change in accounting estimate.

h) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

i) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated, by valuation multiples, quoted public share prices for publicly traded entities or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's cash generating units, to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods a long term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in those expense categories consistent with the functions of the impaired assets, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income, up to the amount of any previous revaluation.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

For assets excluding goodwill, an assessment is made at each reporting date, as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

j) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

Operating lease payments are recognised as an operating expense in profit or loss on a straight line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

k) Grants

Government related grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual installments. The balance of the grant not yet released to profit or loss is recognised as deferred income on the statement of financial position.

The grant is disclosed in Note 25.

l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. A substantial period of time is at least one calendar year. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

m) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Materials and consumables are valued at the purchase cost on a weighted average basis.
- Finished goods and work in progress are valued at the standard costs for direct materials costs, labour and an appropriate portion of manufacturing overheads based on normal operating capacity, but excluding borrowings costs. At the point of sale of finished goods, the cost of the stock, as valued above, is moved from inventory in the statement of financial position to the cost of goods account in the statement of profit or loss and other comprehensive income.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Cost of finished goods sold is included in the cost of sales.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

n) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less and bank overdrafts.

o) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

p) Contingent liabilities

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are disclosed in the financial statements when there are matters or cases for which there is not likely to be an outflow of resources and management is confident of a positive outcome on the matters or cases.

q) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Currently the Company intangible assets consist of assets assessed as finite and are amortised over a period of 10 years.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

r) Fair value measurement

The Company measures non-financial assets such as land and buildings and investment property, at fair value at reporting date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based onn quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. Financial assets in equities listed on the Zimbabwe Stock Exchange are valued by reference to the price as published on the reporting date.

For the purposes of fair value disclosures the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair value values are disclosed, are summarised in the following notes:

• Disclosures for valuation methods, significant estimates and assumptions,	Notes 2.3 (ii), 2.4(r)
• Quantitative disclosures of fair value measurement hierarchy,	Note 35
• Property, plant and equipment under revaluation model,	Note 12
• Investment properties,	Note 13

s) Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

t) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.
Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.
A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
  or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss and other comprehensive income.

Additional disclosures are provided in Note 11. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

u) Cash dividend

The Company recognises a liability to pay a dividend when the distribution is declared and the distribution is no longer at the discretion of the Company. As per the corporate laws of Zimbabwe, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

v) Investment in subsidiaries

Investments in subsidiaries in the separate financial statements are initially accounted for at cost, which is the consideration paid or transferred as at the date of acquisition. Subsequent to initial recognition, the investments in subsidiaries are accounted for at cost less accumulated impairment losses

2.5 Standards and amendments issued but not yet effective

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

IAS 1 and IAS 8 Definition of material

Effective for annual period beginning on or after 1 January 2020.

Key requirements

In October 2018, the IASB issued amendments IAS 1 *Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of material across the standards and to clarify certain aspects of the definition.* The new definition states that, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information is material in the context of the financial statements.

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
3 REVENUE FROM CONTRACTS WITH CUSTOMERS				
3.1 Desegregated revenue information				
Type of goods				
Sale of Liquid Milks	426 292 475	215 586 397	-	-
Sale of foods	200 054 203	177 551 812	-	-
Sales of beverages	487 733 292	303 886 497	-	-
Total revenue from contracts with customers	1 114 079 970	697 024 706	-	-
Revenue from management services	-	-	8 663 968	5 726 553
Revenue from royalties	-	-	8 724 158	6 767 943
Total revenue	**1 114 079 970**	**697 024 706**	**17 388 126**	**12 494 496**

The Group obtains most of its revenue from the domestic market.

3.2 Contract assets and liabilities				
Trade receivables (Note 20)	52 628 969	33 480 638	-	-
Contract liabilities (Note 30)	2 053 843	6 144 122	-	-

Trade receivables are non-interest bearing and are generally on terms of 30 days. In 2019 ZWL221 099 (2018: ZWL3 961 573) was recognised as allowance for credit losses on trade receivables.

Contract liabilities include advances received to deliver goods and are all short term.

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
4 OTHER OPERATING INCOME				
Profit on disposal of property, plant and equipment	-	615 801		-
Profit on disposal of investment property	-	9 593		-
Profit on disposal of scrap	659 605	726 043	-	-
(Loss)/Profit on disposal of financial assets at fair value through profit or loss	(137 551)	673 231	(8 818)	673 231
Dividend income*	-	32 254	-	34 122 685
Profit/ (Loss) on disposal of a subsidiary	15 192 207	-	(128 733)	-
Export incentive	147 104	198 712	-	-
Fair value adjustment on financial assets classified at fair value through profit and loss (Note 18.2)	-	120 674	-	120 674
Fair value adjustment on investment property (Note 13)	11 243 924	64 540	-	-
Sundry income	77 518	128 186	24 560	7 960
	27 182 807	**2 569 034**	**(112 991)**	**34 924 550**

* Included in 2018 dividend income in the separate company financial statements is ZWL34 191 432 non-cash dividend income from its subsidiaries. The dividend was set off against intercompany payables with the subsidiaries.

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
5 OPERATING EXPENSES				
5.1 Selling and distribution costs				
Employee benefit expenses	29 603 433	28 628 472	-	-
Fuel and hire charges	20 416 933	24 896 535	-	-
Repairs and maintenance costs	11 369 637	6 153 477	-	-
Merchandising costs	3 970 165	4 352 984	-	-
Expected credit losses of trade receivables *	537 282	3 619 527	-	-
Depreciation	22 628 264	4 904 273	-	-
Advertising and promotions	9 093 551	3 560 641	-	-
Other costs	38 603 191	10 522 221	-	-
	136 222 456	**86 638 130**	**-**	**-**
5.2 Administration expenses				
Employee benefit expenses	37 156 824	22 619 619	7 776 320	4 857 291
Bank charges	3 889 828	5 494 749	549 006	80 763
Repairs and maintenance costs	2 663 035	3 949 261	264 868	-
Rent and rates	4 558 859	1 521 206	-	-
Depreciation expense	1 071 579	1 206 018	741 259	109 409
Amortisation expense (Note 14)	363 943	602 755	41 424	72 599
Audit fees	1 771 575	849 503	247 956	99 293
Insurance	1 693 137	812 522	165 954	-
Directors fees	1 419 529	809 725	1 419 529	809 725
Loan guarantee costs (Note 26)	507 349	575 312	-	-
Allowance for credit losses*	(758 381)	342 046	-	-
2% IMT	17 985 466	-	511 203	-
Other costs	18 511 712	6 070 121	4 371 448	2 297 602
	90 834 455	**44 852 837**	**16 088 967**	**8 326 682**
*Total allowance for credit losses (Note 20)	(221 099)	3 961 573	-	-
5.3 OTHER OPERATING EXPENSES				
Exchange loss/(gain) on foreign currency translation	27 020 020	359 163	(1 074 244)	31 255
(Profit)/Loss on disposal of equipment	(396 169)	-	(7 575)	34 620
	26 623 851	**359 163**	**(1 081 819)**	**65 875**

Notes to the Financial Statements (cont.)

6 OPERATING PROFIT IS STATED AFTER CHARGING THE FOLLOWING:

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Audit fees	1 771 575	849 503	247 956	99 293
Depreciation of property, plant and equipment	22 628 264	27 916 649	741 259	109 409
Amortisation of intangible assets	363 943	602 755	41 424	72 599
Directors emoluments	7 507 996	4 530 411	7 507 996	4 530 411
-for services as directors	2 082 357	809 725	2 082 357	809 725
-salaries and benefits	5 425 639	3 720 686	5 425 639	3 720 686
Employee benefits expense				
-Salaries and wages	93 770 900	71 483 035	7 776 320	4 583 078
-Pension costs	1 490 562	1 619 919	156 794	143 836
-National Social Security Authority	722 385	888 205	36 307	38 691
	95 983 847	**73 991 159**	**7 969 421**	**4 765 605**

7 FINANCE COSTS

Interest on borrowings	6 822 472	3 148 527	3 403 162	2 020 879

Finance costs relate to financial liabilities measured at amortised cost.
Interest was calculated using the effective interest rate method.

8 FINANCE REVENUE

Interest received on loans and short term deposits	1 406 536	674 075	4 284 625	3 410 411

Finance income relates to financial assets measured at amortised cost.
Interest was calculated using the effective interest rate method.

9 TAXATION

Current income tax:	17 246 012	9 452 631	1 163 398	1 486 144
- Current year charge	17 246 012	6 089 290	1 163 398	1 486 144
- Prior periods charge	-	3 363 341	-	-
Capital gains tax	95 679	181 160	1 549	67 370
Deferred tax charge	51 807 317	7 297 807	640 627	30 301
	69 149 008	**16 931 598**	**1 805 574**	**1 583 815**
Tax rate reconciliation				
Standard rate	25.75%	25.75%	25.75%	25.75%
Prior periods under provision	0.00%	6.39%	0.00%	0.00%
Fair value adjustment on financial assets at fair value through profit or loss not taxed	0.00%	(0.06%)	0.00%	(0.08%)
Disallowed expenses*	(0.04%)	0.32%	0.00%	0.25%
Dividend income not taxable	0.00%	0.00%	0.00%	(21.74%)
Effect of capital gains tax	0.00%	(0.22%)	1.49%	(0.26%)
Effect of tax rate change on temporary differences	0.10%	0.00%	0.10%	0.00%
Other(non-taxable) /non-deductible items	6.90%	0.00%	(28.30%)	0.00%
Effective tax rate	**32.71%**	**32.16%**	**(0.96%)**	**3.92%**

*Included in the disallowed expenses are fines, penalties, donations and other expenses not allowed for tax purposes.

10 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Headline earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent adjusted for abnormal items profits or losses for disposal of assets and impairments (remeasurements) by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic diluted and headline earnings per share computations:

	Group	
	2019 ZWL	2018 ZWL
Profit attributable to ordinary equity holders of the parent for basic earnings		
Continuing operations	142 238 249	35 694 161
Discontinued operations	(522 140)	(2 498 938)
Profit attributable to ordinary equity holders of the parent for basic earnings	**141 716 109**	**33 195 222**
Profit on disposal of assets	(659 605)	(1 351 437)
Profit on disposal of subsidiary	(15 192 207)	-
Asset write offs (impairment)	-	-
Fair value adjustment on investment property	(11 243 924)	(64 540)
Profit attributable to ordinary equity holders of the parent for Headline earnings	**114 620 374**	**31 779 245**

	2019 No.	2018 No.
Weighted average number of ordinary shares for basic earnings per share	358 000 858	358 000 858
Number of shares in issue	358 000 858	358 000 858
Weighted average number of ordinary shares for diluted earnings per share	358 000 858	358 000 858
To calculate the EPS for discontinued operations the weighted average number of ordinary shares for both the basic and diluted EPS is as per the table above. The following table provides the profit/(loss) amount used:		
Loss attributable to equity holders of the parent from discontinued operation	(522 140)	(2 498 939)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

11 DISCONTINUED OPERATIONS

In December 2018 the Board of Directors of Dairibord Holdings Limited resolved that the Group should disinvest from Dairibord Malawi Limited (DML) due to persistent losses. The operation was classified as held for sale in 2018. All the conditions precedent to the sale were completed in 2019 and the Group deconsolidated Dairibord Malawi with effect from 01 August 2019. The results of Dairibord Malawi Limited are presented below:

	2019 ZWL	2018 ZWL
Revenue	**787 323**	**16 059 423**
Expenses	(1 179 656)	(18 977 228)
Other operating income	-	690 646
Operating loss	**(392 333)**	**(2 227 159)**
Finance costs	(371 030)	(1 150 447)
Loss before tax	**(763 363)**	**(3 377 606)**
Income tax	-	(446 921)
Loss after tax	**(763 363)**	**(3 824 527)**

The major classes of assets and liabilities of Dairibord Malawi are as below.

	ZWL	ZWL
Assets		
Property, plant and equipment	15 600 349	9 654 289
Inventories	2 057 035	1 693 147
Prepayments	38 388	60 210
Income tax asset	187 204	99 860
Trade and other receivables	1 808 458	1 473 165
Cash balances	1 068	39 574
	19 692 502	**13 020 245**
Liabilities		
Trade and other payables	12 085 388	6 427 271
Deferred tax liability	3 140 419	1 889 371
Interest bearing borrowings	8 249 846	4 017 193
Deferred income-grants received	3 711 091	2 319 269
Bank overdraft	613 694	402 118
	27 800 438	**15 055 223**
Net liabilities associated directly with assets held for sale for consolidated financial statements	**(8 107 936)**	**(2 034 978)**
Disposal of a subsidiary	**8 107 936**	**-**
	-	**(2 034 978)**
Disposal of a subsidiary		
Net liabilities	8 107 936	-
Receivables (purchase price)	379 074	-
Non-controlling interest	(2 733 076)	-
Monetary gain	9 438 273	-
Profit on disposal of subsidiary	**15 192 207**	**-**

12 PROPERTY, PLANT AND EQUIPMENT

	INFLATION ADJUSTED							
	GROUP					COMPANY		
	Freehold land and buildings ZWL	Plant and equipment ZWL	Furniture and Fittings ZWL	Motor vehicles ZWL	Total ZWL	Furniture and Fittings ZWL	Motor vehicles ZWL	Total ZWL
Cost or valuation								
At 1 January 2018	**90 352 481**	**246 120 099**	**6 691 472**	**33 804 823**	**376 968 875**	**2 637 618**	**3 320 656**	**5 958 274**
Additions	83 439	4 665 193	641 981	958 438	6 349 051	38 989	-	38 989
Asset written off	-	-	(8 876)	-	(8 876)	(8 876)	-	(8 876)
Disposals	(1 414 797)	(16 549)	(13 382)	(1 255 350)	(2 700 078)	(13 382)	(330 975)	(344 357)
Transfer from investment property	386 138	-	-	-	386 138	-	-	-
Transfer to investment property	(1 461 807)	-	-	-	(1 461 807)	-	-	-
Exchange rate adjustments	(111 323)	16 940	(2 438)	(1 534)	(98 355)	-	-	-
Transfer to assets held for sale	(4 191 259)	(9 994 156)	(366 638)	(230 756)	(14 782 809)	-	-	-
At 31 December 2018	**83 642 872**	**240 791 527**	**6 942 119**	**33 275 621**	**364 652 139**	**2 654 349**	**2 989 681**	**5 644 030**
Additions	-	15 707 123	320 260	6 299 192	22 326 575	186 879	3 321 793	3 508 672
Disposals	(350 579)	(18 647)	-	(3 085 609)	(3 454 835)	-	(1 208 892)	(1 208 892)
Revaluation Surplus	118 920 344	-	-	-	118 920 344	-	-	-
At 31 December 2019	**202 212 637**	**256 480 003**	**7 262 379**	**36 489 204**	**502 444 223**	**2 841 228**	**5 102 582**	**7 943 810**
Accumulated depreciation and impairment								
At 1 January 2018	**(1 869 645)**	**(123 178 439)**	**(5 760 737)**	**(20 569 019)**	**(151 377 840)**	**(2 481 579)**	**(3 073 986)**	**(5 555 565)**
Depreciation charge for the year	(1 877 997)	(22 715 106)	(553 037)	(2 770 510)	(27 916 650)	(53 899)	(55 510)	(109 409)
Transfer to investment property	64 540	-	-	-	64 540	-	-	-
Transfer to assets held for sale	126 603	4 496 859	344 093	160 964	5 128 519	-	-	-
Asset written off	-	-	987	-	987	987	-	987
Disposals	19 092	15 997	10 757	923 829	969 675	10 757	298 981	309 738
Exchange adjustments	750	28 160	2 284	1 054	32 248	-	-	-
At 31 December 2018	**(3 536 657)**	**(141 352 529)**	**(5 955 653)**	**(22 253 682)**	**(173 098 521)**	**(2 523 734)**	**(2 830 515)**	**(5 354 249)**
Depreciation charge for the year	(1 436 167)	(17 489 404)	(171 162)	(3 531 531)	(22 628 264)	(73 770)	(667 488)	(741 258)
Impairment loss	-	(1 647 894)	-	-	(1 647 894)	-	-	-
Asset written off	-	-	-	-	-	-	-	-
Disposals	15 537	18 647	-	3 085 609	3 119 793	-	1 205 800	1 205 800
Transfer to investment property	-	-	-	-	-	-	-	-
Exchange rate adjustments	-	(1 473 269)	-	-	(1 473 269)	-	-	-
At 31 December 2019	**(4 957 287)**	**(161 944 449)**	**(6 126 815)**	**(22 699 604)**	**(195 728 155)**	**(2 597 504)**	**(2 292 203)**	**(4 889 707)**
Net book value								
At 31 December 2019	197 255 350	94 535 554	1 135 564	13 789 600	306 716 068	243 724	2 810 379	3 054 103
At 31 December 2018	80 106 215	99 438 998	986 466	11 021 939	191 553 618	130 615	159 166	289 781

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
12.1 Reconciliation of opening and closing carrying amounts				
Net carrying amount at 1 January	191 553 618	225 591 035	289 781	402 709
Cost	364 652 139	376 968 875	5 644 030	5 958 274
Accumulated depreciation and impairment	(173 098 521)	(151 377 840)	(5 354 249)	(5 555 565)
Movement for the year:				
Additions	22 326 575	6 349 051	3 508 672	38 989
Revaluation	118 920 344	-	-	-
Net carrying amount of disposals	(335 042)	(1 730 403)	(3 092)	(34 619)
Depreciation charge for the year	(22 628 264)	(27 916 650)	(741 258)	(109 409)
Impairment loss	(1 647 894)	-	-	-
Asset written off	-	(7 889)	-	(7 889)
Transfer from investment property (note 14)	-	386 138	-	-
Transfer (to) /from assets held for sale (note 12)	-	(9 654 290)	-	-
Transfer to investment property	-	(1 397 267)	-	-
Net exchange adjustment	(1 473 269)	(66 107)	-	-
Net carrying amount at 31 December	**306 716 068**	**191 553 618**	**3 054 103**	**289 781**
Cost	502 444 223	364 652 139	(7 943 810)	5 644 030
Accumulated depreciation and impairment	(195 728 155)	(173 098 521)	(4 889 707)	(5 354 249)

12.2 Property revaluation

The valuation of property was performed in line with market values on 31 December 2016 by Dawn Property Consultancy an independent property valuer. Fair value of the properties was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices significantly adjusted for difference in the nature location or condition of the specific property. The directors believe that that there have not been significant changes in property values since 31 December 2016 and therefore the current carrying amounts approximate the fair value of land and buildings. However as the fair values were determined in US$ the directors converted them to ZWL using the interbank rate ruling at 31 December 2019 after allowing for a 20% discount due to US$ rebasing. Property consists of residential commercial and industrial buildings in Zimbabwe.

Significant unobservable data

Price per square metre ZWL7 760- ZWL21 550 (2018:ZWL6 897-ZWL21 552)

Significant increases/(decreases) in estimated price per square metre in isolation would result in a significantly higher/(lower) fair value on a linear basis.

Refer Note 33 for fair value hierarchy which also includes investment property and Note 22.4 for the movement in the revaluation reserve.
If land and buildings were measured using cost model the carrying amount would be ZWL22 045 930 (2018 : ZWL23 479 256).

Property mortgaged against borrowings

Property valued at ZWL42m in this category is mortgaged against borrowings (Refer to Note 23)

12.3 Impairment

	Carrying Amount	Recoverable Amount*	Impairment Loss
Asset			
Yoghurt spoon applicator	1 297 544	-	1 297 544
Other small assets	386 313	35 963	350 350
	1 683 857	**35 963**	**1 647 894**

The Yoghurt Spoon Applicator was purchased by the Group in 2014 for the purpose of applying a spoon on the yoghurt cup to enhance convenience to the consumer and hence capture the market. The spoon applicator which is part of plant and equipment did not perform as expected since commissioning as the spoons that would be attached to the cup kept falling off when the products are taken to the market. Management assessed its performance and decided discontinue its use as it was affecting the overall yoghurt volume production through stops and starts due to the applicator breakdowns. The assessed recoverable amount is nil as the machine does not have a ready market and is the first of its kind in Zimbabwe. Refer to Note 375.1 on the segment to which the impaired asset belonged.

13 INVESTMENT PROPERTY

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Balance at 1 January	7 998 564	7 198 708	-	-
Transfer from property, plant and equipment	-	1 397 267	-	-
Transfer back to property, plant and equipment	-	(386 138)	-	-
Disposals	-	(275 813)	-	-
Fair value adjustment recognised in profit or loss (in other operating income)	11 243 924	64 540	-	-
Balance at 31 December 2019	**19 242 488**	**7 998 564**	**-**	**-**

The Group's investment property comprises of 12 commercial properties located across the country.

Investment property valuation

The valuation of investment property was performed in line with market values on 31 December 2019 by Dawn Property Consultancy.

Fair value of the investment properties was determined using the implicit investment approach that is capitalisation of income rentals significantly adjusted for difference in the nature location or condition of the specific property. Key inputs in the valuation were based in US$ and conversion done to ZWL using the Interbank Foreign Exchange rate of 17.2416 as at 31 December 2019 to arrive at the ZWL values.

Significant unobservable data

Construction cost per square metre*	ZWL12 069- ZWL24 138 (2018:ZWL11 207- ZWL21v552)
Rentals per square metre/ month	ZWL86-ZWL207 (2018:ZWL51.72-ZWL258.6)
Estimated rental yields	5%-9% (2018: 5%-9%)

* Construction cost per square metre is used to determine the property's gross replacement cost and resultantly the intrinsic value of the investment which is not affected by market conditions.

Significant increases/(decreases) in estimated rentals per square metre and rent growth per annum in isolation would result in a significantly higher/(lower) fair value.

Fair value hierarchy disclosures for investment properties are in Note 33.

Revenue and expenses relating to investment property

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Rental income from leasing	4 132 756	464 482	-	-
Operating costs	(1 051 516)	(146 572)	-	-
Net income	**3 081 240**	**317 910**	**-**	**-**

14 INTANGIBLE ASSETS-SOFTWARE

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Cost				
At 1 January	**5 950 132**	**5 915 970**	**764 431**	**764 431**
Additions	-	34 162	-	-
At 31 December	**5 950 132**	**5 950 132**	**764 431**	**764 431**
Amortisation				
At 1 January	**(4 005 284)**	**(3 402 529)**	**(217 798)**	**(145 199)**
Charge for the year (included in administration costs-see note 5.2)	(363 943)	(602 755)	(41 424)	(72 599)
At 31 December	**(4 369 227)**	**(4 005 284)**	**(259 222)**	**(217 798)**
Net book value	**1 580 905**	**1 944 848**	**505 209**	**546 633**
Reconciliation of opening and closing carrying amounts				
Net carrying amount at 1 January	**1 944 848**	**2 513 441**	**546 633**	**546 633**
Cost	5 950 132	5 915 970	764 431	764 431
Accumulated amortisation	(4 005 284)	(3 402 529)	(217 798)	(217 798)
Movement for the year:				
Additions	-	34 162	-	-
Amortisation	(363 943)	(602 755)	(41 424)	(72 599)
Net carrying amount at 31 December	**1 580 905**	**1 944 848**	**505 209**	**546 633**
Cost	5 950 132	5 950 132	764 431	764 431
	(4 369 227)	(4 005 284)	(259 222)	(217 798)

The intangible assets consist of accounting business intelligence and auditing software.

15 INVESTMENT IN SUBSIDIARIES

Dairibord Zimbabwe (Private) Limited (100 % owned)	-	-	25 531 867	140 840 190
Goldblum Investments Private Limited (100% owned)	-	-	11 464 006	63 238 336
Chatmoss Enterprises Private Limited (100% owned)	-	-	4 075 705	22 482 612
Qualinnex Investments (Private) Limited (100% owned)	-	-	2 139 430	11 801 633
Slimline Investments Private Limited (100% owned)	-	-	3 392 330	18 712 944
Dairibord Malawi Limited (68.4% owned)	-	-	-	2 801 191
Lyons Zimbabwe (Private) Limited (100% owned)	-	-	-	-
Lyons Africa (Private) Limited (100% owned)	-	-	-	-
NFB Logistics (Private) Limited (100% owned)	-	-	-	-
	-	**-**	**46 603 338**	**259 876 907**

During the year the group disposed of its entire investment in Dairibord Malawi Limited. See note 11

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
16 LOANS RECEIVABLE				
16.1 Long-term loans receivable				
Dairibord Zimbabwe (Private) Limited	-	-	22 145 470	28 563 976
Dairibord Malawi Limited	-	-	-	1 191 847
	-	-	22 145 470	29 755 823
Less : Amounts falling due within one year	-	-	(12 400 000)	(12 371 192)
	-	**-**	**9 745 470**	**17 384 631**

The long term loans receivable relate to loans that were issued to subsidiaries at an all-in cost of between 30% and 32% per annum and are repayable by 2022 and they are measured at amortised cost. The holding company raises loans from banks for on lending to subsidiaries at market related interest rates. Dairibord Zimbabwe (Pvt) Ltd is the main operating subsidiary and based on its performance there was no need to impair the receivable in the holding company's books.

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
16.2 Short-term loans receivable				
Dairibord Zimbabwe (Private) Limited	-	-	-	-
Add : Amounts falling due within one year of long term loans receivable	-	-	12 400 000	12 371 192
	-	**-**	**12 400 000**	**12 371 192**
17 OTHER FINANCIAL ASSETS				
17.1 Other non-current financial assets				
Loans receivable	481 729	2 766 484	199 642	1 059 119

The balance consists of a loan issued to a farmer and another one issued to one executive director . The loan issued to a director is payable over 3 years whilst the loan to a farmer is payable over 24 months. The loans bear interest at 30% per annum. The short term portion is included in other receivables . Refer to note 32.2 on loan to director

Both loans were not impaired as they are well secured. The loan to a farmer is secured against the heifers whilst that of the director can be recovered from termination benefits.

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
17.2 Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss	-	883 731	-	883 731

This is an investment in shares of a company listed on the Zimbabwe Stock Exchange (ZSE). On purchase the financial asset was designated at fair value through profit or loss. The shares were disposed off during the year and loss realised through profit and loss.

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Reconciliation of other current financial assets				
Opening	883 731	-	199 644	-
Purchase	-	6 729 639	-	6 729 639
Disposal of shares	(883 731)	(5 966 582)	(199 644)	(5 966 582)
Fair value adjustment through profit or loss	-	120 674	-	120 674
Closing value	**-**	**883 731**	**-**	**883 731**

Notes to the Financial Statements (cont.)

* Disclosed in other operating income on the statement of profit or loss and comprehensive income.

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
18 INVENTORIES				
Packaging and raw materials (at cost)	84 920 809	66 040 277	-	-
Spares and general consumable (at cost)	28 696 176	22 497 336	-	-
Finished goods (at lower of cost and net realisable value)	32 655 210	12 458 977	-	-
Total inventories	**146 272 195**	**100 996 590**	**-**	**-**

The amount of inventories recognised as an expense in cost of sales for the period was ZWL 701 812 645 (2018 :ZWL437 970 600).

During 2019 stock losses amounting to ZWL$ 2 680 133 (2018:ZWL3 176 726) were recognised as an expense in cost of sales.

19 GROUP COMPANIES

The following balances arise from normal trading activities:

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
19.1 Amounts owed by group companies				
Goldblum (Pvt) LTD	-	-	107 303	-
Qualinnex Investments (Private) Limited	-	-	16 497	-
Dairibord Zimbabwe (Private) Limited	-	-	6 816 298	23 508 933
	-	**-**	**6 940 098**	**23 508 933**
19.2 Amounts owed to group companies				
Goldblum Investments (Private) Limited	-	-	-	112 879
Chatmoss Enterprises (Private) Limited	-	-	960 449	255 452
Qualinnex Investments (Private) Limited	-	-	-	47 054
Slimline Investments (Private) Limited	-	-	146 168	46 292
	-	**-**	**1 106 617**	**461 677**

These amounts are interest free and are repayable on demand.

20 TRADE AND OTHER RECEIVABLES				
Trade receivables	52 628 969	33 480 638	-	-
VAT receivable	2 937 434	3 857 972	-	-
Loans receivable from farmers	526 607	1 887 490	-	-
Amount receivable from disposal of financial assets at fair value through profit or loss	-	1 058 376	-	1 058 376
Loan to a director-short term portion	95 763	529 560	95 763	529 560
Staff car loans	63 428	494 262	-	-
Other receivables	2 003 452	619 866	499 383	-
Total	58 255 653	41 928 164	595 146	1 587 936
Allowance for credit losses	(1 675 719)	(1 896 818)	-	-
	56 579 934	**40 031 346**	**595 146**	**1 587 936**

As at 31 December 2019 receivables of ZWL2 800 538 (2018 : ZWL1 896 818) were provided for.

The following is a movement in the allowance for credit losses balance:

	GROUP				
	Trade receivables ZWL	Loans to farmers ZWL	Staff car loans ZWL	other staff receivables ZWL	Total ZWL
Balance at 1 January 2018	4 679 789	-	285 405	4 119 757	9 084 951
Effect of adopting IFRS 9	1 716 359	16 830	52 410	156 060	1 941 659
Charge for the year	4 193 884	340 667	1 379	-	4 535 930
-continuing operations	3 619 527	340 667	1 379	-	3 961 573
-discontinued operations	574 358	-	-	-	574 358
Bad debts written off	(7 925 573)	-	(192 594)	(4 111 096)	(12 229 263)
Transfer to discontinued operation	(1 436 459)	-	-	-	(1 436 459)
Balance at 31 December 2018	**1 228 000**	**357 497**	**146 600**	**164 721**	**1 896 818**
Effect of adopting IFRS 9					
Charge for the year	408 194	(357 497)	(129 211)	(142 585)	(221 099)
-continuing operations	408 194	(357 497)	(129 211)	(142 585)	(221 099)
-discontinued operations	-	-	-	-	-
Balance at 31 December 2019	**1 636 194**	**-**	**17 389**	**22 136**	**1 675 719**

Refer to note 34.1 on the impairment provision matrix on the Group's trade and other receivables.

Trade credit is generally offered on 30 day credit terms and no interest is charged within the credit period.

See note 34.1 on credit risk of trade receivables to understand how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

21 CASH AND CASH EQUIVALENTS

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
For the purpose of the statement of cash flows cash and cash equivalents consist of :				
Cash at banks and on hand-continuing operations	18 839 288	50 925 137	325 584	3 493 403
Short term investment*	-	5 990 047	-	-
	18 839 288	**56 915 184**	**325 584**	**3 493 403**
Cash at banks and on hand attributable to discontinued operations	-	39 574	-	-
Bank overdraft-continuing operations**	(4 477 442)	(2 139 412)	-	-
Bank overdraft attributable to discontinued operations	-	(402 118)	-	-
Cash and cash equivalents	**14 361 846**	**54 413 228**	**325 584**	**3 493 403**

*This is a short term deposit at an interest rate of 7% per annum and repayable on demand.

**The Group has a bank overdraft facility of ZWL 7 million at 30% per annum with Stanbic Bank Zimbabwe Limited. The facility is unsecured.

	INFLATION ADJUSTED	
	Group and Company	
	2019	2018

22 ISSUED CAPITAL AND RESERVES

22.1 Share capital

Authorised shares	*No.*	*No.*
Number of ordinary shares of ZWL$0.0001 each	425 000 000	425 000 000
Authorised share capital amount (ZWL)	42 500	42 500
Ordinary shares issued and fully paid		
Number of ordinary shares of ZWL0.0001 each	358 000 858	358 000 858
	ZWL	ZWL
Issued capital amount	197 482	197 482

Subject to the limitations imposed by the Companies Act (Chapter 24:03) in terms of a resolution passed by the company in general meeting the unissued shares have been placed at the disposal of the directors.

	Group and Company	
	2019 ZWL	2018 ZWL
22.2 Share premium		
At 31 December	7 610 573	7 610 573
22.3 Dividend declared		
Cash dividend on ordinary shares declared		
Final dividend for 2018 (2017:0.2): 0.007 cents per share	12 550 769	3 949 641
Reconciliation of dividend payable		
Opening balance	484 912	374 410
Dividend proposed	12 550 769	3 949 641
Dividend paid	(12 884 386)	(3 839 140)
Dividend payable 31 December	151 294	484 912

The dividend for 2018 was approved at the Annual General Meeting (AGM) on 31 May 2019. Proposed dividends are subject to approval at an AGM and are not recognised as a liability as at year end.

22.4 Non-distributable reserves

GROUP

INFLATION ADJUSTED

	Attributable to equity holders of the parent					
	Share Option reserve ZWL	Foreign currency translation reserve ZWL	Foreign currency conversion reserve ZWL	Asset revaluation reserve ZWL	Other capital reserves ZWL	Total reserves ZWL
Balance at 1 January 2018	**92 657**	**(24 400 834)**	**102 830 479**	**54 976 393**	**649 726**	**134 148 421**
Other comprehensive income	-	414	-	-	-	414
Gross	-	414	-	-	-	414
Income tax effect	-	-	-	-	-	-
						-
Transfer to retained earnings of the share option reserve	(92 657)	-	-	-	-	(92 657)
						-
Transfer to reserves of disposal group held for sale	-	24 400 420	-	(449 503)	(649 726)	23 301 191
Balance at 31 December 2018	**-**	**-**	**102 830 479**	**54 526 890**	**-**	**157 357 369**
Other comprehensive income	-	(4 781 703)	-	-	-	(4 781 703)
Transfer to retained earnings of the share option reserve	-	-	-	-	-	-
Revaluation surplus on PPE				-		-
Functional currency Change	-	-	(8 372 164)	-	-	(8 372 164)
Disposal of a subsidiary		(49 002 805)	-	-	-	(49 002 805)
Balance at 31 December 2019	**-**	**(53 784 508)**	**94 458 315**	**54 526 890**	**-**	**95 200 697**

COMPANY

	Share Option reserve ZWL	Foreign currency conversion reserve ZWL	Total ZWL
Balance at 1 January 2018	**92 657**	**93 775 166**	**93 867 823**
Transfer to retained earnings on expiry of share options	(92 657)	-	(92 657)
Balance at 31 December 2018	**-**	**93 775 166**	**93 775 166**
Transfer to retained earnings on expiry of share options	-	-	-
Functional currency change	-	4 527 306	(4 527 306)
Balance at 31 December 2019	**-**	**89 247 858**	**89 247 858**

Nature and purpose of reserves

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the foreign subsidiary.

Foreign currency conversion reserve
The foreign currency conversion reserve arose as a result of change in functional currency from the Zimbabwe dollar to the United States dollar in 2009, and a change from United States Dollar to Zimbabwe Dollar on 23 February 2019 .It represents the residual equity in existence as at the change over period and has been designated as non-distributable reserve.

Asset revaluation reserve
The asset revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in equity.

Other capital reserves
This relates to the profit made on the acquisition of additional interest in Dairibord Malawi Limited.

Share option reserve
The share option reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. The share option expired in 2017 and the balance on the reserve has been transferred to retained earnings.

Reserves of assets held for sale
The reserve relates to the revaluation surplus on assets classified as held for sale.

	Borrowing cost (%)	Maturity	INFLATION ADJUSTED GROUP 2019 ZWL	GROUP 2018 ZWL	COMPANY 2019 ZWL	COMPANY 2018 ZWL
23 INTEREST BEARING BORROWINGS						
23.1 Long term borrowings						
a) PTA Bank-2014 Loan	10.6%	May 2019	-	-	-	-
b) Bank loan Zimbabwe (2015)	30%	Nov 2020	405 643	6 882 312	405 643	6 882 312
c) Bank loan Zimbabwe (2018)	30%	Aug-Oct 2021	330 000	2 758 126	330 000	2 758 126
d) Bank loan Zimbabwe (2019)	30%	July-Sep 2022	6 855 000	-	6 855 000	-
e) Tetra Pak	8%	Sept 2022	8 592 428	3 743 692	-	-
			16 183 071	**13 384 130**	**7 590 643**	**9 640 438**
Less : Amounts falling due within one year			(7 047 092)	(6 249 212)	(3 378 976)	(5 334 215)
			9 135 979	**7 134 918**	**4 211 667**	**4 306 223**
23.2 Short term borrowings						
a) PTA Bank-2014 Loan	10.6%	May 2019	-	4 292 642	-	4 292 642
c) Bank loan Zimbabwe (2019)	30%	Jan-Mar 2020	7 400 000	2 744 335	7 400 000	2 744 335
h) Bank loan Zimbabwe (2019)	32%	Jan-Sep 2020	5 000 000	-	5 000 000	-
			12 400 000	**7 036 977**	**12 400 000**	**7 036 977**
Add : Portion of long term loans falling due within one year		7 047 092	6 249 212	3 378 976	5 334 215	
			19 447 092	**13 286 189**	**15 778 976**	**12 371 192**
Total interest bearing borrowings			**28 583 071**	**20 421 107**	**19 990 643**	**16 677 415**

a) 10.6% PTA Secured loan

The loan financed capital projects. The loan was secured over immovable property worth ZWL$9 million and the assets funded. The original facility available was ZWL6 million and was fully drawn. The loan was fully paid in September 2019 through the Reserve Bank of Zimbabwe blocked funds arrangement.

b) Bank Loan Zimbabwe (2015)

This loan was used to acquire plant and equipment at Dairibord Zimbabwe (Private) Limited. The loan will be fully paid by 10 November 2020. It is secured over property with a book value of ZWL42 million.

c) Bank Loan Zimbabwe (2018)

The loan was drawn in 2018 to finance capital projects . The loan has a tenure of 3 years including 12 months grace period. The loan is secured over the same land and buildings as in (b) above.

d) Bank Loan Zimbabwe (2019)

This facility was draw down during the year and is secured together with the other amounts in (b) and (c) above on property worth ZWL 42 million. The facility has a tenure of 3 years and will be fully paid by 6 September 2022.

e) Tetra Pak

This is an offshore vendor finance facility which financed part of the capital expenditure in 2016. The facility is forex US$ denominated (As at 31 December 2019 the balance was US$512 000) bears interest at 8% per annum and has a 6 year tenure including one year grace period. Repayments are done monthly and the loan is expected to be fully repaid by September 2022. The loan is unsecured.

h) Bank Loan Zimbabwe (2019)

The loan is in the form of Bankers Acceptances with maturities ranging from 30 to 45 days. The facility will expire on 30 December 2020 and is secured by a Notarial General Covering Bond (NGCB) over movable assets worth ZWL2.5m.

24 FINANCE GUARANTEE LIABILITY

Dairibord Zimbabwe (Private) Limited guaranteed loans to farmers and car loans to staff issued by Stanbic Bank Zimbabwe Limited (Refer to Note 31). The loan balances outstanding as at 31 December 2019 for farmers and car loans were ZWL10 913 291 and ZWL201 156 respectively (2018: ZWL975 666 and ZWL212 334). The interest rates the farmers and staff would have paid had there been no guarantee is 35% and the difference between this rate and the rates being charged represents the liability that Dairibord is exposed to because of the guarantee.

The guarantee liability was measured at ZWL 755 566 as at I January 2019 and the table below shows the movement in the guarantee liability

Movement in finance guarantee liability	2019 ZWL	2018 ZWL
Balance as at 1 January 2019	755 566	-
Adoption of IFRS 9	-	180 254
Charge to profit or loss (included in administration costs-refer to note 5.2)	507 349	575 312
Balance as at 31 December 2019	**1 262 915**	**755 566**

In terms of IFRS 9 the guarantee liability is measured at the higher of the present value discounted at the rate differential and expected credit loss. The expected credit loss was measured at 10%-the probability of default- and the amount is ZWL1 091 329.

25 DEFERRED INCOME

A grant was received from the United Nations Development Programme under the Malawi Challenge Innovation Fund (MICF) for the purchase of the milk processing and filing plant.

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
At I January	-	1 207 552	-	-
Received during the year	-	1 311 263	-	-
Released to profit or loss	-	(152 364)	-	-
Exchange loss	-	(47 182)		
Transfer to liabilities associated with assets held for sale (Note 11)	-	(2 319 269)		
At 31 December	**-**	**-**	**-**	**-**
The grant is classified as part of the discontinued operation.				
Non-current	-	-	-	-

26 BORROWINGS POWERS

The directors may borrow any sum of money not exceeding the aggregate of twice the issued and paid up share capital of the company and the aggregate of the amounts standing to the credit of all the reserve accounts and share premium account.

Banking facilities

At 31 December 2019 the banking facilities in place in Zimbabwe amounted to ZWL33 million (2018 : ZWL8.7 million). The facilities expire between February 2020 and September 2022.

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
27 DEFERRED TAXATION				
Deferred tax relates to the following:				
Property	962 124	15 005 350	-	-
Plant and equipment	69 660 782	25 350 726	913 653	52 388
Intangible assets	390 800	496 617	-	141 188
Inventory	15 476 916	(174 225)	-	-
Accounts receivable	2 252 939	(1 338 160)	-	(87 035)
Unrealised loss on exchange	(2 082 683)	(84 437)	-	-
Unutilised tax loss	-	-	-	-
Leave pay and other provisions	215 217	(2 297 722)	(387 108)	(220 623)
Net liability/(asset)	**86 876 095**	**36 958 149**	**526 545**	**(114 082)**
Disclosed as follows on the statement of financial position:				
Asset	-	114 082	-	114 082
Liability	86 876 095	37 072 230	526 545	-
-Continuing operations	86 876 095	35 182 859	526 545	-
-Discontinued operations (Note 11)	-	1 889 371	-	-

The Group has an asset in one company of ZWL20 681 arising mainly from leave pay provision which will reverse in future periods when the leave pay is paid.

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Reconciliation of deferred tax				
Opening balance as of 1 January	36 958 149	29 767 804	(114 082)	(144 383)
Arising on IFRS 9 adjustment to allowance for credit losses (Note 3)	-	(546 396)	-	-
Tax expense recognised in profit or loss	49 917 946	7 297 807	640 627	30 301
Effect of exchange rate change	-	438 934	-	-
Closing balance as at 31 December	**86 876 095**	**36 958 149**	**526 545**	**(114 082)**
28 TRADE AND OTHER PAYABLES				
Trade payables	51 986 156	51 774 485	-	-
Contract liabilities	2 053 843	6 144 122	-	-
Payroll accruals	2 575 851	3 607 281	478 475	540 509
Employee bonus accrual	6 510 000	1 930 688	1 110 000	551 625
Deductions due to farmers' organisations	-	1 784 822	-	-
VAT & VAT withholding tax payable	2 185 575	2 550 173	511 178	1 153 796
Leave accrual	1 573 194	1 309 817	394 793	205 872
Utilities accruals	3 034 337	1 343 400	-	-
Audit fee accrual	950 000	849 503	150 000	99 293
Interest accrued	709 740	171 258	709 740	171 258
Other payables	8 893 473	8 128 025	649 060	175 902
	80 472 169	**79 593 574**	**4 003 246**	**2 898 255**

Terms and conditions of trade and other payables:

Trade and other payables are non-interest bearing and are on 14- 30 day terms.

	INFLATION ADJUSTED	
	GROUP	
	2019 ZWL	2018 ZWL
29 COMMITMENTS AND CONTINGENCIES		
Capital commitments :		
Authorised and contracted for	15 517 800	6 411 166
Authorised and not contracted for	27 532 280	58 306 813
	43 050 080	**64 717 979**

The Group's capital expenditure will be financed from the Group's own resources and borrowings.

Litigation

The Group is a respondent in various employee claims for unfair dismissal and vendor litigations for ZWL307 490. On the basis of legal advice the claims are not valid and it is more likely than not that there will be no outflow of resources.

The Group is also respondent in other claims amounting to ZWL444 845 which it has an appeal for amnesty. In 2019 the company was granted the amnesty.

Financial guarantees

The Group guaranteed farmers' and staff car loans at Stanbic Bank. The total exposure at the 31 December 2019 in respect of these is ZWL11 114 447 (2018: ZWL1 188 000) for which a guarantee liability of ZWL1 262 915 has been recognised as at 31 December 2019 (refer to note 24 on the measurement of the financial guarantee liability in terms of IFRS 9.

Lease commitments - Group as lessee

The Group entered into commercial lease agreements on commercial buildings. The leases are for a one year period with renewal options included in the contracts. There are no restrictions placed upon the Group in entering into the lease. Each party has the right to terminate the lease at the end of the lease term. Coupled with hind sight in which the Group had leases that were not extended beyond 12 months the Group applied the available practical expedient in terms of IFRS 16 and elected not to account for the Right of Use asset on these leases which have lease terms that are less than 12 months. There effect of adoption of IFRS 16 as at 1 January 2019 for the Group was nil.

	INFLATION ADJUSTED	
	GROUP	
	2019 ZWL	2018 ZWL
Lease expenses in the current year	1 122 389	1 355 163
	1 122 389	**1 355 163**
Operating lease commitments - Group as lessor		
The Group entered into commercial leases with tenants on commercial buildings. The leases are for a one year period with a renewal option included in the contract. There are no restrictions placed upon the Group in entering into the lease.		
Future minimum rentals receivable under the leases as at 31 December are as follows :		
Recognised as income in the current year	626 083	464 485
Within one year	**876 516**	**464 485**

30 RELATED PARTY DISCLOSURES

30.1 The consolidated financial statements include the financial statements of Dairibord Holdings Limited the parent company and its subsidiaries listed in the following table:

Name	Country of Incorporation	Principal activity	% equity Interest 2019	% equity Interest 2018
Dairibord Malawi Limited	Malawi	manufacture and distribution of milks foods and beverages	-	68.4
NFB Logistics (Private) Limited (dormant)	Zimbabwe	Dormant	100	100
Dairibord Zimbabwe (Private) Limited	Zimbabwe	manufacture and distribution of milks foods and beverages in Zimbabwe	100	100
Lyons Africa (Private) Limited (dormant)	Zimbabwe	Dormant	100	100
Lyons Zimbabwe (Private) Limited (dormant)	Zimbabwe	Dormant	100	100
Goldblum Investments (Private) Limited	Zimbabwe	Property holding and leasing	100	100
Slimline Investments (Private) Limited	Zimbabwe	Property holding and leasing	100	100
Chatmoss Enterprises (Private) Limited	Zimbabwe	Property holding and leasing	100	100
Qualinnex Investments (Private) Limited	Zimbabwe	Property holding and leasing	100	100

	INFLATION ADJUSTED	
	GROUP	
Related party transactions and balances	**2019 ZWL**	**2018 ZWL**
30.2 Group		
Milk purchases from Tavistock Estates(a company controlled by a director of Dairibord Holdings Limited)	32 359 661	12 686 440
Loan issued to Tavistock Estates (Pvt) Ltd (a company controlled by a non-executive director of the company)	-	2 360 955
Loan to an executive director	200 000	1 588 680
Interest income on loans to Tavistock and an executive director	100 253	89 347
Consultancy services offered by Corporate Excellence (a company in which one company director has an interest)	182 606	146 181
The loans issued to a director and to Tavistock are at an annual interest rate of 30% the same rate at which loans are issued to other farmers were issued. The milk purchases from Tavistock are on terms similar to other farmers.		
30.3 Company		
Management fees received from subsidiaries	8 663 967	5 726 553
Royalties received from subsidiaries	8 724 159	6 767 944
Loans issued to subsidiaries	28 700 000	3 210 458
Loans repaid by subsidiaries	11 732 681	28 607 951
Loan to an executive director	200 000	1 588 680
Interest income on loans to subsidiaries	3 608 741	3 184 068
Interest income on loan from a director	250 316	23 830
Consultancy services offered by Corporate Excellence (a company in which one company director has an interest)	182 606	146 181
Refer to Note 16, 17 and 19 for loans receivable from subsidiaries a director and a company controlled by a director of the company and related party balances respectively.		
30.4 Key management personnel transactions		
Compensation		
Group		
Short term employee benefits	16 452 920	12 539 338
Pension contributions	360 291	195 402
Total compensation paid	**16 813 211**	**12 734 740**
Company		
Short term employee benefits	5 425 639	3 720 684
Pension contributions	243 122	58 610
Total compensation paid	**5 668 761**	**3 779 294**
31 PENSION AND RETIREMENT PLANS		
31.1 Defined contribution funds		
All employees of the Group are eligible to be members of defined contributions funds.		
31.2 National Social Security Authority Scheme		
This is a scheme established under the National Social Security Authority Act (1989). Contribution per employee is 3.5% per month up to a maximum pensionable salary of ZWL700. This scheme is a defined contribution scheme from the Group's perspective.		
31.3 Pension costs charged to profit and loss during the year		
Group		
National Social Security Authority Scheme- Zimbabwe	722 385	888 205
Defined contribution funds	1 490 562	1 619 919
	2 212 947	**2 508 124**
Company		
National Social Security Authority Scheme- Zimbabwe	4 319	38 691
Defined contribution funds	156 794	143 836
	161 113	**182 527**

32 MATERIAL PARTLY-OWNED SUBSIDIARY

INFLATION ADJUSTED

Financial information of subsidiary that has material non-controlling interests are provided below:

Portion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2019	2018
Daribord Malawi Limited	Malawi	0.0%	31.6%

	2019 ZWL	2018 ZWL
Accumulated balances of material non-controlling interest:	-	(264 273)
Loss allocated to non-controlling interest	-	(1 405 778)

The summarised financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations. The subsidiary which was classified as a discontinued operation in 2018 was finally disposed of in 2019 and deconsolidated wef 01 August 2019 (Refer to note 11)

Dairibord Malawi Limited summarised statement of profit or loss for 2019

	2019 ZWL	2018 ZWL
Revenue	**787 323**	**16 242 949**
Cost of sales	(645 033)	(13 479 914)
Other income	(36 191)	690 646
Administrative expenses	(498 431)	(5 956 652)
Finance costs	(371 030)	(1 150 447)
Loss before tax	**(763 362)**	**(3 653 418)**
Income tax expense	-	(446 921)
Loss for the year	**(763 362)**	**(4 100 339)**
Other comprehensive income	(6 990 793)	601
Total comprehensive (loss) income	(7 754 155)	(4 099 738)
Attributable to non-controlling interests	(2 450 313)	(1 295 517)

Dairibord Malawi Limited summarised statement of financial position as at 31 December 2019

	2019 ZWL	2018 ZWL
Inventories receivables and cash and bank balances (current)	-	3 812 143
Property, plant and equipment and other non-current financial assets (non-current)	-	9 654 283
Trade and other payables (current)	-	(8 582 730)
Interest-bearing loans and borrowings (current)	-	(1 222 164)
Interest-bearing loans and borrowings and deferred tax liabilities (non-current)	-	(8 597 579)
Total equity	**-**	**(4 936 047)**
Attributable to equity holders of parent	-	(3 376 255)
Non-controlling interest	-	(1 559 792)

Summarised cash flow information for the year ending 31 December 2019

Operating	-	314 002
Investing	-	(83 439)
Financing	-	(180 315)
Net increase in cash and cash equivalents	**-**	**50 248**

33 FAIR VALUE MEASUREMENT

	INFLATION ADJUSTED			
		Fair value measurement using		
As at 31 December 2019 **Assets measured at fair value**	**Total** **ZWL**	**Quoted prices in active markets (Level 1)** **ZWL**	**Significant observable inputs (Level 2)** **ZWL**	**Significant unobservable inputs (Level 3** **ZWL**
Revalued land and freehold buildings (Note 12)	197 255 350	-	-	197 255 350
Investment property (Note 13)	19 242 488	-	-	19 242 488
Loans receivable (Note 17.1)	481 729	-		481 729
Trade and other receivables (Note 20)	56 579 934	-	-	56 579 934
Cash and cash equivalents (Note 21)	18 839 288	-	-	18 839 288
There have been no transfers between Level 1 and Level 2.				
Liabilities measured at fair value				
Interest bearing borrowings (Note 23)	28 583 071	-	-	28 583 071
Bank overdraft (Note 21)	4 477 442	-	-	4 477 442
Trade and other payables (Note 28)	80 472 169	-	-	80 472 169
Finance guarantee liability (Note 24)	1 262 915	-	-	1 262 915
There have been no transfers between Level 1 and Level 2.				
As at 31 December 2018				
Assets measured at fair value				
Revalued land and freehold buildings (Note 12)	80 106 216	-	-	80 106 216
Investment property (Note 13)	7 998 564	-	-	7 998 564
Loans receivable (Note 17.1)	2 766 483	-	-	2 766 483
Financial assets at fair value through profit or loss (Note 17.2)	883 731	883 731	-	-
Trade and other receivables (Note 20)	40 031 346	-	-	40 031 346
Cash and cash equivalents(Note 21)	56 915 184	-	-	56 915 184
There have been no transfers between Level 1 and Level 2. Refer to note 13 on inputs used for valuation of investment property and note 18.2 on valuation of quoted shares.				
Liabilities measured at fair value				
Interest bearing borrowings (Note 23)	20 421 107	-	-	20 421 107
Bank overdraft (Note 21)	2 139 412	-	-	2 139 412
Trade and other payables (Note 28)	79 593 574	-	-	79 593 574
Financial guarantee liability (Note 24)	755 566	-	-	755 566

The management assessed that the fair values of cash and short term deposits bank overdrafts trade receivables trade payables and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- There is an active market for the group's listed equity investments as it is observable with activity on the Zimbabwe Stock Exchange(ZSE).
- The fair values of the Group's interest bearing borrowings are determined by using the Discounted Cash Flow (DCF) method using the discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2019 was assessed to be insignificant.
- The fair value of the financial guarantee liability was determined with reference to the gross carrying amounts of the underlying assets and the expected credit loss variable.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade, payables and interest-bearing borrowings. The main purpose of these financial instruments is to raise finance for the Groups's operations. The Group has various financial assets such as trade, receivables and cash which arise directly from its operations.

The Group's principal financial liabilities comprise trade payables and interest-bearing borrowings. The main purpose of these financial instruments is to raise finance for the Groups's operations. The Group has various financial assets such as trade receivables and cash which arise directly from its operations.

The main risk arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. These risks are managed as follows:

34.1 Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and loan notes) and from its financing activities including deposits with banks and financial institutions foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed through extensive credit verification procedures and individual credit limits are defined in accordance with this assessment. Customers with outstanding balances are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e by geographical region, product type, customer type and rating and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events current conditions and forecasts of future economic conditions. Generally trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 20. The security held by the Group which include brick and mortar, bank guarantees and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment. There was no change in the Group's policy on collateral and there is no financial instrument for which the company did not recognise a loss allowance due to collateral. At 31 December 2019 13% (2018: 60%) of the Group's trade receivables are covered by mortgage bonds. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low as its customers are located in several jurisdictions and industries and operate in largely independent markets. The requirement for impairment is analysed at each reporting date on an individual basis for all customers. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial asset disclosed in note 20. For debtors past due, the Group considers whether the asset is secured or not and where the asset is secured and the security is considered adequate to cover the carrying amount of the debt the specific asset is not impaired. The company only writes off a debt when its proved beyond reasonable doubt that the debtor is insolvent or can not be located or has proved that no delivery was done to them (no delivery made to the customer) and all efforts to recover the debt have been made without success. The Group evaluates the concentration of credit risk as low since the balances are widely spread.

31-Dec-19

	Current	30-60 days	61-90 days	90-120 days	> 120 days	Total
Expected credit loss rate	0.15%	0.82%	2.45%	4.91%	100.00%	0.77%
Total gross carrying amounts of receivables	55 271 892	879 389	466 771	215 061	331 034	57 164 147
Expected credit loss	80 815	7 250	11 427	10 553	331 034	441 079

Loans and other receivables

The Group issues loans to farmers and staff under its heifer programme and car loan vehicle scheme respectively. Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to applicant credit risk management. Credit limits are established for all farmers and staff based on internal rating criteria. Credit quality of the farmers is assessed through extensive credit verification procedures and individual facility limits are defined in accordance with this assessment. The farmers are required to insure the animals and other assets pledged as security with the Group registered as the loss payee. Farmers in terms of contract supply the company with milk for the duration of the loan period and repayments are made through deductions from amounts payable for milk delivered. Farmers with outstanding balances are regularly monitored.

Set out below is the information about the credit risk exposure on the Group's loans and other receivables using a provision matrix

31-Dec-18

	Current	30-60 days	61-90 days	90-120 days	> 120 days	Total
Expected credit loss rate	8.43%				73.55%	14.05%
Total gross carrying amounts of receivables	625 348	-	-	-	59 144	684 492
Expected credit loss	52 702	-	-	-	43 501	96 203

Cash balances

The Group only deposits cash with financial institutions with high credit ratings. The maximum exposure to risk is equal to the carrying amount of cash and bank balances as disclosed in note 21.

Significant increase in credit risk

The Group monitors all financial assets and contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment the Group considers both quantitative and qualitative information that is reasonable and supportable including historical experience and forward-looking information that is available without undue cost or effort based on the Group's historical experience and expert credit assessment including forward-looking information. Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Write off policy

Financial assets are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts owed to the Group. A write-off constitutes a derecognition event.

34.2 Liquidity risk

The Group consistently monitors its risk to a shortage of funds. This requires that the Group considers the maturity of both its financial investments and financial assets e.g accounts receivables other financial assets and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and debentures.

The table below summaries the maturity profile of the Group and Company's financial liabilities as at 31 December 2019 based on contractual undiscounted payments :

GROUP

Liabilities	On demand ZWL	0 to 3 months ZWL	3 to 12 months ZWL	1 to 5 years ZWL	+ 5 years ZWL	Total ZWL
Year ended 31 December 2019						
Interest bearing borrowings	-	(13 073 699)	(25 118 788)	(110 412 157)	-	(148 604 644)
Trade and other payables	-	80 472 169	-	-	-	80 472 169
	-	**67 398 470**	**(25 118 788)**	**(110 412 157)**	**-**	**(68 132 475)**
Year ended 31 December 2018						
Interest bearing borrowings	-	4 147 090	10 089 234	7 396 283	-	21 632 608
Trade and other payables	-	79 593 574	-	-	-	79 593 574
	-	**83 740 664**	**10 089 234**	**7 396 283**	**-**	**101 226 182**

COMPANY

Liabilities						
Year ended 31 December 2019						
Interest bearing borrowings	-	(13 990 643)	(27 869 619)	(115 336 810)	-	(157 197 072)
Trade and other payables	-	4 003 246	-	-	-	4 003 246
Amounts owed to Group companies	-	1 106 617	-	-	-	1 106 617
	-	**(9 987 397)**	**(27 869 619)**	**(115 336 810)**	**-**	**(153 193 826)**
Year ended 31 December 2018						
Liabilities						
Interest bearing borrowings	-	3 851 733	9 203 164	4 344 268	-	17 399 166
Trade and other payables	-	2 898 255	-	-	-	2 898 255
Amounts owed to Group companies	-	461 677	-	-	-	461 677
	-	**7 211 665**	**9 203 164**	**4 344 268**	**-**	**20 759 098**

34.3 Changes in liabilities arising from financing activities

GROUP

Year ended 31 December 2019	01-Jan-19	New loans	Cash flows repayments	Reclassified as part of disposal group	Other movements	Non cash loan	31-Dec-19 Total
Current interest bearing loans and borrowings	13 286 189	20 700 000	(9 078 181)	(10 877 635)	5 416 719	-	19 447 092
Non-current interest bearing borrowings and loan	7 134 918	8 000 000	(4 599 616)	(5 841 482)	(5 416 719)	9 858 878	9 135 979
Total	**20 421 107**	**28 700 000**	**(13 677 797)**	**(16 719 117)**	**-**	**9 858 878**	**28 583 071**

Other movements represents the reclassification between current and non-current borrowings.

The non-cash movement arose from financing of plant and equipment on a term loan.

Year ended 31 December 2018	01-Jan-18	New loans	Cash flows repayments	Reclassified as part of disposal group	Other movements	Non cash loan	31-Dec-18 Total
Current interest bearing loans and borrowings	21 807 440	-	(21 671 210)	(820 051)	13 970 011	-	13 286 189
Non current interest bearing borrowings and loan	21 134 959	3 210 458	-	(3 197 142)	(13 970 011)	(43 347)	7 134 918
Total	**42 942 399**	**3 210 458**	**(21 671 210)**	**(4 017 193)**	**-**	**(43 347)**	**20 421 107**

34.4 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates as well as the availability of foreign currency in the market. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (given the Group's foreign obligations arising from the import bill) . The Group limits exposure to exchange rate fluctuations by either pre-paying for purchases or procuring goods from the local market. The Group's exposure to the risk of unavailability of foreign currency relates primarily to challenges in assessing the foreign currency to settle foreign currency denominated liabilities and when available the price at which the foreign currency will be purchased at in RTGS currency which can result in significant exchange losses. The Group's foreign currency liabilities as at 31 December 2019 stand at US$0.93m (US$3.9m at 31 December 2018).

The following table demonstrates the sensitivity to a reasonable possible change in the US$ exchange rate

			GROUP
	Change in rates	Effect on profit before tax	effect on equity
2019	+10%	2 010 907	1 493 099
	-10%	(2 010 907)	(1 493 099)
2018	+10%	1 945 565	1 444 582
	-10%	(2 148 955)	(1 595 599)

In the company separate financial statements there are no foreign denominated assets and liabilities.

34.5 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's policy is to keep most of its borrowings at fixed rates of interests; with an option to re-negotiate interest rates for term loans every year. As at 31 December 2019 the Group's loans are all at fixed interest rates.

Interest rate sensitivity

The table below demonstrates the sensitivity of reasonable movements in LIBOR on the relevant loan whose rate moves in line with LIBOR:

	% change in LIBOR	Effect on profit before tax
2019	10%	-
2018	10%	48 246

34.6 Capital management

The primary objective of the company's capital management is to ensure that the company maintains a healthy capital ratio in order to support the business and maximize shareholder value.

The group manages its capital structure and makes adjustments to it in light of changes in the economic environment. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders return capital to shareholders or issue new shares. No changes were made to the objectives policies or processes during the year ended 31 December 2019.

The Group monitors capital using a gearing ratio which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio up to a maximum of 50%. The Group includes within net debt interest bearing loans and borrowings trade and other payables less cash and cash equivalents.

	2019 ZWL	2018 ZWL
Interest bearing borrowings (Note 23)	28 583 071	20 421 107
Bank overdraft-continuing operations (Note 21)	4 477 442	2 139 412
Bank overdraft-discontinued operations (Note 21)	-	402 118
Trade and other payables (Note 28)	80 472 169	79 593 574
Less cash and short-term deposits (Note 21)	(18 839 288)	(56 954 758)
Net Debt	94 693 394	45 601 453
Equity	364 076 132	276 920 970
Capital and debt	**458 769 526**	**322 522 423**
Gearing ratio	20.6%	14.1%

35 SEGMENT INFORMATION

35.1 The Group has three operating segments which are listed below . The segments are identified based on how performance is measured and monitored for each business unit.

Manufacturing and distribution (Zimbabwe)- manufacture and marketing of milks foods and beverages
Properties - leasing of properties
Corporate - management and corporate services

The manufacturing segment is the main operating segment of the Group generating almost all of the Group's revenue and cash flows.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Year ended 31 December 2019	Manufacturing and Distribution (Zimbabwe) ZWL	Properties ZWL	Corporate ZWL	Adjustments and eliminations ZWL	Group ZWL
Revenue					
Revenue from contracts with external customers	1 114 079 970	626 083	-	-	1 114 706 053
Revenue from contracts with internal customers	226 755	-	-	(226 755)	-
Revenue from management services	-	-	17 388 126	(17 388 126)	-
Rental income-internal customers	-	3 506 673	-	(3 506 673)	-
Total revenue	**1 114 306 725**	**4 132 756**	**17 388 126**	**(21 121 554)**	**1 114 706 053**
Results					
Depreciation and amortisation	21 887 006	322 518	782 683	-	22 992 207
Impairment*	1 647 894	-	-	-	1 647 894
Operating profit	85 187 733	2 763 285	2 267 987	-	90 219 006
Finance income	540 864	25 000	4 284 625	(3 443 953)	1 406 536
Finance costs	(6 863 263)	-	(3 403 162)	3 443 953	(6 822 472)
Segment profit before tax	297 094 313	101 815 619	(187 522 675)	-	211 387 257
Segment assets	357 090 631	203 261 462	80 742 815	(64 538 354)	576 556 554
Segment liabilities	173 724 619	10 098 064	26 294 044	2 363 692	212 480 419
Capital expenditure	**18 817 903**	**-**	**3 508 672**	**-**	**22 326 575**

	Dairibord Zimbabwe ZWL	Properties ZWL	Corporate ZWL	Adjustments and eliminations ZWL	Group ZWL
Year ended 31 December 2018					
Revenue					
Revenue from contracts with external customers	697 024 706	464 485	-	-	697 489 191
Revenue from contracts with internal customers	39 485	-	-	(39 485)	-
Revenue from management services	-	-	8 169 215	(8 169 215)	-
Rental income-internal customers	-	5 957 044	-	(5 957 044)	-
Total revenue	**697 064 191**	**6 421 529**	**8 169 215**	**(14 165 744)**	**697 489 191**
Results					
Depreciation	25 644 064	1 819 751	182 009	-	27 645 823
Operating profit	44 013 506	4 881 187	4 936 063	1 299 336	55 130 092
Restructuring costs	-	-	-	-	-
Finance income	447 732	-	3 410 411	(3 184 068)	674 075
Finance costs	(4 311 717)	-	(2 020 879)	3 184 068	(3 148 527)
Segment profit before tax	40 149 521	4 881 187	6 325 596	1 299 336	52 655 640
Segment assets	325 338 386	102 196 987	321 147 431	(315 363 206)	433 319 598
Segment liabilities	171 476 219	3 995 503	21 346 055	(55 474 152)	141 343 625
Capital expenditure	6 260 785	-	38 989	-	6 299 774

The transactions between operating segments are at arm's length.
The adjustments and eliminations columns relate to inter-segments transactions and balances which are eliminated on consolidation.
* Impairment loss recognised mainly relates to spoon applicator (Refer to Note 12.3)

Reconciliation of 2019 segment assets and liabilities per statement of financial position to segment note

Assets	
As per segment note	576 556 554
Dairibord Malawi segment assets	-
Total assets on the 2019 statement of financial position	**576 556 554**
Liabilities	
As per segment note	212 480 419
Dairibord Malawi segment liabilities	-
Total liabilities on the 2019 statement of financial position	**212 480 419**

36 EVENTS AFTER THE REPORTING DATE

There are no issues after the reporting date that warrant adjustment of the financial statements. However the company wishes to comment on the effects of Corona Virus (COVID-19) in the paragraphs below.

The COVID-19 outbreak which was declared a pandemic by the World Health Organization (WHO) on 11 March 2020 has affected the lives of people around the world. Many countries worldwide have placed either a partial or complete lockdown of their economies in order to contain the spread of the pandemic. As expected these measures affect the performance of companies and in particular the going concern assumption and hence impact on the presentation of the financial statements.

In response to the pandemic the President of Zimbabwe ordered a 21 days national lockdown starting on 30 March 2020. Statutory Instruments 82 of 2020 Public Health (COVID-19 Prevention Containment and Treatment) (Amendment) Regulations 2020 (No. 1) and Statutory Instrument ("SI") 83 of 2020 Public Health (COVID-19 Prevention Containment and Treatment) (National Lockdown) Order 2020 were issued to bring legality to the lockdown. SI 83 exempts companies that provide essential services to the economy which include dairy industry value chain from the nationwide 21 days lockdown. It is in line with that provision that Dairibord Holdings Limited (Dairibord) was exempted from the lockdown and designated as an essential service provider and hence continued its operations

The company manufactures distributes and sells milks foods and beverages and this enhances its survival chances as people need food to survive. Over and above being exempted from the lockdown Dairibord's entire value chain from farm level right to the final consumer (through retail outlets that are operating though for reduced operating times) have been allowed space to operate and hence minimising the impact to Dairibord's operations. Dairibord has also taken measures to address and mitigate safety and health risks and business commercial risks that have been posed by the outbreak of COVID-19. Stakeholder awareness campaigns are being done on how to prevent and survive the pandemic. The company applies heat treatment process in manufacturing its products and hence this assures safety of the products. As at the date of assessment the company has an estimated 2 months cover of the critical inputs and has plans in place to ensure stock availability for the next six months. The border between Zimbabwe and South Africa Dairibord's main source of imports remains open for the movement of goods. Through the Reserve Bank of Zimbabwe Exchange Control Circular Number 3 of 2020 the Government of Zimbabwe allowed corporates to accept and use free funds (largely US$). This helps the company to stabilise amid the turbulence caused by COVID-19 as US$ is a more stable currency than the ZWL. The company has no restructuring plans in place yet but it is alive to the idea once the situation calls. Dairibord has quality assets and its leveraging on this to approach various financial institutions for working capital financing support. However there is not much information available to estimate any changes in the expected credit losses on the company's receivables.

The COVID-19 will undoubtedly have an impact on the country's GDP and reduced disposable incomes which will have an impact on Dairibord. With the government having ordered a nationwide lockdown to stop the spread of the virus this provides evidence that the pandemic might be contained and hence limit the dent on the company's expected future cash flows. Although these financial statements have been prepared under the going concern assumption there are many uncertainties surrounding the assessment as the full impact of the pandemic is yet to be fully estimated. This will unfold as time passes.

UNAUDITED SUPPLEMENTARY INFORMATION

Statements Of Profit Or Loss And Other Comprehensive Income

for the year ended 31 December 2019

		HISTORICAL			
		GROUP		COMPANY	
	Notes	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Continuing operations					
Revenue from contracts with customers	3	496 959 673	126 358 407	-	-
Rental income		256 455	84 203	-	-
Revenue from management services	3	-	-	4 422 201	1 038 124
Revenue from royalties	3	-	-	4 449 881	1 226 910
Revenue		**497 216 128**	**126 442 610**	**8 872 082**	**2 265 034**
Cost of sales		(337 756 447)	(93 012 082)	-	-
Gross profit		**159 459 681**	**33 430 528**	**8 872 082**	**2 265 034**
Other operating income	4	23 797 684	465 721	(111 747)	6 331 211
Selling and distribution expenses	5.1	(59 986 418)	(15 705 980)	-	-
Administration expenses	5.2	(39 999 525)	(8 131 036)	(7 715 553)	(1 509 482)
Other operating expenses	5.3	(6 355 721)	(65 110)	809 123	(11 942)
Operating profit	6	**76 915 701**	**9 994 123**	**1 853 905**	**7 074 821**
Finance costs	7	(4 352 160)	(570 773)	(1 848 343)	(366 350)
Finance revenue	8	921 558	122 198	2 347 531	618 248
Profit before tax		**73 485 099**	**9 545 548**	**2 353 093**	**7 326 719**
Income tax expense	9	(22 367 569)	(3 069 403)	(1 013 742)	(287 118)
Profit for the year		**51 117 530**	**6 476 145**	**1 339 351**	**7 039 601**
Discontinued operations					
Loss for the year from discontinued operations	11	(763 363)	(693 320)	-	-
Profit for the year		**50 354 167**	**5 782 825**	**1 339 351**	**7 039 601**
Profit/(loss) attributable to:					
Equity holders of the parent		50 595 390	6 017 714	1 339 351	7 039 601
Non-controlling interests		(241 223)	(234 889)	-	-
		50 354 167	**5 782 825**	**1 339 351**	**7 039 601**
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Revaluation surplus		174 341 559	-	-	-
Exchange differences on functional currency change		(1 517 727)	-	(820 722)	-
Exchange differences on translating foreign operations		(6 990 793)	109	-	
		165 833 039	**109**	**(820 722)**	**-**
Total comprehensive income for the year		**216 187 206**	**5 782 934**	**518 629**	**7 039 601**
Total comprehensive income/(loss) income attributable to:					
Equity holders of the parent		218 637 519	6 017 789	518 629	7 039 601
Non-controlling interests		(2 450 313)	(234 855)	-	-
		216 187 206	**5 782 934**	**518 629**	**7 039 601**
Earnings per share (cents)					
Basic earnings for the year attributable to ordinary equity holders of the parent	10	14.13	1.68		
Diluted earnings for the year attributable to ordinary equity holders of the parent	10	14.13	1.68		
Headline earnings for the year attributable to ordinary equity holders of the parent	10	7.47	1.61		
Earnings per share for continuing operations (cents)					
Basic earnings from continuing operations attributable to ordinary equity holders of the parent	10	14.28	1.81		
Diluted earnings from continuing operations attributable to ordinary equity holders of the parent	10	14.28	1.81		
Headline earnings from continuing operations attributable to ordinary equity holders of the parent	10	7.61	1.74		

Statements Of Financial Position

as at 31 December 2019

	Notes	HISTORICAL			
		GROUP		COMPANY	
		2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Assets					
Non-current assets					
Property, plant and equipment	12	218 356 773	34 725 326	758 073	52 532
Investment property	13	19 242 488	1 450 000	-	-
Intangible assets	14	286 590	352 567	85 934	99 095
Investment in subsidiaries	15	-	-	46 603 338	47 111 145
Long-term loans receivable	16.1	-	-	9 745 470	3 151 530
Other non-current financial assets	17.1	481 729	501 515	199 644	192 000
Deferred tax asset	29	171 890	20 681	171 890	20 681
		238 539 470	**37 050 089**	**57 564 349**	**50 626 983**
Current assets					
Inventories	18	83 663 313	18 308 918	-	-
Related party balances	19.1	-	-	6 940 098	4 261 759
Prepayments		16 054 398	3 099 048	283 020	5 636
Trade and other receivables	20	56 579 934	7 256 984	595 146	287 865
Short-term loans receivable	16.2	-	-	12 400 000	2 242 681
Financial assets at fair value through profit or loss	17.2	-	160 205	-	160 205
Cash and cash equivalents	21	18 839 288	10 317 729	325 584	633 293
		175 136 933	**39 142 884**	**20 543 848**	**7 591 439**
Assets classified as held for sale	11	-	2 360 343	-	-
		175 136 933	41 503 227	20 543 848	7 591 439
Total assets		**413 676 403**	**78 553 316**	**78 108 197**	**58 218 422**
Equity and liabilities					
Equity					
Share capital	22.1	35 800	35 800	35 800	35 800
Share premium	22.2	1 379 664	1 379 664	1 379 664	1 379 664
Non- distributable reserves	22.4	194 310 663	28 526 143	16 179 078	16 999 800
Reserves of assets classified as held for sale	22.4	-	(4 224 099)	-	-
Retained earnings		71 321 624	24 766 191	34 746 155	35 912 810
Equity attributable to owners of the parent		267 047 751	50 483 699	52 340 697	54 328 074
Non-controlling interests		-	(282 763)	-	-
Total equity		**267 047 751**	**50 200 936**	**52 340 697**	**54 328 074**
Non-current liabilities					
Interest- bearing borrowings	23.1	9 135 979	1 293 436	4 211 667	780 643
Financial guarantee liability	24	1 262 915	136 971	-	-
Deferred income	25	-	-	-	-
Deferred tax liability	27	21 024 328	6 378 038	-	-
		31 423 222	**7 808 445**	**4 211 667**	**780 643**
Current liabilities					
Trade and other payables	28	80 472 169	14 428 925	4 003 246	525 403
Interest- bearing borrowings	23.2	19 447 092	2 408 554	15 778 976	2 242 681
Bank overdraft	21	4 477 442	387 838	-	-
Dividend payable	24.3	151 294	87 906	151 294	87 906
Amounts owed to group companies	19.2	-	-	1 106 617	83 694
Income tax payable		10 657 433	501 463	515 700	170 021
		115 205 430	**17 814 686**	**21 555 833**	**3 109 705**
Liabilities associated with assets held for sale	11	-	2 729 249	-	
		115 205 430	**20 543 935**	**21 555 833**	**3 109 705**
Total liabilities		**146 628 652**	**28 352 380**	**25 767 500**	**3 890 348**
Total equity and liabilities		**413 676 403**	**78 553 316**	**78 108 197**	**58 218 422**

J.K.H SACHIKONYE
Chairman

A. MANDIWANZA
Group Chief Executive

Statements Of Cash Flows

for the year ended 31 December 2019

	Notes	HISTORICAL			
		GROUP		COMPANY	
		2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Operating activities					
Profit before tax-continuing operations		73 485 099	9 545 548	2 353 093	7 326 719
Loss before tax-discontinued operations	11	(763 363)	(612 301)	-	-
Adjusted for:					
Depreciation of property, plant and equipment	12	4 742 884	5 060 801	112 991	19 834
Impairment	12	269 291	-	-	-
Asset written off	12	-	1 430	-	1 430
Amortisation of intangible assets	14	65 977	109 269	13 161	13 161
(Profit)/loss on disposal of property, plant and equipment	5.3	(109 883)	(111 634)	(6 499)	6 276
Profit on disposal of investment property	4	-	(1 739)	-	-
(Profit)/ Loss on disposal of a subsidiary	11	(5 753 934)	-	128 733	-
Profit on disposal of financial assets at fair value through profit or loss	4	-	(122 045)	-	(122 045)
Non-cash dividend income	4	-	-	-	(6 180 000)
Finance revenue	8	(921 558)	(122 198)	(2 347 531)	(618 248)
Inventory written off	18	1 546 452	575 885	-	-
Allowances for credit losses	20	1 331 859	822 285	-	-
Grants released to profit and loss	25	-	(27 621)	-	-
Loan guarantee costs	24	-	104 294	-	-
Fair value adjustment on investment property	13	(17 792 488)	(11 700)	-	-
Fair value adjustment on financial assets at fair value through profit or loss	17.2	7 565	(21 876)	7 565	(21 876)
Finance costs		4 723 190	779 329	1 848 343	366 350
Working capital movements :				-	-
Increase in inventories		(66 900 847)	(7 095 871)	-	-
(Increase) /decrease in trade and other receivables and prepayments		(66 290 724)	3 234	(592 309)	(197 391)
Increase in amounts owed by group companies		-	-	(2 678 339)	(2 339 426)
Increase in amounts / (decrease)in trade and other payables		78 128 632	2 384 410	3 477 843	302 108
		5 768 152	11 259 500	3 339 974	(207 787)
Interest paid		(4 723 190)	(779 329)	(1 848 343)	(366 350)
Income tax paid		(7 090 042)	(1 250 834)	(819 272)	(111 604)
Net cashflows (used in)/generated from operating activities		**(6 045 080)**	**9 229 337**	**672 359**	**(685 741)**
Investing activities					
Purchase of plant and equipment	12	(5 471 644)	(1 150 972)	(847 988)	(7 068)
Purchase of intangible assets	14	-	(6 193)	-	-
Proceeds from sale of property, plant and equipment		284 247	425 326	35 653	
Proceeds from sale of assets held for sale & investment property		-	51 739	-	
Proceeds from sale of financial assets at fair value through profit or loss		-	1 203 682	-	1 203 682
Purchase of financial assets at fair value through profit or loss	17.2	-	(1 219 966)	-	(1 219 966)
Grants received	27	-	237 709	-	-
Loans repaid/(issued) to other third parties		19 786	(716 000)	-	(288 000)
Loans issued to subsidiaries		-	-	(28 700 000)	(582 000)
Loans repaid by subsidiaries		-	-	11 948 741	5 186 132
Finance income on effective interest rate method	8	921 558	122 198	2 347 531	618 248
Net cash (outflow)/ inflow from Investing activities		**(4 246 053)**	**(1 052 477)**	**(15 216 063)**	**4 911 028**
Financing activities					
Proceeds from borrowings		28 700 000	582 000	28 700 000	582 000
Repayment of borrowings		(13 677 797)	(3 928 612)	(11 732 681)	(3 678 559)
Dividends paid	22.3	(2 442 618)	(695 969)	(2 442 618)	(695 969)
Net cash inflows/(outflows) from financing activities		**12 579 585**	**(4 042 581)**	**14 524 701**	**(3 792 528)**
Net increase in cash and cash equivalents		2 288 452	4 134 279	(19 004)	432 759
Net foreign exchange difference		625 776	65 835	(1 109 427)	-
Effect of change in functional currency		1 517 727	-	820 722	-
Cash and cash equivalents at beginning of the period		9 929 891	5 729 777	633 293	200 534
Cash and cash equivalents at the end of the period	**21**	**14 361 846**	**9 929 891**	**325 584**	**633 293**

Statements Of Changes In Equity

as at 31 December 2019

GROUP

	Attributable to equity holders of the parent							
	Share Capital ZWL	Share Premium ZWL	Non - distributable reserves ZWL (Note 23.4)	Reserves of assets classified as held for sale ZWL	Retained earnings ZWL	Total ZWL	Non - controlling interests ZWL	Total equity ZWL
As at 1 January 2018	**35 800**	**1 379 664**	**24 318 766**	**-**	**19 733 297**	**45 467 527**	**(47 908)**	**45 419 619**
Effect of adopting new accounting standard IFRS 9	-	-	-	-	(285 616)	(285 616)	-	(285 616)
Restated 1 January 2018	35 800	1 379 664	24 318 766	-	19 447 681	45 181 911	(47 908)	45 134 003
Profit /(loss) for the year					6 017 714	6 017 714	(234 889)	5 782 825
Other comprehensive income	-	-	75	-	-	75	34	109
Total comprehensive income	**-**	**-**	**75**	**-**	**6 017 714**	**6 017 789**	**(234 855)**	**5 782 934**
Transfer to retained earnings of share option reserve	-	-	(16 797)	-	16 797	-	-	-
Dividends (Note 22.3)					(716 001)	(716 001)	-	(716 001)
Reserves of operations discontinued operation	-	-	4 224 099	(4 224 099)	-	-	-	-
Revaluation reserve realised on sale of assets	-	-	-	-	-	-	-	-
Transfer back to revaluation reserve on reclassification of assets from held for sale back to property	-	-	-	-	-	-	-	-
As at 31 December 2018	**35 800**	**1 379 664**	**28 526 143**	**(4 224 099)**	**24 766 191**	**50 483 699**	**(282 763)**	**50 200 936**
Restated 1 January 2019	35 800	1 379 664	28 526 143	(4 224 099)	24 766 191	50 483 699	(282 763)	50 200 936
Profit /(loss)for the year	-	-	-	-	50 595 390	50 595 390	(241 223)	50 354 167
Revaluation Surplus on PPE	-	-	174 341 559	-	-	174 341 559	-	174 341 559
Exchange difference on functional currency change	-	-	(1 517 727)	-	-	(1 517 727)	-	(1 517 727)
Exchange differences on translating foreign operations	-	-	(4 781 703)	-	-	(4 781 703)	(2 209 090)	(6 990 793)
Total comprehensive income	**-**	**-**	**168 042 129**	**-**	**50 595 390**	**218 637 519**	**(2 450 313)**	**216 187 206**
Dividends (Note 22.3)	-	-			(2 506 006)	(2 506 006)		(2 506 006)
Disposal of a subsidiary	-	-	(2 257 609)	4 224 099	(1 533 951)	432 539	2 733 076	3 165 615
As at 31 December 2019	**35 800**	**1 379 664**	**194 310 663**	**-**	**71 321 624**	**267 047 751**	**-**	**267 047 751**

COMPANY

	Share Capital ZWL	Share Premium ZWL	Non distributable reserves ZWL (note 23.4)	Retained earnings ZWL	Total ZWL
As at 1 January 2018	**35 800**	**1 379 664**	**17 016 597**	**29 572 413**	**48 004 474**
Profit for the year	-	-	-	7 039 601	7 039 601
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**7 039 601**	**7 039 601**
Dividends paid (Note 22.3)	**-**	**-**	**-**	**(716 001)**	**(716 001)**
Transfer to retained earnings of the share option reserve	**-**	**-**	**(16 797)**	**16 797**	**-**
As at 31 December 2018	**35 800**	**1 379 664**	**16 999 800**	**35 912 810**	**54 328 074**
Profit /(loss)for the year	-	-	-	1 339 351	1 339 351
Total comprehensive income	**-**	**-**	**-**	**1 339 351**	**1 339 351**
Dividends paid (Note 22.3)	-	-	-	(2 506 006)	(2 506 006)
Exchange difference on Functional currency change	-	-	(820 722)	-	(820 722)
As at 31 December 2019	**35 800**	**1 379 664**	**16 179 078**	**34 746 155**	**52 340 697**

Notes to the Financial Statements

		HISTORICAL			
		Group year ended 31 December		Company	
		2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
3	**REVENUE FROM CONTRACTS WITH CUSTOMERS**				
3.1	**Desegregated revenue information**				
	Type of goods				
	Sale of Liquid Milks	202 706 496	39 082 049	-	-
	Sale of foods	84 150 120	32 187 043	-	-
	Sales of beverages	210 103 057	55 089 315	-	-
	Revenue from management services	-	-	4 422 201	1 038 124
	Revenue from royalties	-	-	4 449 881	1 226 910
	Total revenue from contracts with customers	**496 959 673**	**126 358 407**	**8 872 082**	**2 265 034**
	The Group obtains most of its revenue from the domestic market.				
3.2	**Contract assets and liabilities**				
	Trade receivables (Note 20)	52 628 969	6 069 455	-	-
	Contract liabilities (Note 28)	2 053 843	1 113 822	-	-

Trade receivables are non-interest bearing and are generally on terms of 30 days. In 2019 ZWL1 333 859 (2018: ZWL718 164) was recognised as an expense for the allowance for credit losses on trade receivables.

Contract liabilities include advances received to deliver goods in 2020 and all are short term.

		HISTORICAL			
		Group		Company	
		2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
4	**OTHER OPERATING INCOME**				
	Profit on disposal of property, plant and equipment	-	111 634		-
	Profit on disposal of investment property	-	1 739		
	Profit on disposal of scrap	314 086	131 619	-	-
	(Loss)/profit on disposal of financial assets at fair value through profit or loss	(136 299)	122 045	(7 566)	122 045
	Dividend income*	-	5 847	-	6 185 847
	Profit/ (loss) on disposal of a subsidiary	5 753 933	-	(128 733)	-
	Export incentive	28 534	36 023	-	-
	Fair value adjustment on financial assets classified at fair value through profit and loss (Note 17.2)	-	21 876	-	21 876
	Fair value adjustment on investment property (Note 13)	17 792 488	11 700	-	-
	Sundry income	44 942	23 238	24 552	1 443
		23 797 684	**465 721**	**(111 747)**	**6 331 211**

* Included in 2018 dividend income in the separate company financial statements is ZWL6 180 000 non-cash dividend income from its subsidiaries. The dividend was set off against intercompany payables with the subsidiaries.

		HISTORICAL			
		Group		Company	
		2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
5	**OPERATING EXPENSES**				
5.1	**Selling and distribution costs**				
	Employee benefit expenses	12 962 534	5 189 842	-	-
	Fuel and hire charges	9 473 311	4 513 307	-	-
	Repairs and maintenance costs	5 528 524	1 115 518	-	-
	Merchandising costs	1 688 953	789 120	-	-
	Expected credit losses of trade receivables *	537 282	656 157	-	-
	Depreciation	708 567	889 059	-	-
	Advertising and promotions	4 164 684	645 482	-	-
	Other costs	24 922 563	1 907 495	-	-
		59 986 418	**15 705 980**	**-**	**-**

Notes to the Financial Statements (cont.)

		HISTORICAL			
		Group		Company	
		2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
5.2	**Administration expenses**				
	Employee benefit expenses	18 540 480	4 100 542	4 501 959	880 542
	Bank charges	1 825 834	996 102	222 631	14 641
	Repairs and maintenance costs	1 093 672	715 932	87 828	-
	Rent and rates	1 456 923	275 768	-	-
	Depreciation expense	403 012	218 630	126 152	19 834
	Amortisation expense (Note 14)	65 977	109 269	13 161	13 161
	Audit fees	954 264	154 000	172 507	18 000
	Insurance	897 902	147 296	96 438	
	Directors fees	731 686	146 789	731 686	146 789
	Loan guarantee costs (Note 24)	1 125 944	104 294	-	-
	Allowance for credit losses*	794 577	62 007	-	-
	2% IMT	7 756 395	-	185 221	-
	Other costs	4 352 859	1 100 407	1 577 970	416 515
		39 999 525	**8 131 036**	**7 715 553**	**1 509 482**
	***Total allowance for credit losses (Note 20)**	**1 331 859**	**718 164**	**-**	**-**
5.3	**Other operating expenses**				
	Exchange loss on foreign currency translation	6 465 604	65 110	(802 624)	5 666
	(Profit)/loss on disposal of property, plant and equipment	(109 883)	-	(6 499)	6 276
		6 355 721	**65 110**	**(809 123)**	**11 942**
6	**OPERATING PROFIT IS STATED AFTER CHARGING THE FOLLOWING:**				
	Audit fees	954 264	154 000	172 507	18 000
	Depreciation of property, plant and equipment	4 742 884	5 060 801	112 991	19 834
	Amortisation of intangible assets	65 977	109 269	13 161	13 161
	Directors emoluments	3 800 786	821 284	3 800 786	821 284
	-for services as directors	731 686	146 789	731 686	146 789
	-salaries and benefits	3 069 100	674 495	3 069 100	674 495
	Employee benefits expense				
	-Salaries and wages	45 805 434	12 958 626	4 501 959	830 832
	-Pension costs	661 307	293 663	78 645	26 075
	-National Social Security Authority	265 516	161 016	17 646	7 014
		46 732 257	13 413 305	4 598 250	863 921
7	**FINANCE COSTS**				
	Interest on borrowings	4 352 160	570 773	1 848 343	366 350
	Finance costs relate to financial liabilities measured at amortised cost. Interest was calculated using the effective interest rate method.				
8	**FINANCE REVENUE**				
	Interest received on loans and short term deposits	921 558	122 198	2 347 531	618 248
	Finance income relates to financial assets measured at amortised cost. Interest was calculated using the effective interest rate method.				

9 TAXATION

	HISTORICAL			
	Group		Company	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Current income tax:	17 246 012	1 713 597	1 163 398	269 412
- Current year charge	17 246 012	1 103 882	1 163 398	269 412
- Prior periods charge	-	609 715	-	-
Capital gains tax	95 687	32 841	1 554	12 213
Deferred tax charge	5 025 870	1 322 965	(151 210)	5 493
	22 367 569	**3 069 403**	**1 013 742**	**287 118**
Tax rate reconciliation				
Standard rate	25.75%	25.75%	25.75%	25.75%
Prior periods under provision	0.00%	6.39%	0.00%	0.00%
Fair value adjustment on financial assets at fair value through profit or loss not taxed	0.00%	(0.06%)	0.00%	(0.08%)
Disallowed expenses*	0.08%	0.32%	9.21%	0.25%
Dividend income not taxable	0.00%	0.00%)	0.00%	(21.74%)
Effect of capital gains tax	0.05%	(0.22%)	1.49%	(0.26%)
Effect of tax rate change on temporary differences	0.10%	0.00%	0.10%	0.00%
Other (non-taxable) /non-deductible items	4.46%	0.00%	6.53%	0.00%
Effective tax rate	**30.44%**	**32.16%**	**43.08%**	**3.92%**

*Included in the disallowed expenses are fines, penalties, donations and other expenses not allowed for tax purposes.

10 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit, attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Headline earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent adjusted for profits or losses for disposal of assets and impairments (re-measurements) by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic, diluted and headline earnings per share computations:

	GROUP	
	2019 ZWL	2018 ZWL
Profit attributable to ordinary equity holders of the parent for basic earnings		
Continuing operations	51 117 530	6 470 728
Discontinued operations	(522 140)	(453 014)
Profit attributable to ordinary equity holders of the parent for basic earnings	**50 595 390**	**6 017 714**
Profit on disposal of assets	(314 086)	(244 992)
Profit on disposal of subsidiary	(5 753 933)	-
Asset write offs (impairment)	-	-
Fair value adjustment on investment property	(17 792 488)	(11 700)
Profit attributable to ordinary equity holders of the parent for headline earnings	**26 734 883**	**5 761 022**

	2019 No.	2018 No.
Weighted average number of ordinary shares for basic earnings per share	358 000 858	358 000 858
Number of shares in issue	358 000 858	358 000 858
Weighted average number of ordinary shares for diluted earnings per share	358 000 858	358 000 858

To calculate the EPS for discontinued operations, the weighted average number of ordinary shares for both the basic and diluted EPS is as per the table above. The following table provides the profit/(loss) amount used:

	GROUP	
	2019 ZWL	2018 ZWL
Loss attributable to equity holders of the parent from discontinued operation	(522 140)	(453 014)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

11 DISCONTINUED OPERATIONS

In December 2018 the Board of Directors of Dairibord Holdings Limited resolved that the Group should disinvest from Dairibord Malawi Limited (DML) due to persistent losses. The operation was classified as held for sale in 2018. All the conditions precedent to the sale were completed in 2019 and the Group deconsolidated Dairibord Malawi with effect from 01 August 2019. The results of Dairibord Malawi Limited are presented below:

	GROUP	
	2019 ZWL	2018 ZWL
Revenue	**787 323**	**2 911 293**
Expenses	(1 179 656)	(3 440 240)
Other operating income	-	125 202
Operating loss	**(392 333)**	**(403 745)**
Finance costs	(371 030)	(208 556)
Loss before tax	**(763 363)**	**(612 301)**
Income tax	-	(81 019)
Loss after tax	**(763 363)**	**(693 320)**
The major classes of assets and liabilities of Dairibord Malawi are as below.		
Assets		
Property, plant and equipment	15 600 349	1 750 154
Inventories	2 057 035	306 938
Prepayments	38 388	10 915
Income tax asset	187 204	18 103
Trade and other receivables	1 808 458	267 059
Cash balances	1 068	7 174
	19 692 502	**2 360 343**
Liabilities		
Trade and other payables	12 085 388	1 165 152
Deferred tax liability	3 140 419	342 510
Interest bearing borrowings	8 249 846	728 247
Deferred income-grants received	3 711 091	420 443
Bank overdraft	613 694	72 897
	27 800 438	**2 729 249**
Net assets associated directly with assets held for sale for consolidated financial statements	**(8 107 936)**	**(2 729 249)**
Disposal of a subsidiary	**8 107 936**	**-**
	-	**(2 729 249)**
Disposal of a subsidiary		
Net liabilities	8 107 936	-
Receivables (purchase price)	379 074	-
Non controlling interest	(2 733 076)	-
Profit on disposal of subsidiary	**5 753 934**	**-**

Notes to the Financial Statements (cont.)

12 PROPERTY, PLANT AND EQUIPMENT

	HISTORAL							
	GROUP					COMPANY		
	Freehold land and buildings ZWL	Plant and equipment ZWL	Furniture and Fittings ZWL	Motor vehicles ZWL	Total ZWL	Furniture and Fittings ZWL	Motor vehicles ZWL	Total ZWL
Cost or valuation								
At 1 January 2018	**16 379 327**	**44 617 276**	**1 213 047**	**6 128 224**	**68 337 874**	**478 154**	**601 977**	**1 080 131**
Additions	15 126	845 718	116 380	173 748	1 150 972	7 068	-	7 068
Asset written off	-	-	(1 609)	-	(1 609)	(1 609)	-	(1 609)
Disposals	(256 478)	(3 000)	(2 426)	(227 573)	(489 477)	(2 426)	(60 000)	(62 426)
Transfer from investment property	70 000	-	-	-	70 000	-	-	-
Transfer to investment property	(265 000)	-	-	-	(265 000)	-	-	-
Exchange rate adjustments	(20 181)	3 071	(442)	(278)	(17 830)	-	-	-
Transfer to assets held for sale	(759 802)	(1 811 766)	(66 465)	(41 832)	(2 679 865)	-	-	-
At 31 December 2018	**15 162 992**	**43 651 299**	**1 258 485**	**6 032 289**	**66 105 065**	**481 187**	**541 977**	**1 023 164**
Additions	-	3 092 358	715 355	1 663 931	5 471 644	136 500	711 488	847 988
Disposals	(70 000)	(4 190)	-	(559 367)	(633 557)	-	(219 151)	(219 151)
Revaluation Surplus	183 807 653		-		183 807 653	-	-	-
At 31 December 2019	**198 900 645**	**46 739 467**	**1 973 840**	**7 136 853**	**254 750 805**	**617 687**	**1 034 314**	**1 652 001**
Accumulated depreciation and impairment								
At 1 January 2018	**(338 934)**	**(22 330 100)**	**(1 044 321)**	**(3 728 804)**	**(27 442 159)**	**(449 867)**	**(557 260)**	**(1 007 127)**
Depreciation charge for the year	(340 448)	(4 117 852)	(100 256)	(502 245)	(5 060 801)	(9 771)	(10 063)	(19 834)
Transfer to investment property	11 700	-	-	-	11 700	-	-	-
Transfer to assets held for sale	22 951	815 202	62 378	29 180	929 711	-	-	-
Asset written off	-	-	179	-	179	179	-	179
Disposals	3 461	2 900	1 950	167 474	175 785	1 950	54 200	56 150
Exchange adjustments	136	5 105	414	191	5 846	-	-	-
At 31 December 2018	**(641 134)**	**(25 624 745)**	**(1 079 656)**	**(4 034 204)**	**(31 379 739)**	**(457 509)**	**(513 123)**	**(970 632)**
Depreciation charge for the year	(319 547)	(3 684 283)	(163 841)	(575 213)	(4 742 884)	(27 289)	(85 702)	(112 991)
Impairment	-	(269 291)	-	-	(269 291)	-	-	-
Asset written off	-	-	-	-	-	-	-	-
Disposals	2 817	4 190	-	451 885	458 892	-	189 695	189 695
Transfer to investment property	-	-	-	-	-	-	-	-
Exchange rate adjustments	-	(461 010)	-	-	(461 010)	-	-	-
At 31 December 2019	**(957 864)**	**(30 035 139)**	**(1 243 497)**	**(4 157 532)**	**(36 394 032)**	**(484 798)**	**(409 130)**	**(893 928)**
Net book value								
At 31 December 2019	197 942 781	16 704 328	730 343	2 979 321	218 356 773	132 889	625 184	758 073
At 31 December 2018	14 521 858	18 026 554	178 829	1 998 085	34 725 326	23 678	28 854	52 532

	HISTORICAL			
	Group		Company	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
12.1 Reconciliation of opening and closing carrying amounts				
Net carrying amount at 1 January	34 725 326	40 895 715	52 532	73 004
Cost	66 105 065	68 337 874	1 023 164	1 080 131
Accumulated depreciation and impairment	(31 379 739)	(27 442 159)	(970 632)	(1 007 127)
Movement for the year:				
Additions	5 471 644	1 150 972	847 988	7 068
Revaluation	183 807 653	-	-	-
Net carrying amount of disposals	(174 666)	(313 692)	(29 456)	(6 276)
Depreciation charge for the year	(4 742 884)	(5 060 801)	(112 991)	(19 834)
Impairment loss	(269 291)	-	-	-
Asset written off	-	(1 430)	-	(1 430)
Transfer from investment property (note 13)	-	70 000	-	-
Transfer (to) /from assets held for sale (note 11)	-	(1 750 154)	-	-
Transfer to investment property	-	(253 300)	-	-
Net exchange adjustment	(461 010)	(11 984)	-	-
Net carrying amount at 31 December	218 356 773	34 725 326	758 073	52 532
Cost	254 750 805	66 105 065	1 652 001	1 023 164
Accumulated depreciation and impairment	(36 394 032)	(31 379 739)	(893 928)	(970 632)

12.2 Property revaluation

The valuation of property was performed in line with market values on 31 December 2016 by Dawn Property Consultancy, an independent property valuer. Fair value of the properties was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. The directors believe that there have not been significant changes in property values since 31 December 2016 and therefore the current carrying amounts approximate the fair value of land and buildings. However, as the fair values were determined in US$, the directors converted them to ZWL using the interbank rate ruling at 31 December 2019 after allowing for a 20% discount due to US$ rebasing. Property consists of residential, commercial and industrial buildings in Zimbabwe.

Significant unobservable data

Price per square metre ZWL7 760- ZWL21 550 (2018:ZWL6 897-ZWL21 552).

Significant increases/(decreases) in estimated price per square metre in isolation would result in a significantly higher/(lower) fair value on a linear basis.

Refer Note 33 for fair value hierarchy, which also includes investment property and Note 22.4 for the movement in the revaluation reserve.

If land and buildings were measured using cost model, the carrying amount would be ZWL7 039 926 (2018 : ZWL7 439 296).

Property mortgaged against borrowings

Property valued at ZWL42 million in this category is mortgaged against borrowings (Refer to Note 23).

12.3 Impairment

Asset	Carrying Amount	Recoverable Amount*	Impairment Loss
Yoghurt spoon applicator	235 222	-	235 222
Other small assets	70 032	35 963	34 069
	305 254	35 963	**269 291**

*The recoverable amount is fair value less cost of disposal

The yoghurt spoon applicator was purchased by the Group in 2014 for the purpose of applying a spoon on the yoghurt cup to enhance convenience to the consumer and hence capture the market. The spoon applicator, which is part of plant and equipment did not perform as expected since commissioning as the spoons that would be attached to the cup kept falling off when the products are taken to the market. Management assessed its performance and decided discontinue its use as it was affecting the overall yoghurt volume production through stops and starts due to the applicator breakdowns. The assessed recoverable amount is nil as the machine does not have a ready market and is the first of its kind in Zimbabwe. Refer to Note 35.1 on the segment to which the impaired asset belonged.

	HISTORICAL			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
13 INVESTMENT PROPERTY				
Balance at 1 January	**1 450 000**	**1 305 000**	**-**	**-**
Transfer from property, plant and equipment	-	253 300	-	-
Transfer back to property, plant and equipment	-	(70 000)	-	-
Disposals	-	(50 000)	-	-
Fair value adjustment recognised in profit or loss (in other operating income)	17 792 488	11 700	-	-
Balance at 31 December 2019	**19 242 488**	**1 450 000**	**-**	**-**

The Group's investment property comprises of 12 commercial properties located across the country.

Investment property valuation

The valuation of investment property was performed in line with market values on 31 December 2019 by Dawn Property Consultancy.

Fair value of the investment properties was determined using the implicit investment approach, that is, capitalisation of income rentals, significantly adjusted for difference in the nature, location or condition of the specific property. Key inputs in the valuation were based in US$ and conversion done to ZWL using the Interbank Foreign Exchange rate of 17.2416 as at 31 December 2019 to arrive at the ZWL values.

Significant unobervable data

Construction cost per square metre*	ZWL12 069- ZWL24 138 (2018:ZWL11 207- ZWL21v552)
Rentals per square metre/ month	ZWL86-ZWL207 (2018:ZWL51.72-ZWL258.6)
Estimated rental yields	5%-9% (2018: 5%-9%)

* Construction cost per square metre is used to determine the property's gross replacement cost and resultantly the intrinsic value of the investment which is not affected by market conditions.

Significant increases/(decreases) in estimated rentals per square metre and rent growth per annum in isolation would result in a significantly higher/(lower) fair value.

Fair value hierarchy disclosures for investment properties are in Note 33.

Revenue and expenses relating to investment property

	HISTORICAL			
	GROUP		COMPANY	
2019	2018 ZWL	2019 ZWL	2018 ZWL	ZWL
Rental income from leasing	1 321 905	84 203	-	-
Operating costs	(320 957)	(26 571)	-	-
Net income	**1 000 948**	**57 632**	**-**	**-**
14 INTANGIBLE ASSETS-SOFTWARE				
Cost				
At 1 January	**1 078 655**	**1 072 462**	**138 578**	**138 578**
Additions	-	6 193	-	-
At 31 December	**1 078 655**	**1 078 655**	**138 578**	**138 578**
Amortisation				
At 1 January	**(726 088)**	**(616 819)**	**(39 483)**	**(26 322)**
Charge for the year (included in administration costs-see note 5.2)	(65 977)	(109 269)	(13 161)	(13 161)
At 31 December	**(792 065)**	**(726 088)**	**(52 644)**	**(39 483)**
Net book value	**286 590**	**352 567**	**85 934**	**99 095**

		HISTORICAL			
		GROUP		COMPANY	
		2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
14	**INTANGIBLE ASSETS-SOFTWARE (CONTINUED)**				
	Reconciliation of opening and closing carrying amounts				
	Net carrying amount at 1 January	**352 567**	**455 643**	**99 095**	**99 095**
	Cost	1 078 655	1 072 462	138 578	138 578
	Accumulated amortisation	(726 088)	(616 819)	(39 483)	(26 322)
	Movement for the year:				
	Additions	-	6 193	-	-
	Amortisation	(65 977)	(109 269)	(13 161)	(13 161)
	Net carrying amount at 31 December	**286 590**	**352 567**	**85 934**	**99 095**
	Cost	1 078 655	1 078 655	138 578	138 578
	Accumulated amortisation	(792 065)	(726 088)	(52 644)	(39 483)
	The intangible assets consist of accounting, business intelligence and auditing software.				
15	**INVESTMENT IN SUBSIDIARIES**				
	Dairibord Zimbabwe (Private) Limited (100 % owned)	-	-	25 531 867	25 531 867
	Goldblum Investments Private Limited (100% owned)	-	-	11 464 006	11 464 006
	Chatmoss Enterprises Private Limited (100% owned)	-	-	4 075 705	4 075 705
	Quallinnex Investments (Private) Limited (100% owned)	-	-	2 139 430	2 139 430
	Slimline Investments Private Limited (100% owned)	-	-	3 392 330	3 392 330
	Dairibord Malawi Limited (68.4% owned)	-	-	-	507 807
	Lyons Zimbabwe (Private) Limited (100% owned)	-	-	-	-
	Lyons Africa (Private) Limited (100% owned)	-	-	-	-
	NFB Logistics (Private) Limited (100% owned)	-	-	-	-
		-	**-**	**46 603 338**	**47 111 145**
	During the year the group disposed of its entire investment in Dairibord Malawi Limited. See note 11				
16	**LOANS RECEIVABLE**				
16.1	**Long-term loans receivable**				
	Dairibord Zimbabwe (Private) Limited	-	-	22 145 470	5 178 150
	Dairibord Malawi Limited	-	-	-	216 061
		-	**-**	**22 145 470**	**5 394 211**
	Less : Amounts falling due within one year	-	-	(12 400 000)	(2 242 681)
		-	**-**	**9 745 470**	**3 151 530**

The long term loans receivable relate to loans that were issued to subsidiaries at an all-in cost of between 30% and 32% per annum and are repayable by 2022 and they are measured at amortised cost. The holding company raises loans from banks for on lending to subsidiaries at market related interest rates. Dairibord Zimbabwe (Pvt) Ltd is the main operating subsidiary and based on its performance, there was no need to impair the receivable in the holding company's books.

		HISTORICAL			
		GROUP		COMPANY	
		2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
16.2	**Short-term loans receivable**				
	Dairibord Zimbabwe (Private) Limited	-	-	-	-
	Add : Amounts falling due within one year of long term loans receivable	-	-	12 400 000	2 242 681
		-	**-**	**12 400 000**	**2 242 681**
17	**OTHER FINANCIAL ASSETS**				
17.1	**Other non-current financial assets**				
	Loans receivable	481 729	501 515	199 644	192 000

17.1 Other non-current financial assets (continued)

The balance consists of a loan issued to a farmer and another one issued to one Executive Director. The loan issued to a Director is payable over 3 years whilst the loan to a farmer is payable over 24 months. The loans bear interest at 30% per annum. The short term portion is included in other receivables. Refer to note 30.3 on loan to director.

Both loans were not impaired as they are well secured. The loan to the farmer is secured against the heifers whilst that of the director can be recovered from termination benefits.

17.2 Financial assets at fair value through profit or loss

	HISTORICAL			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Financial assets at fair value through profit or loss	-	160 205	-	160 205

This is an investment in shares of a company listed on the Zimbabwe Stock Exchange (ZSE). On purchase, the financial asset was designated at fair value through profit or loss. The shares were disposed off during the year and loss realised through profit and loss.

	HISTORICAL			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Reconciliation of other current financial assets				
Opening	160 205	-	160 205	-
Purchase	-	1 219 966	-	1 219 966
Disposal of shares	(152 640)	(1 081 637)	(152 640)	(1 081 637)
Fair value adjustment through profit or loss	(7 565)	21 876	(7 565)	21 876
closing value	**-**	**160 205**	**-**	**160 205**

* Disclosed in other operating income on the statement of profit or loss and comprehensive income.

18 INVENTORIES

Packaging and raw materials (at cost)	44 704 825	11 971 949	-	-
Spares and general consumables (at cost)	15 106 515	4 078 374	-	-
Finished goods (at lower of cost and net realisable value)	23 851 973	2 258 595	-	-
Total inventories	**83 663 313**	**18 308 918**	**-**	**-**

The amount of inventories recognised as an expense in cost of sales for the period was ZWL314 188 975 (2018 :ZWL79 342 500).

During 2019, stock losses amounting to ZWL$ 1 546 452 (2018:ZWL575 885) were recognised as an expense in cost of sales.

19 GROUP COMPANIES

The following balances arise from normal trading activities:

	HISTORICAL			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
19.1 Amounts owed by group companies				
Goldblum (Pvt) LTD	-	-	107 303	-
Qualinnex Investments (Private) Limited	-	-	16 497	-
Dairibord Zimbabwe (Private) Limited	-	-	6 816 298	4 261 759
	-	**-**	**6 940 098**	**4 261 759**
19.2 Amounts owed to group companies				
Goldblum Investments (Private) Limited	-	-	-	20 463
Chatmoss Enterprises (Private) Limited	-	-	960 449	46 309
Qualinnex Investments (Private) Limited	-	-	-	8 530
Slimline Investments (Private) Limited	-	-	146 168	8 392
	-	**-**	**1 106 617**	**83 694**

These amounts are interest free, and are repayable on demand.

20 TRADE AND OTHER RECEIVABLES

	HISTORICAL			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Trade receivables	52 628 969	6 069 455	-	-
VAT receivable	2 937 434	699 383	-	
Loans receivable from farmers	526 607	342 169	-	-
Amount receivable from disposal of financial assets at fair value through profit or loss	-	191 865	-	191 865
Loan to a director-short term portion	95 763	96 000	95 763	96 000
Staff car loans	63 428	89 601	-	-
Other receivables	2 003 453	112 371	499 384	
Total	**58 255 653**	**7 600 844**	**595 146**	**287 865**
Allowance for credit losses	(1 675 719)	(343 860)	-	-
	56 579 934	**7 256 984**	**595 146**	**287 865**

As at 31 December 2019 receivables of ZWL2 800 538 (2018 : ZWL343 860) were provided for.

The following is a movement in the allowance for credit losses balance:

	GROUP				
	Trade receivables ZWL	Loans to farmers ZWL	Staff car loans ZWL	other staff receivables ZWL	Total ZWL
Balance at 1 January 2018	**848 364**	**-**	**51 739**	**746 840**	**1 646 943**
Effect of adopting IFRS 9	311 146	3 051	9 501	28 291	351 989
Charge for the year	760 278	61 757	250	-	822 285
-continuing operations	656 157	61 757	250	-	718 164
-discontinued operations	104 121	-	-	-	104 121
Bad debts written off	(1 436 768)	-	(34 914)	(745 270)	(2 216 952)
Transfer to discontinued operation	(260 405)	-	-		(260 405)
Balance at 31 December 2018	**222 615**	**64 808**	**26 576**	**29 861**	**343 860**
Effect of adopting IFRS 9					
Charge for the year	1 413 579	(64 808)	(9 187)	(7 725)	1 331 859
-continuing operations	1 413 579	(64 808)	(9 187)	(7 725)	1 331 859
-discontinued operations	-	-	-	-	-
Balance at 31 December 2019	**1 636 194**	**-**	**17 389**	**22 136**	**1 675 719**

Refer to note 34.1 on the impairment provision matrix on the Group's trade and other receivables.

Trade credit is generally offered on 30 day credit terms and no interest is charged within the credit period.
See note 34.1 on credit risk of trade receivables to understand how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

21 CASH AND CASH EQUIVALENTS

	HISTORICAL			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
For the purpose of the statement of cash flows cash and cash equivalents consist of:				
Cash at banks and on hand-continuing operations	18 839 288	9 231 838	325 584	633 293
Short term investment*	-	1 085 891	-	-
	18 839 288	10 317 729	325 584	633 293
Cash at banks and on hand attributable to discontinued operations	-	7 174	-	-
Bank overdraft-continuing operations**	(4 477 442)	(387 838)	-	-
Bank overdraft attributable to discontinued operations	-	(72 897)	-	-
Cash and cash equivalents	**14 361 846**	**9 864 168**	**325 584**	**633 293**

*This is a short term deposit at an interest rate of 7% per annum and repayable on demand.
**The Group has a bank overdraft facility of ZWL 7 million at 30% per annum with Stanbic Bank Zimbabwe Limited. The facility is unsecured.

		HISTORICAL Group and Company	
22	**ISSUED CAPITAL AND RESERVES**	**2019**	**2018**
22.1	**Share capital**	**No.**	**No.**
	Authorised shares		
	Number of ordinary shares of ZWL$0.0001 each	425 000 000	425 000 000
	Authorised share capital amount (ZWL)	42 500	42 500
	Ordinary shares issued and fully paid		
	Number of ordinary shares of ZWL0.0001 each	358 000 858	358 000 858
		ZWL	**ZWL**
	Issued capital amount	35 800	35 800

Subject to the limitations imposed by the Companies Act (Chapter 24:03) in terms of a resolution passed by the company in general meeting, the unissued shares have been placed at the disposal of the directors.

		Group and Company	
		2019 ZWL	**2018 ZWL**
22.2	**Share premium**		
	At 31 December	1 379 664	1 379 664
22.3	**Dividend declared**		
	Cash dividend on ordinary shares declared		
	Final dividend for 2018 (2017:0.2): 0.007 cents per share	2 506 006	716 001
	Reconciliation of dividend payable		
	Opening balance	87 906	67 874
	Dividend proposed	2 506 006	716 001
	Dividend paid	(2 442 618)	(695 969)
	Dividend payable-31 December	**151 294**	**87 906**

The dividend for 2018 was approved at the Annual General Meeting (AGM) on 31 May 2019. Proposed dividends are subject to approval at an AGM and are not recognised as a liability as at year end.

22.4 Non-distributable reserves

GROUP

	HISTORICAL					
	Attributable to equity holders of the parent					
	Share Option reserve ZWL	Foreign currency translation reserve ZWL	Foreign currency conversion reserve ZWL	Asset revaluation reserve ZWL	Other capital reserves ZWL	Total reserves ZWL
Balance at 1 January 2018	**16 797**	**(4 423 445)**	**18 641 370**	**9 966 260**	**117 784**	**24 318 766**
Other comprehensive income	-	75	-	-	-	75
Gross	-	75	-	-	-	75
Income tax effect	-	-	-	-	-	-
Transfer to retained earnings of the share option reserve	(16 797)	-	-	-	-	(16 797)
Transfer to reserves of disposal group held for sale	-	4 423 370	-	(81 487)	(117 784)	4 224 099
Balance at 31 December 2018	**-**	**-**	**18 641 370**	**9 884 773**	**-**	**28 526 143**
Other comprehensive income	-	(4 781 703)	-	174 341 559	-	169 559 856
Transfer to retained earnings of the share option reserve	-	-	-	-	-	-
Revaluation surplus on PPE				-	-	-
Functional currency change	-	-	(1 517 727)	-	-	(1 517 727)
Disposal of a subsidiary	-	(2 257 609)	-	-	-	(2 257 609)
Balance at 31 December 2019	**-**	**(7 039 312)**	**17 123 643**	**184 226 332**	**-**	**194 310 663**

COMPANY

	Share Option reserve ZWL	Foreign currency conversion reserve ZWL	Total ZWL
Balance at 1 January 2018	**16 797**	**16 999 800**	**17 016 597**
Transfer to retained earnings on expiry of share options	(16 797)	-	(16 797)
Balance at 31 December 2018	**-**	**16 999 800**	**16 999 800**
Transfer to retained earnings on expiry of share options	-	-	-
Functional currency change	-	(820 722)	(820 722)
Balance at 31 December 2019	**-**	**16 179 078**	**16 179 078**

Nature and purpose of reserves

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the foreign subsidiary.

Foreign currency conversion reserve
The foreign currency conversion reserve arose as a result of change in functional currency from the Zimbabwe dollar to the United States dollar in 2009, and a change from United States Dollar to Zimbabwe Dollar on 23 February 2019. It represents the residual equity in existence as at the change over period and has been designated as non-distributable reserve.

Asset revaluation reserve
The asset revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in equity.

Other capital reserves
This relates to the profit made on the acquisition of additional interest in Dairibord Malawi Limited.

Share option reserve
The share option reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. The share option expired in 2017 and the balance on the reserve has been transferred to retained earnings.

Reserves of assets held for sale
The reserve relates to the revaluation surplus on assets classified as held for sale.

	Borrowing cost (%)	Maturity	HISTORICAL GROUP 2019 ZWL	HISTORICAL GROUP 2018 ZWL	HISTORICAL COMPANY 2019 ZWL	HISTORICAL COMPANY 2018 ZW
23 INTEREST BEARING BORROWINGS						
23.1 Long term borrowings						
a) PTA Bank-2014 Loan	10.6%	May 2019	-	-	-	-
b) Bank loan Zimbabwe (2015)	30%	Nov 2020	405 643	1 247 643	405 643	1 247 643
c) Bank loan Zimbabwe (2018)	30%	Aug-Oct 2021	330 000	500 000	330 000	500 000
d) Bank loan Zimbabwe (2019)	30%	July-Sep 2022	6 855 000	-	6 855 000	-
e) Tetra Pak	8%	Sept 2022	8 592 428	678 666	-	-
			16 183 071	**2 426 309**	**7 590 643**	**1 747 643**
Less : Amounts falling due within one year			(7 047 092)	(1 132 873)	(3 378 976)	(967 000)
			9 135 979	**1 293 436**	**4 211 667**	**780 643**
23.2 Short term borrowings						
a) PTA Bank-2014 Loan	10 6%	May 2019	-	778 181	-	778 181
c) Bank loan Zimbabwe (2019)	30%	Jan-Mar 2020	7 400 000	497 500	7 400 000	497 500
h) Bank loan Zimbabwe (2019)	32%	Jan-Sep 2020	5 000 000	-	5 000 000	-
			12 400 000	**1 275 681**	**12 400 000**	**1 275 681**
Add : Portion of long term loans falling due within one year		7 047 092	1 132 873	3 378 976	967 000	
			19 447 092	**2 408 554**	**15 778 976**	**2 242 681**
Total interest bearing borrowings			**28 583 071**	**3 701 990**	**19 990 643**	**3 023 324**

a) 10.6% PTA Secured loan

The loan financed capital projects. The loan was secured over immovable property worth ZWL$9 million and the assets funded. The original facility available was ZWL6 million and was fully drawn. The loan was fully paid in September 2019 through the Reserve Bank of Zimbabwe blocked funds arrangement.

b) Bank Loan Zimbabwe (2015)

This loan was used to acquire plant and equipment at Dairibord Zimbabwe (Private) Limited. The loan will be fully paid by 10 November 2020. It is secured over property with a book value of ZWL42 million.

c) Bank Loan Zimbabwe (2018)

The loan was drawn in 2018 to finance capital projects . The loan has a tenure of 3 years, including 12 months grace period. The loan is secured over the same land and buildings as in (b) above.

d) Bank Loan Zimbabwe (2019)

This facility was draw down during the year and is secured together with the other amounts in (b) and (c) above on property worth ZWL 42 million. The facility has a tenure of 3 years and will be fully paid by 6 September 2022.

e) Tetra Pak

This is an offshore vendor finance facility which financed part of the capital expenditure in 2016. The facility is forex US$ denominated (as at 31 December 2019 the balance was US$512 000), bears interest at 8% per annum and has a 6 year tenure including one year grace period. Repayments are done monthly and the loan is expected to be fully repaid by September 2022. The loan is unsecured.

h) Bank Loan Zimbabwe (2019)

The loan is in the form of Bankers Acceptances with maturities ranging from 30 to 45 days. The facility will expire on 30 December 2020 and is secured by a Notarial General Covering Bond (NGCB) over movable assets worth ZWL2.5million.

24 FINANCE GUARANTEE LIABILITY

Dairibord Zimbabwe (Private) Limited guaranteed loans to farmers and car loans to staff issued by Stanbic Bank Zimbabwe Limited (Refer to Note 28). The loan balances outstanding as at 31 December 2019 for farmers and car loans were ZWL 10 913 291 and ZWL 201 156 respectively (2018: ZWL975 666 and ZWL212 334). The interest rates the farmers and staff would have paid had there been no guarantee is 35% and the difference between this rate and the rates being charged represents the liability that Dairibord is exposed to because of the guarantee.

The guarantee liability was measured at ZWL136 971 as at 1 January 2019 and the table below shows the movement in the guarantee liability

	2019 ZWL	2018 ZWL
Movement in finance guarantee liability		
Balance as at 1 January	136 971	-
Adoption of IFRS 9	-	32 677
Charge to profit or loss (included in administration costs-refer to note 5.2)	1 125 944	104 294
Balance as at 31 December	**1 262 915**	**136 971**

In terms of IFRS 9, the guarantee liability is measured at the higher of the present value discounted at the rate differential and expected credit loss. The expected credit loss was measured at 10%-the probability of default- and the amount is ZWL1 091 329.

25 DEFERRED INCOME

A Grant was received from the United Nations Development Programme under the Malawi Challenge Innovation Fund (MICF) for the purchase of milk processing and filing plant.

	HISTORICAL			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
At I January	-	218 908	-	-
Received during the year	-	237 709	-	-
Released to profit or loss	-	(27 621)	-	-
Exchange loss	-	(8 553)	-	-
Transfer to liabilities associated with assets held for sale (Note 12)	-	(420 443)	-	-
At 31 December	**-**	**-**	**-**	**-**
The grant is classified as part of the discontinued operation.				
Non-current	-	-	-	-

26 BORROWINGS POWERS

The directors may borrow any sum of money not exceeding the aggregate of twice the issued and paid up share capital of the company and the aggregate of the amounts standing to the credit of all the reserve accounts and share premium account.

Banking facilities

At 31 December 2019, the banking facilities in place in Zimbabwe amounted to ZWL33 million (2018 : ZWL8.7 million). The facilities expire between February 2020 and September 2022.

27 DEFERRED TAXATION

	HISTORICAL			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Deferred tax relates to the following:				
Property	962 124	2 720 208	-	-
Plant and equipment	22 404 021	4 595 644	215 218	9 497
Intangible assets	64 125	90 028	-	25 595
Inventory	-	(31 584)	-	-
Accounts receivable	(279 931)	(242 585)	-	(15 778)
Unrealised loss on exchange	(2 082 683)	(15 307)	-	-
Leave pay and other provisions	(215 218)	(416 537)	(387 108)	(39 995)
Net liability/(asset)	**20 916 562**	**6 699 867**	**(171 890)**	**(20 681)**
Disclosed as follows on the statement of financial position:				
Asset	171 890	20 681	171 890	20 681
Liability	21 024 328	6 720 548	-	-
-Continuing operations	21 024 328	6 378 038	-	-
-Discontinued operations (Note 11)	-	342 510	-	-

The Group has an asset in one company of ZWL20 681 arising mainly from leave pay provision which will reverse in future periods when the leave pay is paid.

	HISTORICAL			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Reconciliation of deferred tax				
Opening balance as of 1 January	6 699 867	5 396 383	(20 681)	(26 174)
Arising on IFRS 9 adjustment to allowance for credit losses (Note 3)	-	(99 052)	-	-
Tax expense recognised in profit or loss	14 152 571	1 322 965	(151 210)	5 493
Effect of exchange rate change	-	79 571	-	-
Closing balance as at 31 December	**20 852 438**	**6 699 867**	**(171 891)**	**(20 681)**

28 TRADE AND OTHER PAYABLES

Trade payables	51 986 156	9 385 810	-	-
Contract liabilities	2 053 843	1 113 822	-	-
Payroll accruals	2 575 851	653 937	478 475	97 985
Employee bonus accrual	6 510 000	350 000	1 110 000	100 000
Deductions due to farmers' organisations	-	323 557	-	-
VAT & VAT withholding tax payable	2 185 575	462 302	511 178	209 163
Leave accrual	1 573 194	237 447	394 793	37 321
Utilities accruals	3 034 337	243 535	-	-
Audit fee accrual	950 000	154 000	150 000	18 000
Interest accrued	709 740	31 046	709 740	31 046
Other payables	8 893 473	1 473 469	649 060	31 888
	80 472 169	**14 428 925**	**4 003 246**	**525 403**

Terms and conditions of trade and other payables:
Trade and other payables are non-interest bearing and are on 14- 30 day terms.

29 COMMITMENTS AND CONTINGENCIES

	HISTORICAL	
	GROUP	
	2019 ZWL	2018 ZWL
Capital commitments:		
Authorised and contracted for	15 517 800	1 162 233
Authorised and not contracted for	27 532 280	10 570 007
	43 050 080	**11 732 240**

The Group's capital expenditure will be financed from the Group's own resources and borrowings.

Litigation

The Group is a respondent in various employee claims for unfair dismissal and vendor litigations for ZWL307 490. On the basis of legal advice the claims are not valid and it is more likely than not that there will be no outflow of resources.

The Group is also respondent in other claims amounting to ZWL444 845 which it has an appeal for amnesty. In 2019, the company was granted the amnesty.

Financial guarantees

The Group guaranteed farmers' and staff car loans at Stanbic Bank. The total exposure at the 31 December 2019 in respect of these is ZWL11 114 448 (2018: ZWL1 188 000) for which a guarantee liability of ZWL1 262 915 has been recognised as at 31 December 2019 (refer to note 24 on the measurement of the financial guarantee liability in terms of IFRS 9.

Lease commitments - Group as lessee

The Group entered into commercial lease agreements on commercial buildings. The leases are for a one year period with renewal options included in the contracts. There are no restrictions placed upon the Group in entering into the lease. Each party has the right to terminate the lease at the end of the lease term. Coupled with hind sight in which the Group had leases that were not extended beyond 12 months, the Group applied the available practical expedient in terms of IFRS 16 and elected not to account for the right of use asset on these leases which have lease terms that are less than 12 months. There effect of adoption of IFRS 16 as at 1 January 2019 for the Group was nil.

	HISTORY	
	GROUP	
	2019 ZWL	2018 ZWL
Lease expenses in the current year	438 600	245 667
	438 600	245 667
Lease commitments -Group as lessor		
The Group entered into commercial leases with tenants on commercial buildings.		
The leases are for a one year period with a renewal option included in the contract.		
There are no restrictions placed upon the Group in entering into the lease.		
Future minimum rentals receivable under the leases as at 31 December are as follows :		
Recognised as income in the current year	256 455	84 203
Within one year	**359 037**	**104 764**

30 RELATED PARTY DISCLOSURES

30.1 The consolidated financial statements include the financial statements of Dairibord Holdings Limited, the parent company and its subsidiaries listed in the following table:

Name	Country of Incorporation	Principal activity	% equity Interest 2019	% equity Interest 2018
Dairibord Malawi Limited	Malawi	manufacture and distribution of milks foods and beverages	-	68.4
NFB Logistics (Private) Limited (dormant)	Zimbabwe	Dormant	100	100
Dairibord Zimbabwe (Private) Limited	Zimbabwe	manufacture and distribution of milks foods and beverages in Zimbabwe	100	100
Lyons Africa (Private) Limited (dormant)	Zimbabwe	Dormant	100	100
Lyons Zimbabwe (Private) Limited (dormant)	Zimbabwe	Dormant	100	100
Goldblum Investments (Private) Limited	Zimbabwe	Property holding and leasing	100	100
Slimline Investments (Private) Limited	Zimbabwe	Property holding and leasing	100	100
Chatmoss Enterprises (Private) Limited	Zimbabwe	Property holding and leasing	100	100
Qualinnex Investments (Private) Limited	Zimbabwe	Property holding and leasing	100	100

Related party transactions and balances	HISTORICAL GROUP 2019 ZWL	HISTORICAL GROUP 2018 ZWL
30.2 Group		
Milk purchases from Tavistock Estates (a company controlled by a director of Dairibord Holdings Limited)	14 408 776	2 299 830
Loan issued to Tavistock Estates (Pvt) Ltd (a company controlled by a non-executive director of the company)	-	428 000
Loan to an executive director	200 000	288 000
Interest income on loans to Tavistock and an executive director	28 890	16 197
Consultancy services offered by Corporate Excellence (a company in which one company director has an interest)	156 630	26 500
The loans issued to a director and to Tavistock are at an annual interest rate of 30%, the same rate at which loans are issued to other farmers were issued. The milk purchases from Tavistock are on terms similar to other farmers.		
30.3 Company		
Management fees received from subsidiaries	4 422 201	1 038 124
Royalties received from subsidiaries	4 449 881	1 226 910
Loans issued to subsidiaries	28 700 000	582 000
Loans repaid by subsidiaries	11 732 681	5 186 122
Loan to an executive director	200 000	288 000
Interest income on loans to subsidiaries	2 143 454	577 216
Interest income on loan from a director	86 400	4 320
Consultancy services offered by Corporate Excellence (a company in which one company director has an interest)	156 630	26 500
Refer to Note 16, 17 and 19 for loans receivable from subsidiaries, a director and a company controlled by a director of the company and related party balances respectively.		
30.4 Key management personnel transactions		
Compensation		
GROUP		
Short term employee benefits	8 667 372	2 273 163
Pension contributions	274 115	35 423
Total compensation paid	**8 941 487**	**2 308 586**
COMPANY		
Short term employee benefits	3 069 100	674 495
Pension contributions	226 728	10 625
Total compensation paid	**3 295 828**	**685 120**

31 PENSION AND RETIREMENT PLANS

31.1 Defined contribution funds

All employees of the Group are eligible to be members of defined contributions funds.

31.2 National Social Security Authority Scheme

This is a scheme established under the National Social Security Authority Act (1989). Contributions per employee is 3.5% per month up to a maximum pensionable salary of ZWL700. This scheme is a defined contribution scheme from the Group's perspective.

31.3 Pension costs charged to profit and loss during the year

	HISTORICAL	
	GROUP	
	2019 ZWL	2018 ZWL
GROUP		
National Social Security Authority Scheme- Zimbabwe	265 516	161 016
Defined contribution funds	661 307	293 663
	926 823	**454 679**
COMPANY		
National Social Security Authority Scheme- Zimbabwe	1 495	7 014
Defined contribution funds	78 645	26 075
	80 140	**33 089**

32 MATERIAL PARTLY-OWNED SUBSIDIARY

Financial information of subsidiary that has material non-controlling interests are provided below:
Portion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation		
Daribord Malawi Limited	Malawi	0%	31 6%
Accumulated balances of material non-controlling interest:		-	(47 908)
Loss allocated to non-controlling interest		(241 223)	(254 843)

The summarised financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations. The subsidiary which was classified as a discontinued operation in 2018 was finally disposed of in 2019 and deconsolidated wef 01 August 2019 (Refer to note 11)

Dairibord Malawi Limited summarised statement of profit or loss is as follows:

	2019 ZWL	2018 ZWL
Revenue	**787 323**	**2 944 563**
Cost of sales	(645 033)	(2 443 673)
Other income	(36 192)	125 202
Administrative expenses	(498 431)	(1 079 837)
Finance costs	(371 030)	(208 556)
Loss before tax	**(763 363)**	**(662 301)**
Income tax expense	-	(81 019)
Loss for the year	**(763 363)**	**(743 320)**
Other comprehensive income	(6 990 793)	109 00
Total comprehensive (loss) income	**(7 754 155)**	**(743 211)**
Attributable to non-controlling interests	(2 450 313)	(234 855)
Dairibord Malawi Limited summarised statement of financial position as at 31 December		
Inventories, receivables and cash and bank balances (current)	-	691 075
Property, plant and equipment and other non-current financial assets (non-current)	-	1 750 153
Trade and other payables (current)	-	(1 555 899)
Interest-bearing loans and borrowings (current)	-	(221 557)
Interest-bearing loans and borrowings and deferred tax liabilities (non-current)	-	(1 558 591)
Total equity	**-**	**(894 819)**
Attributable to equity holders of parent	-	(612 056)
Non-controlling interest	-	(282 763)
Summarised cash flow information for the year ending 31 December		
Operating	-	56 923
Investing	-	(15 126)
Financing	-	(32 688)
Net increase in cash and cash equivalents	**-**	**9 109**

33 FAIR VALUE MEASUREMENT

	HISTORICAL			
		Fair value measurement using		
As at 31 December 2019 **Assets measured at fair value**	**Total** **ZWL**	**Quoted prices in active markets (Level 1)** **ZWL**	**Significant observable inputs (Level 2)** **ZWL**	**Significant unobservable inputs (Level 3** **ZWL**
Revalued land and freehold buildings (Note 12)	197 942 781	-	-	197 942 781
Investment property (Note 13)	19 242 488	-	-	19 242 488
Loans receivable (Note 17.1)	481 729			481 729
Trade and other receivables (Note 20)	56 579 934	-	-	56 579 934
Cash and cash equivalents (Note 21)	18 839 288	-	-	18 839 288
There have been no transfers between Level 1 and Level 2.				
Liabilities measured at fair value				
Interest bearing borrowings (Note 23)	28 583 071	-	-	28 583 071
Bank overdraft (Note 21)	4 477 442	-	-	4 477 442
Trade and other payables (Note 28)	80 472 169	-	-	80 472 169
Finance guarantee liability (Note 24)	1 262 915	-	-	1 262 915
	-			
There have been no transfers between Level 1 and Level 2.				
As at 31 December 2018				
Assets measured at fair value				
Revalued land and freehold buildings (Note 12)	14 521 858	-	-	14 521 858
Investment property (Note 13)	1 450 000	-	-	1 450 000
Loans receivable (Note 17.1)	501 515	-	-	501 515
Financial assets at fair value through profit or loss (Note 17.2)	160 205	160 205	-	-
Trade and other receivables (Note 20)	(343 860)	-	-	(343 860)
Cash and cash equivalents(Note 21)	10 317 729	-	-	10 317 729
There have been no transfers between Level 1 and Level 2. Refer to note 13 on inputs used for valuation of investment property and note 17.2 on valuation of quoted shares.				
Liabilities measured at fair value				
Interest bearing borrowings (Note 23)	3 701 990	-	-	3 701 990
Bank overdraft (Note 21)	387 838	-	-	387 838
Trade and other payables (Note 28)	14 428 925	-	-	14 428 925
Financial guarantee liability (Note 24)	136 971	-	-	136 971

The management assessed that the fair values of cash and short term deposits, bank overdrafts, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

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The following methods and assumptions were used to estimate the fair values:

- There is an active market for the group's listed equity investments as it is observable with activity on the Zimbabwe Stock Exchange (ZSE).
- The fair values of the Group's interest bearing borrowings are determined by using the Discounted Cash Flow (DCF) method using the discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2019 was assessed to be insignificant.
- The fair value of the financial guarantee liability was determined with reference to the gross carrying amounts of the underlying assets and the expected credit loss variable.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade payables and interest-bearing borrowings. The main purpose of these financial instruments is to raise finance for the Groups's operations. The Group has various financial assets such as trade receivables and cash which arise directly from its operations.

The main risk arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. These risks are managed as follows

34.1 Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and loans receivables) and from its financing activities including deposits with banks and financial institutions foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed through extensive credit verification procedures and individual credit limits are defined in accordance with this assessment. Customers with outstanding balances are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by geographical region, product type, customer type and rating and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 20. The security held by the Group which include brick and mortar, bank guarantees and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment. There was no change in the Group's policy on collateral and there is no financial instrument for which the Group did not recognise a loss allowance due to collateral . At 31 December 2019, 13% (2018: 60%) of the Groups trade receivables are covered by mortgage bonds. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. The requirement for impairment is analysed at each reporting date on an individual basis for all customers. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial asset disclosed in Note 20. For debtors past due, the Group considers whether the asset is secured or not and where the asset is secured and the security is considered adequate to cover the carrying amount of the debt, the specific asset is not impaired. The Group only writes off a debt when it's proved beyond reasonable doubt that the debtor is insolvent or can not be located or has proved that no delivery was done to them (no delivery made to the customer) and all efforts to recover the debt have been made without success. The Group evaluates the concentration of credit risk as low since the balances are widely spread. Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix

31-Dec-19	Current	30-60 days	61-90 days	90-120 days	> 120 days	Total
Expected credit loss rate	0.15%	0.82%	2.45%	4.91%	100%	0.77%
Total gross carrying amounts of receivables	**55 271 892**	**879 389**	**466 771**	**215 061**	**331 034**	**57 164 147**
Expected credit loss	80 815	7 250	11 427	10 553	331 034	441 079

Loans and other receivables

The Group issues loans to farmers and staff under its heifer programme and car loan vehicle scheme, respectively. Credit risk is managed by each business unit subject to the Group's establishes policy, procedures and control relating to applicant credit risk management. Credit limits are established for all farmers and staff based on internal rating criteria. Credit quality of the farmers is assessed through extensive credit verification procedures and individual facility limits are defined in accordance with this assessment. The farmers are required to insure the animals and other assets pledged as security with the Group registered as the loss payee. Farmers in terms of contract supply the company with milk for the duration of the loan period and repayments are made through deductions from amounts payable for milk delivered. Farmers with outstanding balances are regularly monitored.

Set out below is the information about the credit risk exposure on the Group's loans and other receivables using a provision matrix.

31-Dec-19	Current	30-60 days	61-90 days	90-120 days	> 120 days	Total
Expected credit loss rate	8.43%	-	-	-	73.55%	14.05%
Total gross carrying amounts of receivables	**625 348**	**-**	**-**	**-**	**59 144**	**684 492**
Expected credit loss	52 702	-	-	-	43 501	96 203

Cash balances

The Group only deposits cash with financial institutions with high credit ratings. The maximum exposure to risk is equal to the carrying amount of cash and bank balances as disclosed in Note 21.

Significant increase in credit risk

The Group monitors all financial assets and contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information. Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Write off policy

Financial assets are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts owed to the Group. A write-off constitutes a derecognition event.

34.2 Liquidity risk

The Group consistently monitors its risk to a shortage of funds. This requires that the Group considers the maturity of both its financial investments and financial assets e.g accounts receivables other financial assets and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and debentures.

The table below summaries the maturity profile of the Group and Company's financial liabilities as at 31 December 2019 based on contractual undiscounted payments :

GROUP Liabilities	On demand ZWL	0 to 3 months ZWL	3 to 12 months ZWL	1 to 5 years ZWL	+ 5 years ZWL	Total ZWL
Year ended 31 December 2019						
Interest bearing borrowings	-	(13 073 699)	(25 118 788)	(110 412 157)	-	(148 604 644)
Trade and other payables	-	80 472 169	-	-	-	80 472 169
	-	67 398 470	(25 118 788)	(110 412 157)	-	(68 132 475)
Year ended 31 December 2018						
Interest bearing borrowings	-	751 795	1 829 002	1 340 817	-	3 921 614
Trade and other payables	-	14 428 925	-	-	-	14 428 925
	-	15 180 720	1 829 002	1 340 817	-	18 350 539
COMPANY Liabilities						
Year ended 31 December 2019						
Interest bearing borrowings	-	(13 990 643)	(27 869 619)	(115 336 810)	-	(157 197 072)
Trade and other payables	-	4 003 246	-	-	-	4 003 246
Amounts owed to Group companies	-	1 106 617	-	-	-	1 106 617
	-	(8 880 780)	(27 869 619)	(115 336 810)	-	(152 087 209)
Year ended 31 December 2018						
Interest bearing borrowings	-	698 252	1 668 373	787 540	-	3 154 165
Trade and other payables	-	525 403	-	-	-	525 403
Amounts owed to Group companies	-	83 694	-	-	-	83 694
	-	1 307 349	1 668 373	787 540	-	3 763 262

34.3 Changes in liabilities arising from financing activities

GROUP Year ended 31 December 2019	01-Jan-19	New loans	Cash flows repayments	Reclassified as part of disposal group	Other movements	Non-cash loan	31-Dec-19 Total
Current interest bearing loans and borrowings	2 408 554	20 700 000	(9 078 181)	-	5 416 719	-	19 447 092
Non-current interest bearing borrowings and loan	1 293 436	8 000 000	(4 599 616)	-	(5 416 719)	9 858 878	9 135 979
Total	3 701 990	28 700 000	(13 677 797)	-	-	9 858 878	28 583 071

Other movements represents the reclassification between current and non current borrowings.

The non cash movement arose from financing of plant and equipment on a term loan.

Year ended 31 December 2018	01-Jan-18	new loans	Cash flows repayments	Reclassified as part of disposal group	Other movements	Non cash loan	31-Dec-18 Total
Current interest bearing loans and borrowings	3 953 308	-	(3 928 612)	(148 661)	2 532 519	-	2 408 554
Non-current interest bearing borrowings and loan	3 831 399	582 000	-	(579 586)	(2 532 519)	(7 858)	1 293 436
Total	7 784 707	582 000	(3 928 612)	-	-	(7 858)	3 701 990

34.4 Foreign curency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates as well as the availability of foreign currency in the market. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (given the Group's foreign obligations arising from the import bill). The Group limits exposure to exchange rate fluctuations by either prepaying for purchases or procuring goods from the local market. The Group's exposure to the risk of unavailability of foreign currency relates primarily to challenges in aces sing the foreign currency to settle foreign currency denominated liabilities and when available, the price at which the foreign currency will be purchased at in RTGS currency which can result in significant exchange losses. The Group's foreign currency liabilities as at 31 December 2019 stand at US$0.9m (US$3.9m at 31 December 2018).

The following table demonstrates the sensitivity to a reasonable possible change in the US$ exchange rate

	GROUP		
	Change in rates	Effect on profit before tax	effect on equity
2019	+10%	2 010 907	1 493 099
	-10%	(2 010 907)	(1 493 099)
2018	+10%	352 697	261 878
	-10%	(389 568)	(289 254)

In the company separate financial statements there are no foreign denominated assets and liabilities.

34.5 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's policy is to keep most of its borrowings at fixed rates of interests; with an option to re-negotiate interest rates for term loans every year. As at 31 December 2019 the Group's loans are all at fixed interest rates.

Interest rate sensitivity
The table below demonstrates the sensitivity of reasonable movements in LIBOR on the relevant loan whose rate moves in line with LIBOR:

	% change in LIBOR	Effect on profit before tax
2019	10%	-
2018	10%	8 746

34.6 Capital management

The primary objective of the company's capital management is to ensure that the company maintains a healthy capital ratio in order to support the business and maximize shareholder value.

The group manages its capital structure and makes adjustments to it in light of changes in the economic environment. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. No changes were made to the objectives, policies or processes during the year ended 31 December 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio up to a maximum of 50%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

	2019 ZWL	2018 ZWL
Interest bearing borrowings (Note 23)	28 583 071	3 701 990
Bank overdraft-continuing operations (Note 21)	-	387 838
Bank overdraft-discontinued operations (Note 21)	4 477 442	72 897
Trade and other payables (Note 28)	80 472 169	14 428 925
Less cash and short-term deposits (Note 21)	(18 839 288)	(10 324 903)
Net Debt	94 693 394	8 266 747
Equity	267 047 751	50 200 936
Capital and debt	**361 741 145**	**58 467 683**
Gearing ratio	26.2%	14.1%

35 SEGMENT INFORMATION

35.1 The Group has three operating segments which are listed below. The segments are identified based on how performance is measured and monitored for each business unit.

Manufacturing and distribution (Zimbabwe)- manufacture and marketing of milks, foods and beverages
Properties - leasing of properties
Corporate - management and corporate services

The manufacturing segment is the main operating segment of the Group, generating almost all of the Group's revenue and cash flows.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Year ended 31 December 2019	Manufacturing and Distribution (Zimbabwe) ZWL	Properties ZWL	Corporate ZWL	Adjustments and eliminations ZWL	Group ZWL
Revenue					
Revenue from contracts with external customers	496 959 673	256 455	-	-	497 216 128
Revenue from contracts with internal customers	81 588	-	-	(81 588)	-
Revenue from management services	-	-	8 872 082	(8 872 082)	-
Rental income-internal customers	-	1 065 450	-	(1 065 450)	-
Total revenue	**497 041 261**	**1 321 905**	**8 872 082**	**(10 019 120)**	**497 216 128**
Results					
Depreciation and amortisation	4 677 182	320 957	80 013	-	5 078 152
Impairment*	269 291	-	-	-	269 291
Operating profit	50 556 066	24 505 730	1 853 905	-	76 915 701
Finance income	188 766	25 000	2 347 531	(1 639 739)	921 558
Finance costs	(4 143 555)	-	(1 848 343)	1 639 739	(4 352 159)
Segment profit before tax	46 601 277	24 530 730	2 353 093	-	73 485 100
Segment assets	196 456 852	203 261 462	77 231 172	(63 273 083)	413 676 403
Segment liabilities	135 199 367	10 098 064	24 890 480	(23 559 258)	146 628 652
Capital expenditure	**4 623 656**	**-**	**847 988**	**-**	**5 471 644**

	Dairibord Zimbabwe ZWL	Properties ZWL	Corporate ZWL	Adjustments and eliminations ZWL	Group ZWL
Year ended 31 December 2018					
Revenue					
Revenue from contracts with external customers	126 358 407	84 203	-	-	126 442 610
Revenue from contracts with internal customers	7 158	-	-	(7 158)	
Revenue from management services	-	-	1 480 936	(1 480 936)	-
Rental income-internal customers	-	1 079 908		(1 079 908)	-
Total revenue	**126 365 565**	**1 079 908**	**1 480 936**	**(2 568 002)**	**126 442 610**
Results					
Depreciation	4 648 821	329 889	32 995	-	5 011 705
Operating profit	7 978 880	884 874	894 822	235 547	9 994 123
Restructuring costs		-		-	-
Finance income	81 166	-	618 248	(577 216)	122 198
Finance costs	(781 639)	-	(366 350)	577 216	(570 773)
Segment profit before tax	7 278 407	884 874	1 146 720	235 547	9 545 548
Segment assets	58 978 168	18 526 529	58 218 421	(57 169 842)	78 553 276
Segment liabilities	31 085 644	724 315	3 869 667	(10 056 495)	25 623 131
Capital expenditure	1 134 971		7 068	-	1 142 039

The transactions between operating segments are at arm's length.

The adjustments and eliminations columns relate to inter-segments transactions and balances which are eliminated on consolidation.

* Impairment loss recognised mainly relates to spoon applicator (Refer to Note 12.3)

Reconciliation of 2019 segment assets and liabilities per statement of financial position to segment note

Assets	
As per segment note	413 676 403
Dairibord Malawi segment assets	-
Total assets on the 2019 statement of financial position	**413 676 403**
Liabilities	
As per segment note	146 628 652
Dairibord Malawi segment liabilities	-
Total liabilities on the 2019 statement of financial position	**146 628 652**

ANNEXURE

Glossary of Terms

Animal welfare -	the physical and mental state of an animal concerning the conditions in which it lives and dies.
HACCP (Hazard Analysis and Critical Control Point) -	A systematic approach to the identification, evaluation, and control of food safety hazards.
Material topic -	a topic that reflects a reporting organization's significant economic, environmental and social impacts; or that substantively influences the assessments and decisions of stakeholders.
Reverse Osmosis -	water purification process that uses a partially permeable membrane to remove ions, unwanted molecules and larger particles from drinking water.
Somatic Test Count -	an indicator of milk quality.
Stakeholder -	entity or individual that can reasonably be expected to be significantly affected by the reporting organization's activities, products, and services, or whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives.
Sustainable development/Sustainability-	development that meets the needs of the present without compromising the ability of future generations to meet their own needs.
Sustainable Production -	is the creation of goods and services using processes and systems that are: Non-polluting. Conserving of energy and natural resources. Economically viable. Safe and healthful for workers, communities, and consumers.
The International Organization for Standardization (ISO) -	is an international standard-setting body composed of representatives from various national standards organizations.
Traceability -	The ability to track any food through all stages of production, processing, and distribution (including importation and at retail).

GRI Content Index - "Core"

GRI Content Index

GRI Standard	Disclosure	Page number(s)	Omission		
			Part Omitted	Reason	Explanation
GRI 101: Foundation 2016					
General Disclosures					
GRI 102: General Disclosures 2016	**Organizational profile**				
	102-1 Name of the organization	Cover Page			
	102-2 Activities, brands, products, and services	6-8			
	102-3 Location of headquarters	147			
	102-4 Location of operations	9, 147			
	102-5 Ownership and legal form	7			
	102-6 Markets served	9			
	102-7 Scale of the organization	14, 46			
	102-8 Information on employees and other workers	46			
	102-9 Supply chain	12			
	102-10 Significant changes to the organization and its supply chain	-	There were no changes to the Dairibord supply Chain		
	102-11 Precautionary Principle or approach	28-30			
	102-12 External initiatives	9			
	102-13 Membership of associations	9			
	Strategy				
	102-14 Statement from senior decision-maker	18, 21			
	Ethics and integrity				
	102-16 Values, principles, standards, and norms of behavior	3, 26			
	Governance				
	102-18 Governance structure	24-25			
	Stakeholder engagement				
	102-40 List of stakeholder groups	34			
	102-41 Collective bargaining agreements	47			
	102-42 Identifying and selecting stakeholders	34			
	102-43 Approach to stakeholder engagement	34			
	102-44 Key topics and concerns raised	34-35			
	Reporting practice				

GRI Content Index "Core" (continued)

	102-45 Entities included in the consolidated financial statements	7, 97	
	102-46 Defining report content and topic Boundaries	2, 36-37	
	102-47 List of material topics	36	
	102-48 Restatements of information	-	There were no restatements of information
	102-49 Changes in reporting	37	There were changes in the material topics reported previously
	102-50 Reporting period	37	
	102-51 Date of most recent report	Cover page	
	102-52 Reporting cycle	37, 2	
	102-53 Contact point for questions regarding the report	2	
	102-54 Claims of reporting in accordance with the GRI Standards	2	
	102-55 GRI content index	138	
	102-56 External assurance	2, 56	

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
Material Topics					
200 series (Economic topics)					
Economic Performance					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36, 51			
	103-2 The management approach and its components	51			
	103-3 Evaluation of the management approach	51			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	51			
	201-4 Financial assistance received from government	51			
Indirect Economic Impacts					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36,48-49			
	103-2 The management approach and its components	48-49			
	103-3 Evaluation of the management approach	48-50			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	-			
Procurement Practices					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	11, 36,40			
	103-2 The management approach and its components	40-41			
	103-3 Evaluation of the management approach	40-41			

GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	33, 41			
300 series (Environmental topics)					
Energy					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36, 43			
	103-2 The management approach and its components	43			
	103-3 Evaluation of the management approach	43			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	43			
	302-2 Energy consumption outside of the organization	43			
Water					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36, 43			
	103-2 The management approach and its components	43			
	103-3 Evaluation of the management approach	44			
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	44			
Effluents and Waste					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36,44			
	103-2 The management approach and its components	44			
	103-3 Evaluation of the management approach	44			
	306-2 Waste by type and disposal method	44			
Supplier Environmental Assessment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36,40			
	103-2 The management approach and its components	40			
	103-3 Evaluation of the management approach	40			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	40			
400 series (Social topics)					
Employment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36, 45			
	103-2 The management approach and its components	45			
	103-3 Evaluation of the management approach	45-46			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	46			

Labor/Management Relations					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36,45-46			
	103-2 The management approach and its components	45-46			
	103-3 Evaluation of the management approach	45-46			
Occupational Health and Safety					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36,47			
	103-2 The management approach and its components	47			
	103-3 Evaluation of the management approach	47-48			
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	48			
Training and Education					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36, 45,47-48			
	103-2 The management approach and its components	45,48			
	103-3 Evaluation of the management approach	47-48			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	47-48			
Diversity and Equal Opportunity					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36,45,47			
	103-2 The management approach and its components	45, 47			
	103-3 Evaluation of the management approach	47			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	23, 26, 46, 47			
Customer Health and Safety					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36,39,40, 41			
	103-2 The management approach and its components	39, 40,41			
	103-3 Evaluation of the management approach	39,40,41			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	40-41			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	40-41			

Shareholders Analysis 31 December 2019

ANALYSIS BY VOLUME

Range	Shares	Shares %	Shareholders	Shareholders %
1-5000	3 781 141	1.06	5 086	92.42
5001-10000	735 464	0.21	102	1.85
10001-25000	1 615 615	0.45	93	1.69
25001-50000	2 532 446	0.71	69	1.25
50001-100000	3 129 244	0.87	43	0.78
100001-200000	4 693 655	1.31	30	0.55
200001-500000	9 198 739	2.57	30	0.55
500001-1000000	12 573 477	3.51	18	0.33
1000001 and Above	319 741 077	89.31	32	0.58
Totals	**358 000 858**	**100.00**	**5 503**	**100.00**

ANALYSIS BY INDUSTRY

Industry	Shares	Shares %	Shareholders	Shareholders %
LOCAL COMPANIES	111 368 103	31.11	280	5.09
LOCAL NOMINEE	69 414 245	19.39	71	1.29
PENSION FUNDS	67 453 520	18.84	84	1.53
INSURANCE COMPANIES	49 188 691	13.74	07	0.13
LOCAL INDIVIDUAL RESIDENT	23 841 069	6.66	4 826	87.70
OTHER INVESTMENTS & TRUST	12 449 939	3.48	52	0.94
FOREIGN NOMINEE	7 553 910	2.11	04	0.07
FOREIGN COMPANIES	6 663 310	1.86	05	0.09
NEW NON-RESIDENT	5 568 424	1.56	24	0.44
TRUSTS	2 369 462	0.66	21	0.38
FOREIGN INDIVIDUAL RESIDENT	1 414 771	0.40	12	0.22
GOVERNMENT / QUASI	243 836	0.07	01	0.02
DECEASED ESTATES	223 012	0.06	102	1.85
FUND MANAGERS	140 477	0.04	03	0.05
BANKS	70 262	0.02	02	0.04
CHARITABLE	37 827	0.01	09	0.16
Totals	**358 000 858**	**100.00**	**5 503**	**100.00**

Top Ten Shareholders

Rank	Names	Shares	Percentage
1.	STANBIC NOMINEES (PVT) LTD	84 787 095	23.68
2.	MEGA MARKET (PVT) LTD	59 258 197	16.55
3.	OLD MUTUAL LIFE ASS CO ZIM LTD	49 080 371	13.71
4.	SERRAPIN INVESTMENTS (PVT) LTD	43 706 444	12.21
5.	MINING INDUSTRY PENSION FUND	17 667 266	4.93
6.	SCB NOMINEES 033663900002	17 606 144	4.92
7.	NSSA- NATIONAL PENSION SCHEME	11 123 595	3.11
8.	DZL HOLDINGS EMPLOYEE SHARE TRUST	10 000 000	2.79
9.	ANTONY MANDIWANZA	8 295 193	2.32
10.	LALIBELA LIMITED	6 289 796	1.76
	Selected Shares	**307 814 101**	**85.98**
	Non - Selected Shares	**50 186 757**	**14.02**
	Issued Shares	**358 000 858**	**100.00**

Directors' Shareholding

A Mandiwanza	9 612 724
M R Ndoro	3 274 890
C Mahembe	162 697
SR Chindove	2 701 008
J. H. K. Sachikonye	266
R. P. Kupara	-
N. Chiromo	-
C. R. J. Hawgood	1 000 000
K.K. Naik	14 753 149

Shareholders Analysis 31 December 2018

ANALYSIS BY VOLUME

Range	Shares	Shares %	Shareholders	Shareholders %
1-5000	3 772 007	1.05	5 076	91.94
5001-10000	751 517	0.21	104	1.88
10001-25000	1 703 987	0.48	99	1.79
25001-50000	2 453 940	0.69	67	1.21
50001-100000	3 545 964	0.99	49	0.89
100001-200000	5 471 886	1.53	36	0.65
200001-500000	11 047 946	3.09	35	0.63
500001-1000000	13 690 100	3.82	19	0.34
1000001 and Above	315 563 511	88.15	36	0.65
Totals	**358 000 858**	**100.00**	**5 521**	**100.00**

ANALYSIS BY INDUSTRY

Industry	Shares	Shares %	Shareholders	Shareholders %
LOCAL COMPANIES	97 923 103	27.35	283	5.13
PENSION FUNDS	70 970 613	19.82	99	1.79
LOCAL NOMINEE	63 509 548	17.74	67	1.21
INSURANCE COMPANIES	49 987 963	13.96	08	0.14
FOREIGN NOMINEE	23 279 478	6.50	08	0.14
LOCAL INDIVIDUAL RESIDENT	23 343 169	6.52	4 835	87.57
OTHER INVESTMENTS & TRUST	12 537 044	3.50	52	0.94
FOREIGN COMPANIES	6 583 310	1.84	04	0.07
NEW NON RESIDENT	5 566 924	1.56	23	0.42
TRUSTS	2 367 728	0.66	21	0.38
FOREIGN INDIVIDUAL RESIDENT	1 187 857	0.33	10	0.18
DECEASED ESTATES	251 769	0.07	97	1.76
GOVERNMENT / QUASI	243 836	0.07	01	0.02
FUND MANAGERS	140 477	0.04	03	0.05
BANKS	70 262	0.02	02	0.04
CHARITABLE	37 777	0.01	08	0.14
Totals	**358 000 858**	**100.00**	**5 521**	**100.00**

Top Ten Shareholders

Rank	Names	Shares	Percentage
1.	STANBIC NOMINEES, (PVT) LTD	94 133 921	26.29
2.	OLD MUTUAL LIFE ASS CO ZIM LTD	49 022 712	13.69
3.	SERRAPIN INVESTMENTS (PVT) LTD	43 706 444	12.21
4.	MEGA MARKET (PVT) LTD	38 976 204	10.89
5.	SCB NOMINEES 033663900002	18 081 801	5.05
6.	MINING INDUSTRY PENSION FUND	17 667 266	4.93
7.	NSSA- NATIONAL PENSION SCHEME	11 123 595	3.11
8.	DZL HOLDINGS EMPLOYEE SHARE TRUST	10 000 000	2.79
9.	ANTONY MANDIWANZA	8 295 193	2.32
10.	OLD MUTUAL ZIMBABWE LIMITED	6 368 443	1.78
	Selected Shares	**297 375 579**	**83.07**
	Non - Selected Shares	**60 625 279**	**16.93**
	Issued Shares	**358 000 858**	**100.00**

Directors' Shareholding

J. H. K. Sachikonye	266
S. Chindove	2 637 879
C. Mahembe	138 575
A. S. Mandiwanza	9 419 115
M. R. Ndoro	3 167 513
D. Hasluck	-
R. P. Kupara	-
Cron von Seidel	-
N. Chiromo	-
C. R. J. Hawgood	1 000 000

Notice to Shareholders

NOTICE TO SHAREHOLDERS

Notice is hereby given that the twenty-fifth Annual General Meeting (AGM) of Dairibord Holdings Limited will be held virtually at *https://eagm.creg.co.zw/eagmzim/Login.aspx* on 30 June 2020 at 10:00 hours for the purpose of transacting the following business:

SPECIAL BUSINESS

1. To approve the convening of annual general meetings and any other meetings and remote voting of resolutions of shareholders through an electronic virtual platform as permissible under Section 170 (10) of the Companies and Other Business Entities Act, Chapter 24:31 in light of COVID-19 restrictions imposed by Statutory Instrument ("SI") 76 of 2020.

2. Adoption and Substitution of a New Memorandum and Articles of Association of the Company
To resolve as a special resolution, the adoption and substitution of a new Memorandum and Articles of Association for the Company, compliant with the requirements of the Companies and Other Business Entities Act (Chapter 24:31) and the new ZSE Listing Requirements (Statutory Instrument 134 of 2019).

ORDINARY BUSINESS

3. To receive and adopt the financial statements for the year ended 31 December 2019, together with reports of the directors and auditors thereon. The full annual report will be available on the company website, *www.dairibord.com.*

4. To Elect Directors of the Company:

4.1 In accordance with article 100 of the Company's Articles of Association, Mr. C.Mahembe retires by rotation and being eligible, offers himself for re-election. Mr. Mahembe holds a Diploma in Agriculture from Chibero College of Agriculture. He represents Serrapin Investments Limited.

4.2 In accordance with article 100 of the company's Articles of Association, Mr. N. Chiromo retires by rotation and being eligible, offers himself for re-election. Mr. Chiromo is a Chartered Accountant and he is a partner and executive director of Corporate Excellence Financial Advisory Services. He has over 27 years of experience in Finance, investment banking, audit and general management. Mr. Chiromo is an independent director.

4.3 In accordance with article 107 of the Company's Articles of Association, Mr. Ketan .K. Naik who was appointed director of the company with effect from 21 August 2019 retires, and being eligible, offers himself for re-election. Mr. Ketan .K. Naik holds a BSc. (Hons) in Management Sciences, from Warwick Business School, MSc. Real Estate Investment from CASS Business School and is a Registered Investment Advisor with the Securities and Investment Institute of the United Kingdom. He is a director of several private companies and also a member of the Harare Chapter of the Young Presidents Organisation. Mr Naik represents a consortium of shareholders that holds over 16% equity in the company.

5. Directors Remuneration
To approve the remuneration of the directors for the past year. (In terms of Section 3 of Practice Note 4 Issued by the ZSE on 17 January 2020, the Directors Remuneration Report is available for inspection by Dairibord Holdings shareholders at the Registered office of the company.)

6. External Auditors
To approve the remuneration of the auditors for the past audit. To re-appoint Ernst & Young Chartered Accountants (Zimbabwe) as auditors for the current year. In terms of the new requirements of the Companies and Other Business Entities Act (Chapter 24:31) Section 191, and in line with good corporate governance, Ernst & Young, who have audited the company for more than ten years are due for rotation. However, it has not been practically possible to implement the requirements for the year ending 31 December 2020 due to the uncertainties and restrictions presented by COVID-19. The directors will therefore conclude the process to rotate the auditors at the AGM to be held in 2021.

SPECIAL BUSINESS

7. As an ordinary resolution: Share Buy Back.
"That the Company as duly authorised by Article 6 of its Articles of Association and section 129 of the Companies and Other Business Entities Act (Chapter 24:31), may undertake the purchase of its ordinary shares in such manner or on such terms as the directors may from time to time determine, provided that:
a) Acquisitions shall be of ordinary shares which, in aggregate in any financial year, shall not exceed 10% (ten percent) of the Company's issued share capital.
b) The prices at which such ordinary shares may be acquired will not be more than 5% (five percent) above and 5% (five percent) below the weighted average of the market price at which such ordinary shares are traded on the Zimbabwe Stock Exchange, as determined over the 5 (five) business days immediately preceding the date of the purchase of such ordinary shares by the Company.
c) The authority shall expire on 1 July 2021 or the next Annual General Meeting, whichever is sooner.

After considering the effect of the repurchase of the shares, the Directors are confident that:
a) The Company will be able to pay debts for the period of 12 months after the date of the notice of the Annual General Meeting.
b) The assets of the Company will be in excess of its liabilities.
c) The share capital and reserves of the Company are adequate for a period of 12 months after the date of the notice of the Annual General Meeting.
d) The Company will have adequate working capital for the period of 12 months after the date of the notice of the Annual General Meeting.

8. Employee Share Trust

8.1 To consider, and if deemed fit, pass with or without modification, the following ordinary resolution:
'That the directors of the Company be and are hereby authorised to approve the reservation of 7,900,043 (seven million nine hundred thousand and forty three) ordinary shares out of the authorised unissued share capital of the Company as of the date hereof and the issue and allotment of such ordinary shares to the 2005 DZL Holdings Employee Share Trust such that the number of shares held by the Trust in the Company increases from 10,000,000 (ten million) shares to 17,900,043 (seventeen million nine hundred thousand and forty three) shares.'

8.2 As a special resolution: "To resolve with or without amendment in terms of Section 130 (1) of the Zimbabwe Stock Exchange Listings Requirements requiring an 85% of votes cast by shareholders present or represented by proxy at a general meeting called for that purpose:- To waive any pre-emptive rights of the Shareholders in respect of shares to be issued and allotted pursuant to the 2005 DZL Holdings Employee Share Trust referred to in Ordinary Resolution 8.1

Background notes to resolution 8
The Company believes that it is important to attract, motivate and retain employees of the appropriate calibre and to align their interests with those of shareholders. Accordingly, on 15 April 2005, the Company established the 2005 DZL HOLDINGS EMPLOYEE SHARE TRUST ("the Trust").

The Trust was granted a loan in the amount of $10,000,000 (ten million dollars) by the Company to acquire 10,000,000 (ten million) shares (constituting approximately 3.15% of the total issued share capital of the Company at the time of establishment) at par value. The Trust is run by a Board of Trustees which acts in terms of the Trust Deed rules and also on the directives of the Directors of the Company.

The 10,000,000 (ten million) shares held by the Trust currently constitute 2.79% of the total issued share capital of the Company. The Company proposes to increase the number of shares held by the Trust by an additional 7,900,043 under similar terms as those on the first allocation. The increase will result in the Trust holding 17,900,043 (seventeen million nine hundred thousand and forty-three) shares constituting 5% of the total issued share capital of the Company.

Notes

1. In terms of the Companies and Other Business Entities Act (Chapter 24:31) a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. A proxy need not be a member of the Company. Instruments of proxy must be lodged at the registered office of the Company at least forty eight hours before the time appointed for holding the meeting.

2. Members are requested to advise the Transfer Secretaries in writing of their email addresses and any change of postal address

3. Meeting details:
Members are hereby advised to use the dedicated Corpserve helpline on +263 242 750 711, +263 772 289 768 or +263 779 145 849 for assistance with the online eAGM processes.

By order of the board

S. Punzisani
Company Secretary
01 June 2020

Shareholders' Calendar

2019 Annual report published	June 2020
Twenty-fifth Annual General Meeting	30 June 2020
Interim report for 6 months to 30 June 2020 and dividend announcement	August 2020
Financial year end	31 December 2020
Publication of the results for the 12 months ending 31 December 2020 and dividend announcement	March 2021

Corporate Information

Dairibord Holdings Limited
Company Registration No. 2168/94
www.dairibord.com

Registered Office
1225 Rekayi Tangwena Avenue
Belvedere
Harare

Postal Address
P O Box 587, Harare, Zimbabwe
Telephone Numbers: + 263 24 2790801-5, 2779035-45

Company Secretary
Samson Punzisani
E-Mail: punzisanis@dairibord.co.zw

Auditors
Ernst & Young Chartered Accountants (Zimbabwe)
Angwa City
Julius Nyerere Way/Kwame Nkrumah Ave
P.O Box 62 or 702
Harare

Bankers
Standard Chartered Bank of Zimbabwe Limited
Stanbic Bank Zimbabwe Limited
First Capital Bank Limited
Ecobank Zimbabwe Limited
Central Africa Building Society
FBC Bank Limited

Transfer Secretaries
Corpserve (Private) Limited
4th Floor, ZB Centre
Cnr 1st Street and Kwame Nkrumah Avenue
Harare
Zimbabwe

Sustainability Reporting Advisors
Institute of Sustainability Africa (Insaf)
22 Walter Hill Avenue
Eastlea
Harare
Zimbabwe

Dairibord
Holdings
More Than Just Milk

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