

SENS ANNOUNCEMENT

(the "Announcement")

ISSUER



ZAFFICO PLC.

Incorporated in the Republic of Zambia

Company Registration Number: 119820011972

SHARE CODE: ZFCO

ISIN: ZM0000000524

BROKER



Pangaea Securities Limited

[a member of the Lusaka Securities Exchange]

Regulated and Licensed by the Securities and Exchange Commission Zambia

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AUTHORISATION

Approval for this Announcement has been granted by:

- The Lusaka Securities Exchange
- The Securities and Exchange Commission Zambia
- ZAFFICO PLC.

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ISSUE DATE: 30.09.2020



ZAMBIA FORESTRY AND FOREST INDUSTRIES CORPORATION PLC
(Incorporated in the Republic of Zambia)
(Registration number: 119820011972)
Share code: ZFCO
ISIN: ZM0000000524
("ZAFFICO" or "the Company")

In accordance with the requirements of the Securities and Exchange Act No. 41 of 2016, ZAFFICO PLC announces its results for the year ended 30 June 2020

	6 months Ended June 2020 <u>ZMW</u>	6 months Ended June 2019 <u>ZMW</u>		6 months Ended June 2020 <u>ZMW</u>	6 months Ended June 2019 <u>ZMW</u>
<u>Abridged Comprehensive Income</u>			<u>Abridged Balance Sheet</u>		
Revenue	99,053,233	128,739,500	<i>Assets</i>		
Cost of sales	(18,947,384)	(13,776,245)	Plantations in formation	572,401,688	507,047,325
Gross Profit	80,105,849	114,963,255	Property and equipment	103,491,605	83,563,350
Other income	5,682,748	5,890,713	Inventories	80,167,397	60,537,409
Operating expenses	(62,518,286)	(57,233,252)	Trade and other receivables	61,864,033	47,205,388
Profit Before Income Taxes	23,270,311	63,620,716	Cash and cash equivalents	188,375,767	109,848,109
Income tax expense	(2,327,031)	(5,936,535)	Total Assets	<u>1,006,300,490</u>	<u>808,201,581</u>
Profit for the Year	<u>20,943,280</u>	<u>57,684,181</u>			
Earnings Per Share (Kwacha)	<u>0.05</u>	<u>0.14</u>	<i>Equity and Liabilities</i>		
			Share capital	100,000,000	82,500,763
			Share Premium	126,694,476	-
			Revaluation reserve	2,735,492	3,397,419
<u>Abridged Statement of Cashflows</u>			Retained earnings	536,571,931	554,792,994
Net cash generated from operating activities	57,282,863	74,135,950	Deferred liabilities	79,546,621	53,032,367
Net cash used in investing activities	(121,801,068)	(90,156,357)	Deferred tax liability	2,713,432	3,098,359
Net cash used in financing activities	143,045,863	(15,480,666)	Deferred capital grant	4,597,570	5,597,570
(Decrease)/Increase in cash and cash equivalents	78,527,658	(31,501,073)	Trade and other payables	100,655,352	61,977,287
Cash and Cash Equivalents at start of year	109,848,109	141,349,182	Dividend payable	31,337,267	27,658,307
(Decrease)/Increase	78,527,658	(31,501,073)	Income tax payable	21,448,349	16,146,515
Cash and Cash Equivalents at end of year	<u>188,375,767</u>	<u>109,848,109</u>	Total Equity and Liabilities	<u>1,006,300,490</u>	<u>808,201,581</u>

Statement of Changes in Equity

	Issued Share Capital (ZMW)	Share Premium (ZMW)	Revaluation reserves (ZMW)	Revenue reserves (ZMW)	Total Equity (ZMW)
Year ended 31 December 2019	82,500,763		2,956,134	520,315,990	605,772,887
Prior Year Adjustment				(3,842,275)	(3,842,275)
Restated balance	82,500,763		2,956,134	516,473,715	601,930,612
Share offer	17,499,237	126,694,476			144,193,713
Amortization of revaluation reserve			(302,785)	302,785	-
Movement on deferred tax liability			82,143		82,142
Comprehensive income					
Profit for the Period				20,943,280	20,943,280
Total comprehensive income				20,943,280	20,943,280
Listing expenses				(1,147,850)	(1,147,850)
At end of period 30 June 2020	<u>100,000,000</u>	<u>126,694,476</u>	<u>2,735,492</u>	<u>536,571,930</u>	<u>766,001,898</u>

Highlights

Following a successful Initial Public Offering (IPO), the Company was listed on the Lusaka Securities Exchange (LuSE) on 12th February 2020 with a broad shareholder representation which includes the general public, employees of the Company and Institutional investors.

In the wake of the Covid-19 pandemic, the Company has deployed and is actively enforcing the measures prescribed by the Ministry of Health (MOH) to minimize the spread of the virus in order to protect employees, customers, suppliers and other stakeholders in the areas where the Company operates.

Despite a challenging business environment in the first half of the year, the Company continued on a profitable path with positive cash flows generated from operating activities. Plantation and other silvicultural activities also progressed well during the period under review.

However, Revenues for the current period were lower when compared with the same period last year largely due to the delay in the commencement of the harvesting season this year. The delay arose mainly from the lengthy negotiations between the Company and the associations representing its principal customers for pine and eucalyptus round wood. Additionally, this year's allowable cut for pine round wood has been reduced compared to last year in line with the Company's stock levels. The Gross Profit and Net Income were also lower for the first half of this year compared to the same period last year driven primarily by the lower revenues.

The Company's Balance Sheet remains strong with a healthy liquidity position.

Outlook

The effects of Covid-19 will likely continue to challenge many businesses, including ours. However, the Company is confident that the backlog of sales experienced in the first quarter of this year will be recovered in the second half of the year. The Company is also actively pursuing opportunities to increase its sales of treated poles so as to mitigate the effects of reductions in the annual allowable cut for pine roundwood. These efforts are on top of the Company's new focus on improving its productivity levels across its business processes so as to remain competitive.

By order of the Board

Chanza K. Sikazwe
Corporation Secretary

Ndola, Zambia
30 September 2020.

Sponsoring Broker:



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(Regulated by the Securities and Exchange Commission)

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