

Lonrho Holdings Limited

Registered number 8502829

Annual report and financial statements
31 December 2019

Investing in the growth of Africa

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Lonrho Holdings Limited

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Strategic Report

Strategic Review

During the year Lonrho completed the transition into an investment holding company. In this new operating model, Lonrho maintains centralised strategic decision taking, treasury, finance, legal/governance and investment origination and execution capabilities but our partner businesses are allowed far greater day to day autonomy and operate in a more standalone fashion. This has facilitated an increased flexibility and entrepreneurial spirit within the Lonrho group. We continue to make investments in our chosen sectors, by backing locally based ambitious management teams who ideally maintain a material equity stake in the business, which ensures close alignment of goals.

The vision and the strategy remain unchanged: We strive to become a leading investor able to capitalise on the growth of Sub-Saharan Africa by seeking high-return regional investment opportunities and deploying long-term patient capital, diversified across a range of markets. The sector focus has been consolidated into two core segments - Food and Beverage Processing & Distribution (FBP&D) and Market Expansion Services (MES).

For the first time since Lonrho was taken private under new ownership, a solid positive result of \$7.0m profit after tax (PAT) was recorded. All portfolio companies contributed to this success with the lion share coming from Luba Freeport, Equatorial Guinea.

In September 2019, Lonrho acquired 87.3% of Brands Consumer Group "Brands", one of the leading distributors of both global and regional FMCG products in Southern Africa. This investment is part of Lonrho's strategy to focus its core operations within the FMCG distribution and food & beverage processing sectors following the groups prior investments into Atlantis Foods in 2015 (and bolt-on acquisition of Breco in 2017) and the Big Bottling Company in 2018.

Operating Review

Food and Beverage Processing and Distribution (FBPD)

Atlantis Food Holdings "Atlantis Foods", South Africa

Atlantis Foods is a well-established player in the South African seafood industry, sourcing, processing and distributing seafood to leading wholesalers, food service and retail customers. The business sources a large variety of seafood products both locally and from fisheries around the world and benefits from a close strategic partnership with South Africa's 3rd largest seafood production factory, facilitating the processing of raw material and business development for end consumers. The company also owns sizeable cold storage facilities in both central Cape Town and surrounding areas. As at 31 December 2019, Lonrho held a 58.9% shareholding in Atlantis Group.

Revenue for Atlantis decreased to \$92.9m from \$123.1m reported in 2018 due to increased economic pressures on the disposable income in South Africa. The EBITDA of \$4.3m in 2019 decreased from the 2018 EBITDA of \$5.3m due to the same factors.

Brands Consumer Group Holdings “Brands”, Mauritius

In August of 2019, Lonrho finalised its investment into Brands. Brands is an FMCG distribution business which partners both international and African Principals to bring their products to market in Southern Africa. Current Principals include Lucky Star, Beiersdorf, Premier Food, Lindt and Ferrero, to name a few.

The transaction saw the simultaneous investment into the Brands business, which had operations in South Africa, Malawi, Namibia and Zambia, alongside the 100% acquisition of Safari Distributors, a top distributor in Botswana. The business now boasts direct distribution operations in 5 countries in Southern Africa.

Integration of the Brands business into Lonrho group has been a success, and the management team are now focused on scaling up operations through the onboarding of new Principals as well as efficiencies being created via its centralised distribution centre located in South Africa. Lonrho holds an 83.7% shareholding in Brands.

Revenue for Brands for the 4 months ending 31 December 2019 was \$16.7m. The EBITDA contributed was \$0.7m.

Big Bottling Company “BBC”, Nigeria

Big Bottling Company is a carbonated soft drinks manufacturer and distributor based in Lagos, Nigeria. BBC holds the rights to bottle and distribute a range of drinks products under license from the 4th largest producer of carbonated soft drinks, the Peruvian soft drink conglomerate AJE. The most well-known product offering being a cola product called ‘Big Cola’, positioning itself as a high-quality product at a competitive price. The range also includes a variety of flavoured, fruit, energy and mineral water products which the business is in the process of rolling out to the market. Lonrho holds a 37.04% interest in BBC.

Since Lonrho’s investment in late 2018 alongside a consortium of other investors, a new production line has been installed more than tripling total production capacity. The existing production line acquired has been thoroughly overhauled to increase reliability of output. In addition, several changes and additions to the executive management team were made to ensure the business is best positioned to capture the sizeable addressable market in Nigeria.

AJE first founded the business in 2014 and remains a minority stakeholder in the business as well as the brand licensor and formula supplier. In addition to Nigeria, BBC has the rights to bottle and distribute AJE products in several other African countries.

BBC is equity accounted and contributed an equity loss of \$1.3m for the 2019 financial year.

Lonrho Logistics, South Africa

Lonrho Logistics, a South African based player is a leading service provider for temperature controlled global transportation of perishable exports such as, fruits, premier vegetables, seafood and meat. 2019 saw continued low single digit growth in the South African agricultural export sector and increased competition from competitors with large global networks. Lonrho holds a 100% shareholding in Lonrho Logistics.

Full year revenue for 2019 decreased slightly to \$50.2m (2018 \$51.1m) and the business generated an EBITDA of \$2.1m, up significantly from 2018 EBITDA of \$0.2m.

Market Expansion Services (MES)**MES Machinery “LonAgro”**

LonAgro operates a dealership network across eight markets in Sub Sahara Africa. The bulk of its business revolves around the John Deere franchise for agricultural and construction equipment and the Bell Equipment franchise for heavy mining dump trucks, the full range of forestry machinery as well as Kobelco excavators and the full range of Bomag road work machinery. The division increased its supplier portfolio in the construction and mining space with the aim of balancing its challenging and seasonal agricultural business. These franchises have now been expanded into all territories with a particular focus on LonAgro’s key markets in Tanzania, Mozambique and Angola. The lack of availability of foreign exchange in Angola and Ethiopia prevented the division from benefitting from the strong demand in these markets. Lonrho holds a 100% shareholding in LonAgro.

In addition to a full roll-out of the multi product strategy the optimization program launched in 2019 yielded positive results with the division achieving its cost reduction goals. This forms a major contributing factor in the division producing an EBITDA profit for the 2019 financial year.

Revenue increased from \$35.1m in the prior year to \$39.1m in 2019. EBITDA increased from a loss of \$0.8m in 2018 to a profit of \$0.4m in 2019.

Despite considerable investments into the business as well as a broadening of the product portfolio from agriculture machinery to construction and mining. It has continued to be difficult to obtain the expected returns on invested capital.

MES IT Services

The two operating units CES (South Africa, Zambia and Namibia) and Bytes & Pieces (Mozambique) provide IT infrastructure solutions, first level support and maintenance and IT equipment distribution to a wide range of blue-chip multinational companies in the Telecom, Banking and Energy sector. Lonrho holds a shareholding of 65% in Bytes and Pieces and 54.3% in the CES operating units.

The division had a good year and once again Bytes & Pieces contributed almost all of the division's profits. MES IT Services continued to contribute a steady performance in the 2019 year.

Revenue for 2019 decreased to \$23.0m from \$23.8m in the previous year, resulting in a slightly reduced EBITDA of \$2.0m from the \$2.2 million in 2018.

*Infrastructure***Luba Freeport, Equatorial Guinea**

The division provides the full range of base management and port services to oil and gas companies as well as oil field services and specialized shipping companies out of its purpose-built Freeport on Malabo in Equatorial Guinea.

Luba Freeport had a strong 2019 as major exploration projects that were postponed in previous years commenced. Lonrho holds a 63% shareholding in Luba Freeport.

Full year revenues for 2019 stood at \$19.8m (2018 \$11.5m) producing an EBITDA of \$9.8m (2018 \$3.4m).

Financial Review

The Group generated revenues of \$241.7m from continuing operations (2018 \$244.2m). The decrease in total revenue is largely due to decreased contribution from Atlantis, offset by increased revenue in Luba and the inclusion of Brands. The Group's gross margin increased from 17.5% in 2018 to 20.7% for 2019. The major driver for the increase in gross margin was increased margins from Luba.

All divisions in the group evidenced strong performances in the 2019 year resulting in operating profit for continuing operations in 2019 of \$7.2m, an exponential increase compared to operating profit in 2018 of \$0.4m. Increased revenues from most divisions as well as cost optimisation strategies implemented across the group resulted in an EBITDA of \$16.1m for continuing operations vs. \$7.9m in 2018.

The 2019 profit before tax of \$1.0m for continuing operations represented a significant increase against the 2018 loss before tax of \$(16.3)m. In the 2019-year divisions performance to budget was closely monitored with most divisions exceeding budgeted performance.

This resulted in a profit after tax from continuing operations of \$7.0m for 2019 versus a loss after tax of \$(15.4)m in 2018.

Cash flow and working capital

Cash and cash equivalents at 31 December 2019 stood at \$51.5m, an increase from the \$50.8m at the end 2018. The breakdown of the movement in the cash balance is as below:

Operating activities- In 2019 cash generated from operating activity before changes in working capital was \$16.1m compared to the \$7.9m in 2018. This is an indication of the stronger performance across the divisions. After accounting for changes in working capital, interest and tax, cash generated from operating activity was \$13.8m. This marks a

substantial change from the cash utilised in operations in 2018 of \$(9.7m).

Investing activities- In 2019 Lonrho acquired an 83.7% shareholding in Brands by an issue of additional shares in the business. Brands utilised the cash injection to acquire Safari and Chabenza to expand their operations. Total cash outlaid from the Group was \$5.7m, consisting of the following: \$5m for a 100% controlling interest in Safari, \$2.5m for the operations of Chabenza, less the retained cash balance of \$1.7m. Lonrho invested \$1.5m in infrastructure to the group in the form of property, plant and equipment. Total cash re-invested in the group in the 2019 year was \$7.2m.

Financing activities- Total cash outflow from financing activities was \$5.7m, comprising of dividends of \$2.8m paid to its non-controlling shareholders and \$0.7m repayment of shareholders loans. Lonrho further paid \$2.2m for capital instalments on building leases under IFRS 16.

Local currency volatility against the United States Dollar especially in countries such as Angola, Tanzania and South Africa remain a challenge to Lonrho's operations and the shortage of available dollars most notably in Angola have impacted the ability to trade which has decreased cash available for use within the Group.

Lonrho has a very limited reliance on external funding apart from Atlantis Foods and Logistics that have sizeable overdraft facilities backed by a strong debtor's book.

Key performance indicators

The Group manages its operations on a divisional basis and key performance indicators are set at this level. The most relevant divisional KPI's as well as key Group KPI's are measured and reported on Group level, which are reviewed and discussed at each board meeting.

Outlook

The Group began 2020 with a strong performance on the back of a successful 2019. The Covid-19 outbreak started to impact Sub-Sahara Africa by the end of Q1. Revenue from divisions started to decrease as most African countries implemented lockdown protocols. Lonrho responded swiftly to adapt to this macro-economic event by implementing cost saving initiatives and ensuring close monitoring of liquidity in order to conserve cash balances. Liquidity management and cash preservation remain top priorities for the management team.

The impact on our individual portfolio companies has been varied but overwhelmingly negative.

Atlantis

Atlantis Seafood's food services and wholesale business dropped to a break-even EBIT in the month of May, showing the effects of the retail business shrinking by almost 50% as consumers opted for cheaper staple foods.

Lonrho Logistics

In the absence of air-cargo capacity and shrinking demand, the company's activities decreased by half.

MES Machinery

The division has seen all its markets locked down with the exception of Tanzania. The division has been under stress even before Covid-19 and the Group anticipated the need to support the business with fresh capital or alternatively to seek other strategic options.

MES-IT

Initially saw a spike in its business during Q1 boosted by increased hardware demand for home offices, but the business has since been impacted by large scale cancellations of capital investment projects.

Luba Freeport

The decrease of the oil price caused a drastic fall in demand, which has had an adverse impact on the port utilization at Luba Freeport. All exploration activities in Equatorial Guinea have been cancelled or postponed and the situation is not expected to recover in 2020. However, despite the lower utilization Luba Freeport will be able to achieve an operational profit and a positive cash flow and the Group expects exploration and drilling projects to resume once the oil price has recovered to pre-Covid-19 levels.

Brands Africa

Our newly acquired Brands distribution business has been adversely affected by a consumer shift from high margin cosmetics and confectionary products to low margin staple food products.

Big Bottling Co("BBC")

Nigeria experienced partial lockdown of some of its bigger city markets which have since been lifted. Trading of carbonated soft drinks was not impacted, and BBC had its highest production output and sales turnover during the months of April and May. The Group is not expecting an impairment of this asset for 2020.

The overall impact of Covid-19 for the Lonrho Group in 2020 was estimated by a reforecast performed in Q2 2020. The reforecast expects most divisions to sustain operations with their current working capital and without Group assistance, however the Group will generate losses on EBIT and PAT levels.

Principal Risks and Uncertainties

<i>Description of risk</i>	<i>Impact</i>	<i>Mitigation</i>
Strategic		
Failure to successfully implement our strategy	Decreased return on investment generated Minimised benefit from future opportunities	<ul style="list-style-type: none"> Regular strategic reviews conducted by the Board Oversight provided through monthly Executive Management Committee's operational review meetings Group Investment team provides expertise and guidance
Lack of adherence to the John Deere franchise requirements	Termination of John Deere franchises	<ul style="list-style-type: none"> Ensure continued compliance with terms of franchise Maintain a dialogue with John Deere to ensure advanced warning of any issues
Uncertainty over Luba Freeport's long-term operating framework	Reduction in earnings generated by Luba Freeport Potential to lose Luba Freeport for nil consideration when the current concession ends in 2028	<ul style="list-style-type: none"> Ongoing engagement from Board level with minority shareholders and the Government of Equatorial Guinea Provide support to Luba Freeport Management team in developing future plans for the port Management are in preliminary stages of a strategy to extend the concession
Strengthening relationships with local shareholders	Lack of alignment between shareholders, leading to diminished long-term value Increased complexity in managing operations and businesses	<ul style="list-style-type: none"> Regular engagement by Board and Investment team with all shareholders
Operational		
Supply chain disruption	Failure to get products to market	<ul style="list-style-type: none"> Thorough supplier monitoring ensuring prompt identification of issues, ensuring remedial action is taken Consider alternative supply routes Develop relationships to ensure working relationship, particularly with regards to effective payment terms
Loss of customers	Severe decline in revenues, particularly where a business relies upon a small	<ul style="list-style-type: none"> Identify new revenue streams, potentially through additional customers, new products or value-added service offerings

Principal Risks and Uncertainties

<i>Description of risk</i>	<i>Impact</i>	<i>Mitigation</i>
	number of key customers Where businesses are not yet at scale, there is a material impact to profit margins	<ul style="list-style-type: none"> Carefully manage cost base and ensure reductions are made when necessary
Failure to attract, develop, motivate and retain talented employees	Loss of key staff eliminating our internal succession planning for key roles Short to medium-term business disruption Inability to recruit high-quality individuals for key roles hinders performance Employees lack motivation and engagement to grow the business	<ul style="list-style-type: none"> Formal appraisal system in place to provide regular assessments of individual performance Identification of specific training and development needs Staff development programmes in place across the Group Incentivisation programmes to be developed Succession plans to be agreed for all key positions Improve communication with staff, particularly with regards to the long-term vision and strategy for Lonrho
Technology and systems not in place to adequately support our business operations	Loss of competitive advantage Significant downtime for operations	<ul style="list-style-type: none"> Continued investment in the Group IT function and infrastructure
Breaching local laws and regulations	Financial and/or reputational impact for the individual business and the wider Group	<ul style="list-style-type: none"> Group Legal Counsel involved in all key matters and contracts Processes in place to reduce the potential for litigation Agreed policies to manage any issues arising, with a view to limiting Group exposure
Internal or external fraud	Financial losses incurred Restriction on our ability to deliver business plans Damage to Group reputation, leading to a reduction in stakeholder value	<ul style="list-style-type: none"> Ensure duties are properly segregated Imposition of secure financial controls, including payment approvals, bank and finance systems access Internal and external audits conducted, with recommendations made at both head office and subsidiary level and implemented by the Audit Committee

Principal Risks and Uncertainties

<i>Description of risk</i>	<i>Impact</i>	<i>Mitigation</i>
Financial		
Restrictions on liquidity and cash flow	Failure to meet current obligations from existing committed facilities Unavailability of financing required to deliver budget	<ul style="list-style-type: none"> Regular monitoring of Group cash position, cash flow and funding needs, allowing for early identification if insufficient undrawn facilities are available Continued development of the Group treasury function Maintain regular contact with lenders to ensure renegotiation of covenants is possible when necessary
Working capital management	Group funding continues to be required by existing portfolio Weakens relationships with our customers and suppliers	<ul style="list-style-type: none"> Continued investment and development of business unit level Finance teams Finance teams to focus on working capital management Group finance function to provide support, particularly with introducing policies and procedures
Transfer pricing	Potential for regulatory intervention	<ul style="list-style-type: none"> Development of Group policies which can be provided to each business Continuation of Group oversight and monitoring Timely refresh of policies and guidelines through external tax advisors
Debt forgiveness	Leakage of cash due to tax payments	<ul style="list-style-type: none"> Process of capitalisation of group loans in order to prevent the triggering of debt forgiveness provisions in African jurisdictions
Failure of internal controls or accounting processes	Severe disruption to Group operations A materially adverse effect on the Group's financial position	<ul style="list-style-type: none"> Continuation of independent internal and external audits, with importance placed on implementing follow-up actions Alignment between internal audit work plan and Group's risk profile and risk management process
Foreign Exchange risk	Reduced earnings at a Group level as local trading is often denominated in local currency	<ul style="list-style-type: none"> Match currency of lending entity to subsidiary cash flows Implementation of hedging arrangement where appropriate Where practical, net offsetting foreign currency exposures between Group companies Investment team to consider trading currencies

Principal Risks and Uncertainties

<i>Description of risk</i>	<i>Impact</i>	<i>Mitigation</i>
		when assessing new businesses
Counterparty/credit risk	Credit losses, reduction in future profitability and cash flow	<ul style="list-style-type: none"> Approved counterparties and approved credit limits with regular review
External		<ul style="list-style-type: none">
Changes to governance or legal regimes	Potential for a financial and/or reputational impact if found in breach of any new regulations	<ul style="list-style-type: none"> The Group ensures that it obtains timely information about forthcoming changes in legislation and that it has robust procedures in place to minimise any risk of detriment or non-compliance Experienced legal and commercial teams and comprehensive knowledge of contractual regimes and fair practice The Group has a risk management programme in place, aimed at preventing issues from arising where possible and managing any that do crystallise
Oil price volatility	Reduced revenues from clients in the oil industry who reduce activities Local economies reliant on oil sales see depressed growth	<ul style="list-style-type: none"> Diversify customer base away from oil and gas clients Reduce cost base where there is unavoidable exposure to the oil price, maintaining margins while oil price depression continues Offer promotions to maintain sales in economies where incomes have fallen
Fluctuations in commodity pricing	Reduction in profit margins Uncertainty in budgeting process	<ul style="list-style-type: none"> Introduce pass-through mechanisms to end-customer where possible Manage supplier and customer relationships to mitigate impact to Lonrho, and provide time to mitigate material price changes
Political and/or security issues including policy changes or civil unrest	Reduced long-term prospects for the Group Short-term reduction in Group's financial position	<ul style="list-style-type: none"> Management to monitor political developments across the region Implementation of robust procedures to reduce impact on Group activities
Increasing competition	Increasingly difficult to achieve long-term growth plans Market pressure to reduce	<ul style="list-style-type: none"> Focus on developing a strong competitive advantage in markets Develop local managers to ensure they are able to ably respond to these pressures, whilst

Principal Risks and Uncertainties

<i>Description of risk</i>	<i>Impact</i>	<i>Mitigation</i>
	our margins	supporting long-term business growth
Bribery and corruption	Corrupt actions or practices in the Group's activities leading to prosecutions or investigations, impacting on the Group's reputation and leading to a loss of stakeholder value	<ul style="list-style-type: none"> • Consistent ethical standards have been established and applied through the Group's anti-bribery and corruption policy, and through contract and procurement procedures • Specific training provided to staff throughout the Group • Regular reviews of compliance requirements conducted with periodic Board reporting
Corporate responsibility	Loss of reputation as a good corporate citizen	<ul style="list-style-type: none"> • Lonrho remains engaged with the global corporate responsibility programme
Reputational damage	Potential for issues with external financing, credit ratings and relations with key suppliers Lonrho seen as a less attractive investor in the future	<ul style="list-style-type: none"> • Our strict governance and control structure helps mitigate operational concerns and investment in people ensures robust processes aim to ensure compliance with very high standards of governance • The Board regularly considers whether the right tone from the top is being maintained
Procurement of foreign currency allocations	Risk of potential non-compliance with the legal and regulatory framework applicable to the Group, through the use of third-party service providers	<ul style="list-style-type: none"> • Adequate due diligence to be undertaken before engagement with third party service providers, in line with the Group's strict compliance measures and ABC policies • Advice from local and UK counsel obtained to ensure full compliance with the applicable legal and regulatory framework
Outbreak of Covid-19	Reduction in operations resulting in decreased revenue and profitability	<ul style="list-style-type: none"> • Increased focus on cash management in order to conserve cash • Drastic reduction in costs, including staff costs • Ability of staff to work remotely or on a 'rotation of staff' basis

Corporate Sustainability

Lonrho believes that Corporate Sustainability should be a practical demonstration of its values, to help build a platform for growth across the Group and in the communities of which it is a part. Lonrho has fully aligned all Group policies and procedures to ensure positive communication and support the development of all employees. During 2019, Lonrho continued to build on its response to the UK's Modern Slavery Act.

Training and development

Lonrho believes that the diverse nature of its workforce is an asset and it continues to foster an inclusive culture. The Group is passionate about investing in employees to provide formal and on-the-job training and creating opportunities for internal promotion. Through this work it contributes to addressing skill deficits within local communities. Due to its operational diversity, Lonrho provides staff training in a wide range of different skills, including accountancy, procurement, foreign languages, health and safety, security, food preparation and dangerous goods handling.

Where possible, Lonrho encourages training sessions by senior team members or management. This is an important demonstration of its commitment to staff and to its corporate values of Entrepreneurship, Integrity, Accountability, Passion and Performance. Additionally, the Board has continued to invest in improving the transfer of information and knowledge, notably through the internal Lonrho Portal.

Health and safety

The health and wellbeing of Lonrho's employees is of foremost importance, and the Board's commitment to ensuring safety across all operations is ongoing. Lonrho manages such risks through the implementation of the Group health and safety policy and procedures, and takes a proactive, responsive approach to local health concerns. As part of this commitment,

regular tests are conducted, and appropriate external standards are maintained for emergency equipment and training, with particular risks identified and acted upon. Lonrho is proud to foster a culture of shared responsibility for safety and wellbeing and invests in the training and equipment required to fulfil this. It also encourages each business to develop strategies to improve their employees' safety and wellbeing.

Diversity and inclusion

Lonrho employs people from 18 different nationalities, providing significant diversity that benefits the Group. The policy of employing local nationals wherever possible, coupled with an emphasis on encouraging internal promotion, allows Lonrho to offer staff challenging career opportunities regardless of their age, ethnicity, religion or gender. The development of open and transparent communication across the Group has led to a strong sense of unity and inclusion. The Board aims to set a clear example of open dialogue, replicated in each of the operational businesses through Workers' Committees, regular business reviews and operations meetings.

Good labour relations/employee engagement

It is vital to ensure good relationships with employees, contractors and the labour unions that represent them is maintained, both for Lonrho employees and for the Group's long-term development. Lonrho recognises workers' rights to union membership and collective bargaining and takes a proactive approach to ongoing dialogue with workers and their representatives.

Supporting local communities

Lonrho intends to be a considerate investor with respect for, and commitment to, local communities. Throughout the Group, Lonrho seeks to actively address community concerns, risks, and impacts in consultation with all stakeholders including local communities, NGOs, government organisations and industry partners.

Lonrho places great emphasis on transparency and the development of open and ongoing dialogue to understand both community and regional issues. It makes community-specific investments across the Group, including supporting local schools and community buildings, improving the supply of quality healthcare and meeting waste management needs.

Conducting business with integrity

Ethical behaviour is a fundamental value of Lonrho and it is the responsibility of all employees to uphold corporate values and conduct themselves with integrity at all times.

Lonrho complies with all legislative and regulatory requirements of the countries and regions in which it operates. Its advocacy for a culture of transparency and responsible citizenship includes support for associations, advocacy groups and institutions that bring together stakeholder groups at a global, regional and local level.

Anti-bribery and corruption

Lonrho Group has zero tolerance to bribery and corruption, which is reflected in Group policy. This commitment originates from the Board and the high standard is filtered through to staff in every division across all Lonrho's operations.

As part of this policy, all Lonrho employees are required to sign the anti-bribery and corruption and Speak Out policies. Additionally, training and refresher training is provided for the entire Group on these topics, and the effectiveness of the implementation of the policies is routinely monitored. The Lonrho Group conducts regular audits through means of dip testing and any areas of risk are carefully observed.

Each business has appointed a Compliance Manager, reporting to the Group Head of Compliance (Chief Legal Officer) who in turn reports into the Audit Committee on compliance related matters. Compliance

Manager meetings are held regularly to review the effectiveness of the policies in every division.

As an illustration of the importance the Company places on this area, anti-bribery and corruption remains a standard item for the Board and Audit Committee meeting agenda.

Strengthening the local economy

Lonrho currently operates in 14 countries across the African continent and contributes to local communities by providing a source of employment and generating wealth, as well as benefiting local economies through direct taxation and payments to employees.

Environmental sustainability

Lonrho is determined to play a role in protecting the environment, and works to foster a culture of stewardship, through which employees and businesses understand and act upon the impact their operations can have upon the environment. As a Group, Lonrho is committed to undertaking steps to prevent and reduce such impacts, to utilise resources efficiently and use responsible technology.

As a company committed to the future growth of Africa, Lonrho understands the impact climate change delivers to both economic and social spheres across all the environments and communities in which we operate.

The UK's Modern Slavery Act (MSA) 2015

Lonrho fully recognises and supports the importance of this UK legislation, which came into force in October 2015. Lonrho is actively working with its divisions on this topic.

Corporate Information

Directors

Christopher M. Chambers - Chairman
Rainer-Marc Frey - Vice Chairman
Dr Johannes Fritz
Dr Dieter Spaelti (resigned 21 November 2019)
Amine Tazi-Riffi - (appointed 23 January 2020)

Secretary and registered office

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Principal Group Bankers

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48-50 Lord Street
Liverpool
L2 1TD

Standard Chartered Bank
4 Sandown Valley Crescent
Sandton 2196
Gauteng
South Africa

Corporate Governance Statement

UK Corporate Governance Code and compliance

Lonrho is committed to good corporate governance across the Group, for which the whole Board is accountable.

The principal governance rules applying to UK companies listed on the London Stock Exchange are contained in the UK Corporate Governance Code published by the Financial Reporting Council and are available on their website www.frc.org.uk.

The Directors recognise the value of the Code and, while full compliance is not required, Lonrho Holdings Limited (LHL) being a private company, the Directors have considered the recommendations and applied insofar as it is practicable and appropriate for a company of its size.

The Company will continue to monitor its corporate governance framework to ensure that it remains appropriate for the Company, having regard to the scale and complexity of its business.

Directors Report for year ended 31 December 2019

The Directors are pleased to submit their report, together with the audited financial statements, for the year ended 31 December 2019.

The Company

Lonrho Holdings Limited is a company incorporated in England & Wales, with company number 08502829.

It was incorporated on 24 April 2013 as FS Africa Limited for the acquisition of Lonrho Plc, which was completed on 19 July 2013, the Company changed its name to Lonrho Holdings Limited on 2 August 2013.

It conducts very limited business activities on its own account and trades principally through its subsidiary undertakings in various jurisdictions. The principal subsidiary undertakings are listed in note 33 on pages 59-64.

Results and dividend

The Group results for the year ended 31 December 2019 are set out on page 23.

The Directors do not recommend the payment of a dividend.

Directors

The Directors who were in office at the end of the period and their interests in the ordinary shares of the Company are shown below:

As at 31 December 2019	No. of shares
Rainer-Marc Frey (Class A)	275,000,000
Dr Dieter Spaelti (Class B) *	4,400,000
Christopher Chambers (Class B)	5,500,000
Dr Johannes Fritz	Nil
Amine Tazi-Riffi	Nil

* Dr Dieter Spaelti resigned on 21 November 2019

Dr Johannes Fritz represents the interests of 50,000,000 Class A ordinary shares owned by SKion GmbH, which is ultimately 100% owed by Susanne Klatten.

All of the above interests are recorded in the Company's Register of Directors' Share and Debenture Interests. No Director has a beneficial interest in the shares or debentures of any of the Company's subsidiary undertakings. Share capital on 31 December 2019, there were 517,500,000 A ordinary shares of \$0.5 each and 122,940,000 B ordinary shares of \$0.5 each in issue. The A and B shares rank pari passu, save that the B shares have no voting rights. There are no restrictions on transfer or limitations on the holding of the ordinary shares.

During 2018 a deferred equity scheme was introduced. To date 10,700,000 shares have vested, however the Directors have decided to recognise the cost of 2018 and 2019 in the 2019 financial year. Due to this treatment, which is not in accordance with IFRS, the auditors have issued a qualified opinion.

Directors Report(continued)

Exercise of control

The powers of the Directors are contained in the Company's Articles of Association. These include powers, subject to relevant legislation, to authorise the issue of the Company's shares by the Company, subject to authority being given to the Directors by the shareholders in general meeting.

The rules about the appointment and replacement of Directors are contained in the Company's Articles of Association. Changes to the Articles of Association must be approved by the shareholders in accordance with legislation in force from time to time.

Insurance

The Company has Directors and Officers Liability Insurance cover for Group Directors.

Statement of Directors' responsibilities in respect of the Annual Report, Strategic Report, the Directors' Report and the financial statements

The Directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they have elected to prepare both the Group and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of their profit or loss of the Group and Parent Company for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

How the Directors discharged their responsibilities in this area

The Lonrho Group financial statements are presented in accordance with IFRSs as adopted by the EU.

Details of the Group's financial risk management are described in note 29 to the accounts on pages 53-58.

Directors Report(continued)

Responsibility statement of the Directors in respect of the Annual Report and the financial statements

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the information that is cross-referenced from the Strategic Report and the Directors' Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Going concern

The Group's forecast and projections, considering possible changes in trading performance, together with mitigating actions that are within management's control, show that the Group is expected to be able to operate as a going concern for the foreseeable future.

The Directors are carefully monitoring cash resources across the Group and have instigated a number of initiatives to ensure funding will be available for planned projects.

Following the careful review of ongoing performance, and after making due enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue operational existence for the foreseeable future. The Group has been monitoring the effect the outbreak of Covid-19 has had on its operations as set out in the Outlook section of the Strategic Report above, and was not immune to the impact that governments around the world have implemented to stem the rate of infection. The Group has produced revised forecast based on the available information, which considers the potential downside sensitivities to its forecast. However, even in consideration of these potential downside scenarios, the Directors continue to believe that the group has sufficient cash resources to maintain its ability to continue as a going concern, despite the impact of the outbreak. The Group is also well positioned to capitalise on the potential increase in demand that is expected once the hard lockdown measures are lifted and the initial impact of the virus has stabilised. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements.

Impact of Covid-19

In late 2019, a novel strain of COVID-19, also known as coronavirus, was reported in Wuhan, China. While initially the outbreak was largely concentrated in China, it has now spread to several other countries, including Africa, and infections have been reported globally. Most African governments within the countries that Lonrho divisions operate, have implemented measures to attempt to control the spread of the virus. These measures include temporary closure of businesses, social distancing, restriction on travel, and other limitations which places strain on the way business was being conducted. These measures have resulted in work stoppages and other disruptions. Lonrho has adapted its work environment in order to deal with this crisis. With African governments beginning to reopen the economies after weeks of lockdown, Lonrho is beginning to see a slow but steady return of business operations. The extent to which the coronavirus impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence. The Directors are closely monitoring the effect of Covid-19 on the Group results for 2020 by the strict monitoring of cash resources and ensuring costs are kept to a minimum.

Directors Report(continued)

Scope of the reporting in this Annual Report and the financial statements

The Board has prepared a Strategic Report which provides an overview of the development and performance of the Company's business in the year ended 31 December 2019 and its position at the end of that period, and which covers likely future developments in the business of the Company and Group.

Directors' Report

When drafting the Strategic Report, the Board has considered social, environmental and ethical risks, in line with the best practice recommendations of the Association of British Insurers. Management, led by the Group COO, under the guidance of the Board have responsibility for identifying and managing such risks, which are discussed extensively in this report and the financial statements.

External auditors

So far as each Director is aware, there is no information relevant to the audit of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any such information and to ensure that the Company's auditors are aware of that information.

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Grant Thornton UK LLP will therefore continue in office.

By order of the Board



Ashleigh Woolf
Company Secretary
28 July 2020

Registered Office:
10th Floor
26-28 Hammersmith Grove
London
W6 7HA

Independent auditor's report to the members of Lonrho Holdings Limited**Qualified Opinion**

We have audited the financial statements of Lonrho Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Changes in Equity, Consolidated and Company Statements of Financial Position, Consolidated and Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, except for the matter described in the basis for qualified opinion section of our report: the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;

- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

As detailed in Note 25 of the financial statements the Directors have included a charge relating to the prior year of circa \$1.3million due from the vesting of 7,200,000 shares in 2018 in the current year, which constitutes a departure from International Financial Reporting Standards. If this charge had been recorded in the prior year, the profit for the current year would have increased by circa \$1.3m and loss for the prior year would have increased by \$1.3m.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter – Angolan payments

We draw attention to note 34 to the financial statements relating to the \$US 1,000,000 commission paid to an Angolan consultant in 2016 and 2017 to secure foreign currency allocations from Angola and the possibility that these arrangements might expose the Company and Group to liability for breach of laws. The possibility of any such liabilities arising cannot be excluded nor quantified, and therefore no provision for any liability that may result has been made in the financial statements. Our opinion is not modified in respect of this matter.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 a result of the matter described in the basis for qualified opinion section above, we have concluded that the other information is materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

Except for the matter described in the basis for qualified opinion, in the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

In respect solely to the issue described in the basis for qualified opinion section of our report:

- the parent company financial statements are not in agreement with the accounting records and returns;
- We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
 - certain disclosures of directors' remuneration specified by law are not made; or
 - we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company'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 the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nicholas Watson BSc ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
28 July 2020

Consolidated Income Statement

For the year ended 31 December 2019 and year ended 31 December 2018

	Notes	Year ended 31 December 2019			Year ended 31 December 2018		
		Continuing operations \$m	Discontinued operations \$m	Total \$m	Continuing operations \$m	Discontinued operations \$m	Total \$m
Revenue	4, 5	241.7	-	241.7	244.2	5.9	250.1
Cost of sales		(191.7)	-	(191.7)	(201.5)	(1.5)	(203.0)
GROSS PROFIT		50.0	-	50.0	42.7	4.4	47.1
Other operating income		1.0	-	1.0	0.9	0.1	1.0
Operating costs	6	(43.8)	-	(43.8)	(43.2)	(4.7)	(47.9)
OPERATING PROFIT/(LOSS)		7.2	-	7.2	0.4	(0.2)	0.2
Earnings before interest, tax, depreciation and amortisation*		16.1	-	16.1	7.9	-	7.9
Depreciation and amortisation	13,14,30	(8.9)	-	(8.9)	(7.5)	(0.2)	(7.7)
Finance income	10	2.6	-	2.6	1.6	-	1.6
Finance expense	10	(3.5)	-	(3.5)	(6.6)	(0.7)	(7.3)
Share based costs		(1.6)	-	(1.6)	-	-	-
Loss on disposal of subsidiaries		-	-	-	-	(10.6)	(10.6)
Impairment of assets	14,21	(2.4)	-	(2.4)	(10.7)	-	(10.7)
Share of associates	15	(1.3)	-	(1.3)	(1.0)	-	(1.0)
(LOSS)/PROFIT BEFORE TAX		1.0	-	1.0	(16.3)	(11.5)	(27.8)
Income tax charge	11	(1.9)	-	(1.9)	0.9	(0.2)	0.7
Release of tax provision	11	7.9	-	7.9	-	-	-
(LOSS)/PROFIT FOR THE YEAR		7.0	-	7.0	(15.4)	(11.7)	(27.1)

ATTRIBUTABLE AS FOLLOWS:

(LOSS)/PROFIT FOR THE YEAR		7.0	-	7.0	(15.4)	(11.7)	(27.1)
Owners of the Company	22	4.0	-	4.0	(13.1)	(11.5)	(24.6)
Non-controlling interests	22	3.0	-	3.0	(2.3)	(0.2)	(2.5)

EARNINGS PER SHARE

Basic (loss)/profit per share (cents)	12			0.63			(3.84)
Diluted (loss)/profit per share (cents)	12			0.63			(3.84)

* The Directors have defined earnings before interest, tax, depreciation, amortisation and impairment, a non-GAAP measure, as a key profit performance as explained in Note 4.

The notes on pages 28-64 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019 and year ended 31 December 2018

	Note	Year ended 31 December 2019			Year ended 31 December 2018		
		Continuing operations \$m	Discontinued operations \$m	Group 31 December 2019	Continuing operations \$m	Discontinued operations \$m	Group 31 December 2018
Profit/(loss) for the year		7.0	-	7.0	(15.4)	(11.7)	(27.1)
Other comprehensive income							
Foreign exchange translation differences*	22	(2.9)	-	(2.9)	0.8	8.9	9.7
		(2.9)	-	(2.9)	0.8	8.9	9.7
Total comprehensive income/(loss)		4.1	-	4.1	(14.6)	(2.8)	(17.4)
ATTRIBUTABLE TO:							
Owners of the Company		0.5	-	0.5	(12.8)	(2.6)	(15.4)
Non-controlling interests		3.6	-	3.6	(1.8)	(0.2)	(2.0)
Total comprehensive income/(loss)		4.1	-	4.1	(14.6)	(2.8)	(17.4)

* Item may be reclassified subsequently to profit and loss.

The notes on pages 28-64 are an integral part of these financial statements.

Consolidated and Company Statements of Changes in Equity

For the year ended 31 December 2019 and year ended 31 December 2018

	Attributable to equity holders of the parent							Non- controlling interest \$m	Total equity \$m
	Share capital \$m	Share premium \$m	Translation reserve \$m	Share option reserve \$m	Capital redemption reserve	Retained earnings \$m	Total \$m		
AT 31 DECEMBER 2018	320.2	320.7	(5.0)	-	0.1	(460.9)	175.1	25.9	201.0
Change in profit	-	-	-	-	-	(24.6)	(24.6)	(2.5)	(27.1)
Foreign exchange translations	-	-	9.2	-	-	-	9.2	0.5	9.7
Total comprehensive income	-	-	9.2	-	0.0	(24.6)	(15.4)	(2.0)	(17.4)
Subsidiaries disposed	-	-	(8.9)	-	-	0.9	(8.0)	0.1	(7.9)
Non-controlling interest dividends	-	-	-	-	-	-	-	(0.9)	(0.9)
Dividend paid / received	-	-	-	-	-	(0.3)	(0.3)	-	(0.3)
AT 31 DECEMBER 2018	320.2	320.7	(4.7)	-	0.1	(484.9)	151.4	23.1	174.5
Adoption of IFRS 16	-	-	-	-	-	(0.6)	(0.6)	-	(0.6)
AT 1 JANUARY 2019 (restated)	320.2	320.7	(4.7)	-	0.1	(485.5)	150.8	23.1	173.9
Change in profit	-	-	-	-	-	4.0	4.0	3.0	7.0
Foreign exchange translations	-	-	(3.5)	-	-	-	(3.5)	0.6	(2.9)
Total comprehensive income	-	-	(3.5)	-	-	4.0	0.5	3.6	4.1
Acquisition of subsidiary	-	-	-	-	-	-	-	1.4	1.4
Share based payments	-	-	-	1.6	-	-	1.6	-	1.6
Reclassifications	-	-	-	-	-	(0.7)	(0.7)	0.7	-
Subsidiaries disposed	-	-	-	-	-	-	-	(0.1)	(0.1)
Non-controlling interest dividends	-	-	-	-	-	-	-	(2.8)	(2.8)
AT 31 DECEMBER 2019	320.2	320.7	(8.2)	1.6	0.1	(482.2)	152.2	25.9	178.1

The notes on pages 28-64 are an integral part of these financial statements. Refer to note 22 for Capital and reserves note.

The Company had total equity brought forward of \$174.5m (2018: \$201.0m). During the year the Company had issued share capital of \$nil (2018: \$nil), repurchased and cancelled shares of \$nil (2018: \$nil), dividends received of \$0.0m (2018: \$0.3m) and a profit for the year of \$7.0m (2018: loss \$27.1m) resulting in total equity carried forward of \$178.1m (2018: \$174.5m).

Consolidated and Company Statements of Financial Position

As at 31 December 2019 and 31 December 2018

		Group		Company	
	Notes	31 December 2019 \$m	31 December 2018 \$m	31 December 2019 \$m	31 December 2018 \$m
ASSETS					
Intangible assets	13	32.4	30.5	-	-
Property, plant and equipment	14	47.1	52.3	-	-
Investments in associates	15	17.7	18.7	-	-
Loans receivable		2.2	2.0	-	-
Right of use asset	30	7.1	-	-	-
Deferred tax assets	17	3.3	3.8	-	-
TOTAL NON-CURRENT ASSETS		109.8	107.3	-	-
Inventories	18	36.2	40.0	-	-
Trade and other receivables	19	55.5	49.0	8.7	1.3
Cash at bank	20	61.6	68.1	41.7	48.3
Other financial assets		2.0	2.7	-	-
Asset held for sale	21	0.2	-	-	-
TOTAL CURRENT ASSETS		155.5	159.8	50.4	49.6
TOTAL ASSETS		265.3	267.1	50.4	49.6
EQUITY					
Share capital	22	320.2	320.2	320.2	320.2
Share premium account	22	320.7	320.7	320.7	320.7
Share option reserve	22	1.6	-	1.6	-
Capital redemption reserve	22	0.1	0.1	0.1	0.1
Translation reserve	22	(8.2)	(4.7)	-	-
Retained earnings	22	(482.2)	(484.9)	(592.2)	(591.4)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		152.2	151.4	50.4	49.6
Non-controlling interests	22	25.9	23.1	-	-
TOTAL EQUITY		178.1	174.5	50.4	49.6
LIABILITIES					
Loans and borrowings	23	0.6	0.6	-	-
Lease liability	30	6.0	-	-	-
Deferred tax liabilities	17	6.3	6.4	-	-
Trade and other payables	26	16.6	16.3	-	-
TOTAL NON-CURRENT LIABILITIES		29.5	23.3	-	-
Bank overdraft	20, 23	10.1	17.4	-	-
Lease liability	30	2.0	-	-	-
Loans and borrowings	23	4.8	5.3	-	-
Trade and other payables	26	40.2	37.9	-	-
Provisions	27	0.2	0.1	-	-
Tax liability		0.4	8.6	-	-
TOTAL CURRENT LIABILITIES		57.7	69.3	-	-
TOTAL LIABILITIES		87.2	92.6	-	-
TOTAL EQUITY AND LIABILITIES		265.3	267.1	50.4	49.6

The notes on pages 28-64 are an integral part of these financial statements. These financial statements were approved by the Board of Directors and authorised for issue on 28 July 2020. They were signed on its behalf by Christopher M. Chambers Company number: 08502829

Christopher M. Chambers

Consolidated and Company Statements of Cash Flows

For the year ended 31 December 2019 and year ended 31 December 2018

		Group	Company		
	Note	31 December 2019 \$m	31 December 2018 \$m	31 December 2019 \$m	31 December 2018 \$m
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) for the year		7.0	(27.1)	(0.8)	5.1
Adjustments	28	9.1	35.0	0.7	3.9
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE MOVEMENTS IN WORKING CAPITAL					
		16.1	7.9	(0.1)	9.0
Change in inventories		6.9	(5.4)	-	-
Change in trade and other receivables		4.2	(17.8)	(7.4)	(21.3)
Change in trade and other payables		(9.2)	12.9	-	-
CASH GENERATED (UTILISED) BY OPERATIONS					
		18.0	(2.4)	(7.5)	(12.3)
Interest received		1.6	0.9	0.9	(9.1)
Interest paid		(2.8)	(3.8)	-	(1.6)
Income tax paid		(3.0)	(4.4)	-	(2.2)
NET CASH FROM OPERATING ACTIVITIES					
		13.8	(9.7)	(6.6)	(25.2)
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions of property, plant and equipment	14	(1.5)	(1.7)	-	-
Acquisition of subsidiary		(5.7)	-	-	-
Acquisition of associate		-	(20.0)	-	-
NET CASH FROM INVESTING ACTIVITIES					
		(7.2)	(21.7)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Repurchase of share		-	-	-	-
Payment of lease liabilities		(2.2)	-	-	-
Dividends paid to non-controlling interest		(2.8)	-	-	-
Repayment of shareholder loan		(0.7)	-	-	-
NET CASH FROM FINANCING ACTIVITIES					
		(5.7)	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
		0.9	(31.4)	(6.6)	(25.2)
Opening cash and cash equivalents		50.8	83.1	48.3	73.5
Foreign exchange movements		(0.2)	0.4	-	-
Disposal of subsidiary		-	(1.3)	-	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR					
	20	51.5	50.8	41.7	48.3

The notes on pages 28-64 are an integral part of these financial statements.

Notes to the Financial Statements

1. Reporting entity

Lonrho Holdings Ltd (the 'Company') is a company incorporated and domiciled in the UK. The consolidated financial statements of the Company for the year ended 31 December 2019 comprise of the Company and its subsidiaries (together referred to as the 'Group').

The financial statements were authorised for issue by the Directors on 28 July 2020.

2. Basis of preparation

Statement of compliance

Both the Parent Company and the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (Adopted IFRS). On publishing the Parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in section 408(4) of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements. The result of the Company is disclosed in note 22 to the accounts.

The Group has assessed the differences in application of IFRS (IASB) and IFRS as adopted by the EU and confirmed that there are no differences that would impact the financial statements if IFRS (IASB) was applied.

Going concern

The Group's forecast and projections, considering possible changes in trading performance, together with mitigating actions that are within management's control, show that the Group is expected to be able to operate as a going concern for the foreseeable future.

The Directors are carefully monitoring cash resources across the Group and have instigated a number of initiatives to ensure funding will be available for planned projects.

Following the careful review of ongoing performance, and after making due enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue operational existence for the foreseeable future. The Group has been monitoring the effect the outbreak of Covid-19 has had on its operations as set out in the Outlook section of the Strategic Report above, and was not immune to the impact that governments around the world have implemented to stem the rate of infection. The Group has produced revised forecast based on the available information, which considers the potential downside sensitivities to its forecast. However, even in consideration of these potential downside scenarios, the Directors continue to believe that the group has sufficient cash resources to maintain its ability to continue as a going concern, despite the impact of the outbreak. The Group is also well positioned to capitalise on the potential increase in demand that is expected once the hard lockdown measures are lifted and the initial impact of the virus has stabilised. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements.

Functional and presentation currency

The financial statements are presented in US Dollars which is the Company's functional currency. All financial information presented has been rounded to the nearest \$0.1m.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- Amendments to IFRS 17: Insurance contracts (issued 18 May 2017 and effective for periods on or after 1 January 2021), this is not expected to have any impact on the group accounts.
- Amendments to IFRS 3: Business Combinations (issued on 22 October 2018 and effective for periods on or after 1 January 2020)
- Amendments to IAS 1 and IAS 8 - definition of Material (issued on October 2018 and effective for periods on or after 1 January 2020)
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018 and effective for periods on or after 1 January 2020)

None of the above standards are effective and therefore have not been applied in the financial statements.

Use of estimates and judgements

The preparation of financial statements in conformity with Adopted IFRS requires Management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgements made by Management in the application of Adopted IFRS that have significant effect on the financial statements are:

- The determination of the functional currencies of subsidiaries (note 3(d)) is based on the currency of the primary economic environment in which the subsidiary operates.
- The determination of whether certain businesses should be presented as part of continuing or discontinuing operations (note 21). The Group has in the 2019 year classified their division Logistics Zimbabwe as held for sale. Due to the size of the operations, that is not significant to the Group results, the Group does not believe that the classification meets the definition of a discontinued operation.
- The determination of the useful life of intangible assets (note 3(c)).
- The recognition of potential corporate, value added and employee tax provisions, the timing and amount of which are uncertain. Management have analysed the present obligations that exist with regards to tax exposures in the various jurisdiction's that the Group operates. The provisions included estimates for consulting advice, as well as interest and penalties that the Group had been historically exposed to.

Estimates made by Management in the application of Adopted IFRS that have significant effect on the financial statements are:

- The valuation of intangible assets, detail surrounding the key assumptions in the valuation have been provided in note 13.
- The treatment of the deferred equity scheme (note 25).

The timing of revenue recognition is not subject to significant uncertainty.

3. Significant accounting policies

The accounting policies set out below have been applied consistently in these consolidated financial statements. The accounting policies have been applied consistently in both the current and prior years by Group entities.

(a) Accounting policy changes

There are no significant changes to accounting policies across the Group in the year.

(b) Basis of consolidation**Subsidiaries**

The consolidated financial statements incorporate the financial statements of Lonrho Holdings Ltd and entities controlled by Lonrho Holdings Ltd and its subsidiaries. Lonrho Holdings Ltd (the Company) controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The portion of a non-controlling interest is stated at the non-controlling interest's proportion of the fair values of the assets and liabilities recognised. Subsequently, losses applicable to the non-controlling interest in excess of the non-controlling interest in the subsidiary's equity are allocated against the interests of the Group where the non-controlling interest has a specific exemption from making an additional investment to cover the losses. Future profits attributable to the non-controlling interest are not recognised until the unrecognised losses have been extinguished.

The results of entities acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

The acquisition of subsidiaries and businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with IFRS 5, which are recognised and measured at fair value less costs to sell.

Associates and joint ventures and jointly controlled entities

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Jointly controlled entities are those entities whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than right to its assets and obligations for its liabilities.

Investments in associates and jointly controlled entities are accounted for under the equity method and are usually recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The Company records interests in associates, joint ventures and jointly controlled entities initially at cost and thereafter at cost less provisions for impairment.

Business combinations

Goodwill arising on acquisition is initially measured at cost, being the excess of the fair value of the consideration over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

When the excess is negative the identified fair values are reassessed to ensure that all acquired assets and liabilities have been recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the fair value of the consideration, the excess is recognised immediately in the income statement. The interest of non-controlling interests in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

When a business combination is achieved in stages, the Group's previously held interest in the acquired entity are re-measured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in the profit or loss. When the consideration for the acquisition includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and is included as part of the consideration transferred in the business combination. Changes in the fair value of the contingent consideration are adjustments against goodwill.

(c) Intangible assets

The Group determines whether goodwill and other intangible assets are permanently impaired on an annual basis or otherwise when changes in events or situations indicate that the carrying value may not be recoverable. This requires an estimation of the recoverable amount of the cash-generating unit to which the assets are allocated. Estimating the value in use requires the Group to make an estimate of the future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Goodwill

Positive goodwill arising on consolidation is recognised as an asset. Following initial recognition, goodwill is subject to impairment reviews, at least annually, and measured at cost less accumulated impairment losses. The recoverable amount is estimated at each reporting date. Any impairment loss is recognised immediately in the income statement and is not subsequently reversed when the carrying amount of the asset exceeds its recoverable amount.

Any impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (groups of units) and then, to reduce the carrying amount of other assets in the unit (groups of units) on a pro rata basis.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Other intangible assets

Other intangible assets are measured initially at cost and are amortised on a straight-line basis over their estimated useful lives except for brands, which are assessed as having indefinite useful lives. All other intangible assets are tested for impairment annually and are reduced by any provision for impairment where necessary.

On a business combination, identifiable intangible assets that are separable or arise from contractual or other legal rights are also included in the acquisition statement of financial position at fair value.

Amortisation of intangible assets is charged on a straight-line basis over their useful economic life, on the following basis:

Brands	Indefinite useful lives
Software	3 years - 10 years
Development costs	5 years - 10 years
Customer relationships	5 years - 10 years
Franchises	5 years
Customer contracts	Life of the contract

(d) Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in US Dollars, which is the functional currency of the Company, and the presentational currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions denominated in foreign currencies are translated into the respective functional currency of the Group entities using the exchange rates prevailing at the dates of transactions. Non-monetary assets and liabilities are translated at the historic rate. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gains, and losses are recognised directly in equity are also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing at the reporting date. Income and expense are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case weighted average rates are used. Exchange differences arising, if any, are classified in equity and are transferred to the Group's foreign currency translation reserve within equity. Such translation is recognised as income or as expense in the period in which the operation is disposed of.

All foreign exchange gains or losses that are reflected in the income statement are presented within financing income or expense.

(e) Taxation

The tax expense represents the sum of current tax and deferred tax.

Current taxation

Current tax is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on the investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates substantially enacted at the reporting date, that apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(f) Investments

The Group's investments in equity securities that are not associates or joint ventures are classified as either available-for-sale financial assets or assets at fair value through profit and loss. This designation is made on acquisition of individual investments. For available-for-sale financial assets subsequent to initial recognition, they are measured at fair value or cost where fair value cannot be assessed and changes therein, other than impairment losses (see below), are recognised directly in equity. When an investment is de-recognised, the cumulative gain or loss in equity is transferred to the income statement. For assets at fair value through profit and loss, subsequent to initial recognition they are measured at fair value and changes recognised within gains/losses on other investments in the income statement.

Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available for sale financial asset recognised previously in equity is transferred to the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(g) Property, plant and equipment

Long leasehold land and buildings are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets (less estimated residual values updated annually), other than long leasehold land, over their estimated useful lives, on the following basis:

Long leasehold land and buildings	2% of cost
Short leasehold land and buildings	Over the term of the lease
Plant and machinery	10% of cost
Fixtures and fittings	15% - 25% of cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement for the year.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, over the relevant lease term.

Bearer plants are classified as plant and machinery and valued at historical cost less accumulated depreciation and accumulated impairment losses.

(h) Impairment of assets (excluding goodwill, inventories and deferred tax assets)

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. 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 and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised

for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation increase.

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. 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 and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation increase.

(i) Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated recoverable amounts are recognised in the income statement when there is a significant increase in credit risk.

Trade and other payables

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

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(j) Capital management

The Board's policy for the Group and Company is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and (where applicable) direct expenditure and attributable overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(l) Share-based payments

The cost of any equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the awards that eventually vest.

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(n) Dividends

Interim dividends are recognised directly in reserves when paid and final dividends are recognised as liabilities in the period in which they are approved by shareholders.

(o) Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(p) Revenue recognition

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Group enters into wide range of transactions involving a range of products and services, for example sourcing and distributing of seafood, agricultural and construction equipment and logistics services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

In 2018 the Group adopted IFRS 15 'Revenue from Contracts with Customers', due to the nature of the Group's revenue streams, there was no impact on adopting the new standard.

(q) Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17. For contracts entered into before 1 January 2019, the Company determined whether the arrangement contained a lease by analysing whether the arrangement related to a specific asset and whether the Company had the right to control the use of that asset. The Company recognised the right to use asset which is measured at the present value of the remaining lease payments, plus any initial direct costs incurred and costs to dismantle and remove the underlying asset or restore the underlying asset or site on which it is located, and discounted using the incremental borrowing rate. The Company has elected to not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of less than 12 months and or less, and leases of low value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The right of use asset is subsequently depreciated using the straight-line method, from the date of implementation to the end of its lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the date of implementation, using the interest rate implicit in the lease, or if the rate cannot be readily determined, the Company's incremental borrowing rate.

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(s) Earnings per share

Basic earnings per share is calculated based on the weighted average number of ordinary shares outstanding during the year. Diluted loss per share is based upon the weighted average number of shares in issue throughout the year, adjusted for the dilutive effect of potential ordinary shares. The potential dilutive ordinary shares in issue are employee share options.

(t) Reportable segments

Segments are determined to be the lowest operational segment that the Chief Operating Decision Maker

(CODM) evaluates the result of the segment and allocates resources to that segment. This is based on the Group's internal organisation and the financial information provided to the CODM.

(u) Assets and liabilities classified as held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

4. Segment reporting

The Chief Operating Decision Maker (CODM) is deemed to be the Executive Management Committee which monitors the results of the business segments to assess performance and make decisions about the allocation of revenues. Segment performance is evaluated on:

Revenue

Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA)

Segment results, assets and liabilities include items directly attributable to a segment as well as those that are allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and expenses. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

Inter-segment pricing is determined on an arm's length basis.

Business segments

The Group has three core continuing reportable segments which are organised around the basis of products and services which they provide:

- Food and Beverage Processing and Distribution (FPB&D)
- Market Expansion Services (MES)
- Infrastructure

The central division includes head office costs that are not allocated to the operating divisions.

Geographical analysis

All of the segments operate in various parts of Sub-Saharan Africa.

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Business Segments

Year ended 31 December 2019								
	FPB&D \$m	MES \$m	Infrastructure \$m	Core operating divisions \$m	Central \$m	Continuing operations \$m	Discontinued divisions \$m	Total \$m
External revenue	159.8	62.1	19.8	241.7	-	241.7	-	241.7
Inter-segment revenue	-	-	-	-	-	-	-	-
SEGMENT REVENUE	159.8	62.1	19.8	241.7	-	241.7	-	241.7
Earnings before interest, tax, depreciation, amortisation and impairment	6.9	2.3	9.8	19.0	(2.9)	16.1	-	16.1
Depreciation and amortisation	(2.2)	(0.9)	(5.0)	(8.1)	(0.8)	(8.9)	-	(8.9)
SEGMENT RESULT	4.7	1.4	4.8	10.9	(3.7)	7.2	-	7.2
Net finance income	1.1	0.3	0.3	1.7	0.9	2.6	-	2.6
Net finance expense	(2.1)	(1.6)	(0.1)	(3.8)	0.3	(3.5)	-	(3.5)
Share based payments	-	-	-	-	(1.6)	(1.6)	-	(1.6)
Impairment of assets	(2.4)	-	-	(2.4)	-	(2.4)	-	(2.4)
Share of associates	(1.3)	-	-	(1.3)	-	(1.3)	-	(1.3)
PROFIT/(LOSS) BEFORE TAX	0.0	0.1	5.0	5.1	(4.1)	1.0	-	1.0
Income tax credit/(charge)	(1.1)	(0.7)	-	(1.8)	(0.1)	(1.9)	-	(1.9)
Release of tax provision	-	-	-	-	7.9	7.9	-	7.9
PROFIT/(LOSS) FOR THE YEAR	(1.1)	(0.6)	5.0	3.3	3.7	7.0	-	7.0

Year ended 31 December 2019								
	FPB&D \$m	MES \$m	Infrastructure \$m	Core operating divisions \$m	Central \$m	Continuing operations \$m	Discontinued divisions \$m	Total \$m
Segment operating assets	93.3	36.3	38.9	168.5	-	168.5	-	168.5
Unallocated assets	-	-	-	-	96.8	96.8	-	96.8
TOTAL ASSETS	93.3	36.3	38.9	168.5	96.8	265.3	-	265.3
Segment operating liabilities	43.1	21.7	12.4	77.2	10.0	87.2	-	87.2
TOTAL LIABILITIES	43.1	21.7	12.4	77.2	10.0	87.2	-	87.2
Depreciation of segment assets	(2.2)	(0.9)	(5.0)	(8.1)	(0.4)	(8.5)	-	(8.5)
Capital expenditure	0.7	0.3	0.5	1.5	-	1.5	-	1.5

Geographical analysis

	Sub-Saharan Africa \$m	Rest of World \$m	Total \$m
Revenue by location of external customers	241.7	-	241.7
Net assets	114.8	63.3	178.1
Capital expenditure	1.5	-	1.5

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Business segments

Year ended 31 December 2018								
	FPB&D \$m	MES \$m	Infrastructure \$m	Core operating divisions \$m	Central \$m	Continuing operations \$m	Discontinued divisions \$m	Total \$m
External revenue	173.6	59.0	11.6	244.2	-	244.2	5.9	250.1
Inter-segment revenue	0.1	(0.1)	-	-	-	-	-	-
SEGMENT REVENUE	173.7	58.9	11.6	244.2	-	244.2	5.9	250.1
Earnings before interest, tax, depreciation, amortisation and impairment	5.5	1.4	3.4	10.3	(2.4)	7.9	-	7.9
Depreciation and amortisation	(1.0)	(0.9)	(5.0)	(6.9)	(0.6)	(7.5)	(0.2)	(7.7)
SEGMENT RESULT	4.5	0.5	(1.7)	3.4	(2.5)	0.9	(0.8)	0.2
Net finance income	0.8	0.3	0.3	1.4	(1.3)	0.1	-	1.6
Net finance expense	(1.5)	(3.2)	(0.3)	(5.0)	(0.0)	(5.0)	(0.7)	(7.3)
Loss on disposal of subsidiaries	-	-	-	-	-	-	(10.6)	(10.6)
Impairment of assets	-	-	(10.7)	(10.7)	-	(10.7)	-	(10.7)
Share of associates	(1.0)	-	-	(1.0)	-	(1.0)	-	(1.0)
PROFIT/(LOSS) BEFORE TAX	2.8	(2.4)	(8.8)	(11.9)	(3.9)	(16.3)	(11.5)	(27.8)
Income tax credit/(charge)	2.3	(0.9)	-	1.4	(0.6)	0.9	(0.2)	0.7
PROFIT/(LOSS) FOR THE YEAR	6.5	(3.3)	(8.8)	(10.5)	(4.5)	(15.4)	(11.7)	(27.1)

Year ended 31 December 2018								
	FPB&D \$m	MES \$m	Infrastructure \$m	Core operating divisions \$m	Central \$m	Continuing operations \$m	Discontinued divisions \$m	Total \$m
Segment operating assets	80.6	38.0	48.4	166.8	-	166.8	-	166.8
Unallocated assets	-	-	-	-	100.3	100.3	-	100.3
TOTAL ASSETS	80.6	38.0	48.4	166.8	100.3	267.1	-	267.1
Segment operating liabilities	(43.5)	(19.9)	(12.9)	(76.3)	(16.3)	(92.6)	-	(92.6)
TOTAL LIABILITIES	(43.5)	(19.9)	(12.9)	(76.3)	(16.3)	(92.6)	-	(92.6)
Depreciation of segment assets	(1.0)	(0.9)	(5.2)	(7.1)	(0.2)	(7.3)	-	(7.3)
Capital expenditure	1.0	0.5	0.1	1.6	0.1	1.7	-	1.7

Geographical analysis 31 December 2018

	Sub-Saharan Africa \$m	Rest of World \$m	Total \$m
Revenue by location of external customers	250.1	-	250.1
Net assets	106.3	68.2	174.5
Capital expenditure	1.7	0.0	1.7

The cost to develop the necessary information required to report by country would be excessive and has therefore not been compiled.

5. Revenue

	Year ended 31 December 2019 \$m	Year ended 31 December 2018 \$m
Sale of goods	167.1	179.6
Services	74.6	70.5
	241.7	250.1

6. Group operating costs

	Year ended 31 December 2019 \$m	Year ended 31 December 2018 \$m
Operating costs	(43.8)	(47.9)

INCLUDED IN OPERATING COSTS ABOVE ARE:

Depreciation of property, plant and equipment (note 14)	(7.8)	(7.7)
Amortisation (note 13)	(0.4)	(0.4)
Inventories recognised as an expense in the period	(80.4)	(108.9)
Staff costs (note 9)	(22.2)	(23.6)

7. Auditor's remuneration

	Year ended 31 December 2019 \$m	Year ended 31 December 2018 \$m
Fees payable to the Company's auditors for the audit of the Company's annual accounts	0.3	0.3
AMOUNTS RECEIVABLE BY THE AUDITORS AND THEIR ASSOCIATES IN RESPECT OF:		
The audit of the Company's subsidiaries pursuant to legislation	0.3	0.4
TOTAL FEES PAYABLE TO THE COMPANY'S AUDITORS	0.6	0.7

The non-audit fees in the year were \$0.1m (2018: \$0.1m).

8. Acquisition of subsidiary

On 1 September 2019, the Company acquired a 83.7% voting and economic interest in Brands Consumer Group PCC ("Brands") a Mauritius based holding company for \$9.6 million. Brands is a distributor of Fast-Moving Consumer Goods ("FMCG") for both international and local Principals such as Beiersdorf (Nivea), Lindt, Ferrero, Lucky Star, Premier Food and Duracell. Included in operating costs for 2019 are acquisition related expenditure on the Brands transaction of \$0.3m

Identifiable net asset is as per below: ,

	Brands Group \$m	Safari \$m	Chabenza \$m	Brands Consumer Group \$m
Cash	3.3	0.6	-	3.9
Deferred tax	0.2	-	-	0.2
Property Plant and Equipment	0.2	0.6	0.4	1.2
Inventory	1.0	2.1	-	3.1
Receivables	4.5	5.6	-	10.1
Payables	(4.9)	(3.9)	-	(8.8)
Loans	(1.0)	-	-	(1.0)
Total identifiable Net assets	3.3	5.0	0.4	8.7
Non-controlling interest				1.4
Total Purchase price				9.6
Goodwill				2.3

Goodwill is allocated to the following CGU's as follows Brands (\$0.3m), Safari (\$0.0m) and Chabenza (\$2.0m). In 2019 Brands contributed Revenue of \$16.8m and Profit after tax of \$1.7m..

9. Staff numbers

The aggregate remuneration comprised (including Directors):

	Year ended 31 December 2019 \$m	Year ended 31 December 2018 \$m	Year ended 31 December 2019 \$m	Year ended 31 December 2018 \$m
Wages and salaries	(21.4)	(22.8)	-	-
Compulsory social security contributions	(0.7)	(0.7)	-	-
Share-based payments	(0.1)	(0.1)	-	-
	(22.2)	(23.6)	-	-

The average number of employees (including Directors):

	Year ended 31 December 2019 \$m	Year ended 31 December 2018 \$m	Year ended 31 December 2019 \$m	Year ended 31 December 2018 \$m
Food Supply Chain Management	702	346	-	-
Market Expansion Services	271	291	-	-
Infrastructure	114	223	-	-
Central	19	29	-	-
	1,106	889	-	-

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Remuneration of Directors:

	Year ended 31 December 2019 \$m	Year ended 31 December 2018 \$m
Statutory Directors Remuneration	230	317
AT 31 DECEMBER	230	317

Name of Director	Base salaries and fees \$	Pensions \$	Bonuses \$	Benefits in kind and taxable expenses \$	Total 31 December 2019 \$	31 December 2018 \$
Chairman						
Christopher Chambers	191,963	14,743	Nil	22,880	229,586	211,334
Director						
Rainer-Marc Frey	Nil	Nil	Nil	Nil	Nil	Nil
Dr Dieter Spaelti	Nil	Nil	Nil	Nil	Nil	Nil
Dr Reto Suter*	Nil	Nil	Nil	Nil	Nil	Nil
James Goode**	Nil	Nil	Nil	Nil	Nil	106,841
Dr Johannes Fritz	Nil	Nil	Nil	Nil	Nil	Nil

*Dr Reto Suter became a Non-Executive Director in May 2017 and Resigned from the board 31 December 2018

** James Goode resigned from the board 30 April 2018.

10. Net finance expense

	Year ended 31 December 2019 \$m	Year ended 31 December 2018 \$m
Bank interest	1.6	0.9
Foreign exchange gain	1.0	0.7
Fair value gain on call option	-	-
FINANCE INCOME	2.6	1.6
Interest on loans repayable within five years and overdrafts	(2.9)	(2.2)
Bank interest	-	(1.6)
Foreign exchange loss	(0.6)	(3.5)
FINANCE EXPENSE	(3.5)	(7.3)
NET FINANCE INCOME	(0.9)	(5.7)

11. Income tax expense

	Year ended 31 December 2019 \$m	Year ended 31 December 2018 \$m
Recognised in income statement		
CURRENT TAX EXPENSE		
Overseas	-	0.5
Prior period - overseas	-	0.1
Current period	1.1	1.9
Prior period	0.1	0.1
Other taxes	-	0.1
Withholding tax	0.1	0.1
DEFERRED TAX		
Tax losses derecognised	-	(3.2)
Origination and reversal of temporary differences	0.6	(0.1)
Movement in prior year deferred tax liability	-	-
Reduction in tax rate	-	-
TOTAL INCOME TAX CHARGE IN THE INCOME STATEMENT	1.9	0.7

	Year ended 31 December 2019 \$m	Year ended 31 December 2018 \$m
Reconciliation of effective tax rate		
Profit/(Loss) before tax	1.0	(27.8)
Income tax using the domestic UK Corporation Tax rate of 19.00% (2018: 19.25%)	0.2	(5.3)
Irrecoverable withholding taxes	0.2	0.1
Effect of tax rates in foreign jurisdictions	(1.3)	(0.7)
Losses not recognised as a deferred tax asset	1.1	0.4
Fair value gain on associate not taxable	-	-
Non-deductible expenses	1.3	0.3
Share of profit from associates	0.2	0.3
Other taxes paid	(0.1)	0.1
Disposal of subsidiaries	-	2.0
Reduction in an unrecognised deferred tax liability	-	2.0
Prior year adjustment - current tax	-	0.1
Prior year adjustment – release of tax provision	0.3	-
TOTAL TAX CHARGE	1.9	(0.7)

UK Corporation Tax is calculated at a rate of 19.00% (2018: 19.25%) of the estimated assessable profit(loss) for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group released \$7.9m held within the tax liability as at the end of 2018. This balance related to uncertain tax positions which were re-assessed during 2019 and not considered probable to be realised in the future, resulting in the release of the provision.

Recognised in other comprehensive income and equity

There is no material taxation effect arising on transactions recorded in other comprehensive income and equity.

12. Earnings per share

The calculation of the basic and diluted profit per share is based on the following data:

	Year ended 31 December 2019 \$m	Year ended 31 December 2018 \$m
Profit(Loss) for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	4.0	(24.6)
(Loss)/Profit for the purposes of diluted earnings per share	4.0	(24.6)
Number of shares (m)		No.
Weighted average number of ordinary shares for the purposes of basic earnings per share		641.2
Effect of dilutive potential ordinary shares:		
- Share options		-
Weighted average number of ordinary shares for the purposes of diluted earnings per share*		641.2

* The calculation of diluted earnings per share is based on the weighted average number of shares outstanding.

	Year ended 31 December 2019 \$	Year ended 31 December 2018 \$
Profit(loss) per share (cents)	0.63	(3.84)
Diluted profit(loss) per share (cents)	0.63	(3.84)

As per note 25, a deferred equity scheme was introduced in 2018. The Directors have taken the decision to account for this scheme in 2019 which includes the charge that would have been incurred in 2018. The number of shares that have vested to date is 10,700,000, which would not materially impact the EPS stated above.

13. Intangible assets

	Goodwill \$m	Development costs \$m	Franchises \$m	Customer contracts \$m	Customer relationships \$m	Brands \$m	Contractual rights \$m	Computer software \$m	Total \$m
COST									
Balance at 1 January 2018	228.5	0.6	3.1	7.6	51.9	56.4	36.8	1.0	385.9
Additions (2018)	-	-	-	-	0.2	-	-	-	0.2
Balance at 31 December 2018	228.5	0.6	3.1	7.6	52.1	56.4	36.8	1.0	386.1
Acquisition of Brands	2.3	-	-	-	-	-	-	-	2.3
Balance at 31 December 2019	230.8	0.6	3.1	7.6	52.1	56.4	36.8	1.0	388.4
AMORTISATION AND IMPAIRMENT									
Balance at 1 January 2018	(228.5)	(0.6)	(3.1)	(7.6)	(49.1)	(29.2)	(36.8)	(0.3)	(355.2)
Amortisation (2018)	-	-	-	-	(0.3)	-	-	(0.1)	(0.4)
Balance at 31 December 2018	(228.5)	(0.6)	(3.1)	(7.6)	(49.4)	(29.2)	(36.8)	(0.4)	(355.6)
Amortisation (2019)	-	-	-	-	(0.3)	-	-	(0.1)	(0.4)
Balance at 31 December 2019	(228.5)	(0.6)	(3.1)	(7.6)	(49.7)	(29.2)	(36.8)	(0.5)	(356.0)
CARRYING AMOUNTS									
At 31 December 2018	-	-	-	-	2.7	27.2	-	0.6	30.5
At 31 December 2019	2.3	-	-	-	2.4	27.2	-	0.5	32.4

Amortisation and impairment charge

The Group tests intangibles with an indefinite useful economic life on an annual basis or more frequently if there are indicators that they might be impaired. The recoverable amount of a CGU is determined based on the higher of value-in-use calculations

using cash flow projections and fair value less costs to sell if appropriate. The cash flow forecasts are based on financial budgets and long-range plans approved by Management and the Board covering a three-year period which are prepared as part of the Group's normal planning process. Cash flows for years four and five are based on year three performance escalated for growth rates determined for each individual company considering historic and future compounded annual growth rates. Cash flows beyond the five-year period are extrapolated using estimated long-term growth rates. Management estimates the discount rates using pre-tax rates that reflect the current market assessments of the time value of money and the risks specific to the units. If the recoverable amount is estimated to be less than the carrying amount of the CGU, it is reduced to its recoverable amount. Any impairment is recognised immediately as an expense. In the current year, the Group tested the Lonrho brand for impairment based on the forecast royalties due from the Group's CGUs. The key assumptions for the value-in-use calculation were long-term growth rates between 3.7% and 6.8% (2018: 2% to 20%) and a post-tax discount rate of 12.57% (2018: 11.35%). The post-tax discount rates are based on the Group's weighted average cost of capital. Management carried out a range of sensitivity analyses on all the assumptions used for each CGU. The valuation of the Lonrho brands is dependent on 2 key variables, budgeted revenue and the weighted average cost of capital. A 5% adverse deviation from budgeted revenue with an increase in the weighted average cost of capital by 1% would result in a \$6.5 million impairment to the Lonrho Brand.

14. Property, plant and equipment

	Land and buildings \$m	Plant and machinery \$m	Fixtures and fittings \$m	Total \$m
COST				
Balance at 1 January 2018	98.1	36.4	8.3	142.8
Additions	0.2	1.0	0.5	1.7
Disposals	-	(1.9)	(2.7)	(4.6)
Effect of movements in foreign exchange	(1.9)	(1.5)	(0.9)	(4.3)
Balance at 31 December 2018	96.4	34.0	5.2	135.6
Additions	-	1.3	0.2	1.5
Disposals	-	(1.2)	(0.2)	(1.4)
Acquisition of subsidiary	-	2.1	0.1	2.2
Effect of movements in foreign exchange	0.3	(4.1)	0.1	(3.7)
Balance at 31 December 2019	96.7	32.1	5.4	134.2
AMORTISATION AND IMPAIRMENT				
Balance at 1 January 2018	(43.5)	(22.2)	(6.2)	(71.9)
Depreciation charge for the year	(5.7)	(1.6)	(0.4)	(7.7)
Disposals	-	1.7	2.3	4.0
Impairment of assets	(10.7)	-	-	(10.7)
Effect of movements in foreign exchange	1.6	1.1	0.3	3.0
Balance at 31 December 2018	(58.3)	(21.0)	(4.0)	(83.3)
Depreciation charge for the year	(4.5)	(1.5)	(0.4)	(6.4)
Disposals	-	0.9	0.1	1.0
Impairment of assets	-	(0.6)	-	(0.6)
Acquisition of subsidiary	-	(1.0)	-	(1.0)
Effect of movements in foreign exchange	1.3	1.7	0.2	3.2
Balance at 31 December 2019	(61.5)	(21.5)	(4.1)	(87.1)
CARRYING AMOUNTS				
At 31 December 2018	38.1	12.9	1.2	52.3
At 31 December 2019	35.2	10.6	1.3	47.1

During the year, the Company held no property, plant or equipment.

Plant and machinery

At 31 December 2019, the net carrying amount of leased assets was \$nil (2018: \$nil).

Land and buildings

The majority of the land and buildings is the assets of Luba Freeport in the infrastructure division. It relates to a Port Concession Agreement with the Republic of Equatorial Guinea and is a joint venture with Compania Navional de Guinea Ecautorial, it is depreciated on a straight-line basis over the life of the concession. During 2018 the Group reviewed the recoverability of these assets using the method detailed in note 13 and as a result of this review, an impairment of \$10.7m was booked.

Assets in the course of construction

Included within plant and machinery are assets in the course of construction totalling \$3.2m (2018: \$3.2m), which are not depreciated until they are brought into use.

Capital commitments

Details of capital commitments in relation to property, plant and equipment are disclosed in note 31.

Borrowing costs

The amount of borrowing costs in respect of interest capitalised during the year was \$nil (2018 \$nil).

15. Investment in associates

On the 1 August 2018 the Group acquired a 43.6% equity interest in Duet Big Beverage Africa Holdings Limited. The ultimate subsidiary of this company is Big Bottling Company Limited (BBC), previously known as AJEAST Nigeria Limited. Lonrho holds a 37.04% effective interest in this company. Lonrho recognises its investment in its associate as an equity accounted investment and is therefore carried under the equity method.

BBC is registered in Nigeria and is a carbonated soft drink manufacturer and distributor, with headquarters and operations based in Lagos. The investment in BBC is accounted for using the equity method in accordance with IAS28. BBC is a private company; therefore, no quoted market prices are available for its shares.

	Year ended 31 December 2019 \$m	Year ended 31 December 2018 \$m
At beginning of the year	18.7	-
Cost of associate	-	20
Management fee in relation to associate	0.3	(0.3)
Share of loss after taxation	(1.3)	(1.0)
AT 31 DECEMBER	17.7	18.7

Despite the losses incurred by the company since acquisition the Directors believe that the carrying value of the associate is recoverable. The associate was acquired at a premium over its net asset value, based on future profits that could be achieved over the next five years. The Directors believe that these results are achievable due to several initiatives implemented in the past year to bring performance of the business into line with our expected investment case. These include changing the senior management, investment into the existing manufacturing equipment and the installation of a second manufacturing production line. The Directors are satisfied BCC is recoverable based on the reviewed cash flow forecasts.

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The following is summarised financial information for BBC for December 2019

	Year ended 31 December 2019 \$m	Year ended 31 December 2018 \$m
Revenue	16.7	7.2
Post tax profits	(3.6)	-
Non-current assets	29.0	18.2
Current assets	5.1	4.8
Total Assets	34.1	23.0
Non-current liabilities	0.9	1.9
Current liabilities	15.6	5.6
Total liabilities	16.5	7.5
Net assets	17.6	15.5

Included in current assets is \$2.0m of cash and cash equivalents (2018 \$2.3m).

16. Investment in subsidiaries

The principal investment by the Company is in respect of Lonrho Limited (100% owned) and Lonrho Africa Holdings Ltd (81.8% owned with the remainder owned by Lonrho Limited). Investments are recognised initially at cost. A list of principal subsidiaries is set out in note 33. The Company's investment in the subsidiary is subject to annual impairment testing. The investment in subsidiary has previously been impaired to nil (2018 \$nil).

17. Deferred tax assets and liabilities

The principal investment by the Company is in respect of Lonrho Limited (100% owned) and Lonrho Africa Holdings Ltd.

Recognised deferred tax assets and liabilities

	Assets		Liabilities	
	2019 \$m	2018 \$m	2019 \$m	2018 \$m
At beginning of the year	3.8	0.4	(6.4)	(6.4)
Rate change impact	-	-	-	-
Acquired through business combinations	-	-	(0.1)	(0.2)
Origination and reversal of temporary differences	(0.6)	-	0.2	-
Tax losses derecognised	-	3.2	-	-
Movement in prior year	0.1	0.2	-	0.1
Exchange differences	-	-	-	0.1
AT 31 DECEMBER	3.3	3.8	(6.3)	(6.4)

The deferred tax asset relates to previous trading losses in certain Group companies. The asset will be recoverable in future periods, which is supported by the future cash flows of the relevant businesses.

18. Inventories

	2019 \$m	2018 \$m
Raw materials and consumables	0.6	0.6
Finished goods	35.6	39.4
	36.2	40.0

19. Trade and other receivables

	Group		Company	
	2019 \$m	2018 \$m	2019 \$m	2018 \$m
Amounts receivable from the sale of goods and services	46.0	40.2	-	-
Other receivables	7.4	72.4	-	-
Prepayments and accrued income	3.8	5.8	-	-
Amounts owed by Group undertakings	0.0	-	8.8	1.3
Gross trade and other receivables	57.2	118.4	8.8	1.3
Allowance for doubtful debts	(1.7)	(69.4)	-	-
Net trade and other receivables	55.5	49.0	8.8	1.3

The Directors consider the carrying amount of trade and other receivables for the Group and Company approximates to their fair value. No interest is charged on receivables. The trade debtors at both Lonrho Logistics (Pty) Limited and Atlantis Foods Holding (Pty) Limited are both pledged as security for their borrowings.

	2019 \$m	2018 \$m
Movement in the allowance for doubtful debts		
At beginning of the year	(69.4)	(70.4)
movement in allowance	68.0	1.2
Decrease in the allowance due to disposals in subsidiaries	-	-
Utilised	(0.3)	(0.2)
AT 31 DECEMBER	(1.7)	(69.4)

Refer to note 29 for further information on credit risk management.

20. Cash at bank

	2019 \$m	2018 \$m
Bank balances	61.6	68.1
Bank overdrafts	(10.1)	(17.4)
Cash and cash equivalents in statement of cash flows	51.5	50.8

The Company had a bank balance of \$51.5m (2018: \$50.8m) at 31 December 2019. Included within cash is \$9.7m (2018: \$9.7) that is ring-fenced to secure banking facilities. As at May 2020 all restriction on cash had been lifted.

21. Asset held for sale

	2019 \$m	2018 \$m
Assets held for sale	0.2	-

Assets held for sale refers to a division of the Logistics business in the FPB&D segment. In December 2019, Lonrho entered into an agreement to sell trucks and the Zimbabwean operations for \$0.2m. The sale is pending competition authority clearance in Zimbabwe. At the point at which the assets were designated held for sale the group valued them leading to an impairment of \$2.4m. This impairment comprises \$1.8m relating to the Zimbabwean operations and \$0.6m relating to the trucks held in the transport division.

22. Capital and reserves**Group reconciliation of movement in capital and reserves**

	Attributable to equity holders of the parent							Non-controlling interest	Total equity
	Share capital \$m	Share premium \$m	Translation reserve \$m	Share option reserve \$m	Capital redemption reserve	Retained earnings \$m	Total \$m	\$m	\$m
AT 31 DECEMBER 2017	320.2	320.7	(5.0)	-	0.1	(460.9)	175.1	25.9	201.0
Loss for the year	-	-	-	-	-	(24.6)	(24.4)	(2.5)	(26.9)
Subsidiaries disposed	-	-	(8.9)	-	-	0.9	(7.7)	0.2	(7.9)
Dividend paid / received	-	-	-	-	-	(0.3)	(0.3)	-	(0.3)
Non-controlling interest dividends	-	-	-	-	-	-	-	(0.9)	(0.9)
Foreign exchange translations	-	-	9.2	-	-	-	9.2	0.5	9.7
AT 31 DECEMBER 2018	320.2	320.7	(4.7)	-	0.1	(484.7)	151.6	23.1	174.7
Adoption of IFRS 16	-	-	-	-	-	(0.6)	(0.6)	-	(0.6)
AT 1 JANUARY 2019 (restated)	320.2	320.7	(4.7)	-	0.1	(485.5)	150.8	23.1	173.9
Profit for the year	-	-	-	-	-	4.0	4.0	3.0	7.0
Subsidiaries disposed	-	-	-	-	-	-	-	(0.1)	(0.1)
Share based payment charge	-	-	-	1.6	-	-	1.6	-	1.6
Non-controlling interest dividends	-	-	-	-	-	-	-	(2.8)	(2.8)
Recognition of subsidiary non-controlling interest	-	-	-	-	-	-	-	1.4	1.4
Reclassifications	-	-	-	-	-	(0.7)	(0.7)	0.7	-
Foreign exchange translations	-	-	(3.5)	-	-	-	(3.5)	0.6	(2.9)
AT 31 DECEMBER 2019	320.2	320.7	(8.2)	1.6	0.1	(482.2)	152.2	25.9	178.1

The translation reserve comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into USD.

Retained earnings includes all current and prior periods profits.

Share capital and share premium

In millions of 50 cent (\$US) shares	Ordinary shares	
	2019	2018
At beginning of the year	640,440,000	640,440,000
Issued for cash	-	-
IN ISSUE AT 31 DECEMBER - FULLY PAID	640,440,000	640,440,000

Share capital represents the nominal value of shares that have been issued. The holders of ordinary shares are entitled to receive dividends as declared from time to time. On 31 December 2019, there were 517,500,000 (2018: 517,500,000) class A ordinary shares and 122,940,000 (2018: 122,940,000) class B ordinary shares in issue. The A and B shares rank pari passu save that the B shares have no voting rights.

Share premium includes any premiums received on issue of share capital.

Company reconciliation of movement in capital and reserves

	Share capital \$m	Share premium \$m	Capital redemption reserve	Share option reserve \$m	Retained earnings \$m	Total \$m
AT 31 DECEMBER 2017	320.2	320.7	0.1	-	(426.3)	214.8
Reclassifications	-	-	-	-	215.9	215.9
Profit for the year	-	-	-	-	(381.0)	(381.0)
AT 31 DECEMBER 2018	320.2	320.7	0.1	-	(591.4)	49.6
Profit for the year	-	-	-	-	(0.8)	(0.8)
Share based payment charge	-	-	-	1.6	-	1.6
AT 31 DECEMBER 2019	320.2	320.7	0.1	1.6	(592.2)	50.4

23. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 29

	2019 \$m	2018 \$m
NON-CURRENT LIABILITIES		
Bank loans	-	-
Shareholder loans	(0.6)	(0.6)
	(0.6)	(0.6)
CURRENT LIABILITIES		
Bank loans	(1.3)	(1.1)
Other loans	(0.7)	(0.6)
Shareholder loans	(2.8)	(3.5)
Bank overdrafts	(10.1)	(17.4)
	(14.9)	(22.6)

At the reporting date, the Company had interest-bearing loans of \$nil (2018: \$nil).

Bank overdrafts

Bank overdrafts are repayable on demand and are unsecured. The currency profile is as follows:

	2019 \$m	2018 \$m
South African Rand	(8.1)	(17.0)
United States Dollar	(1.7)	-
Tanzanian Shilling	(0.3)	(0.4)
	(10.1)	(17.4)

The weighted average interest rates paid were 8.0% (2018: 8.0%).

24. Shareholder loans

	2019 \$m	2018 \$m
Shareholder loans	(3.4)	(4.7)

25. Deferred equity scheme

During 2018 the Group introduced a deferred equity scheme, which allows members of the scheme the option of subscribing for 14.2 million class C shares over a 3-year period at the exercise price of \$0.001. The shares options carry no voting rights, and the option to purchase shares vest in 3 tranches. As at 31 December 2019, 10.7m share options to purchase shares have vested (2018: 7.2m). The remaining 3.5m share options to purchase shares will vest on 30 June 2020. The Group have accounted for the costs of the vested share options in 2019 of \$1.6m (2018 : \$0.0m), based on a valuation of \$0.12 per share, derived from an arm's length transaction. As the Group have not accounted for the 2018 cost of \$1.3m within the 2018 accounts, the Group accounts hold a qualified opinion relating to the deferred equity scheme. Share options that have vested become exercisable from 1 July 2020. Share options not exercised within a 3-month period ending 30 September 2020 will lapse. To date no share options have been forfeited.

26. Trade and other payables

	Group	
	2019 \$m	2018 \$m
Trade payables	(29.7)	(27.9)
Indirect tax and social security liabilities	(0.4)	(0.3)
Deferred income	(0.5)	(1.3)
Other payables and accrued expenses	(26.2)	(24.7)
	(56.8)	(54.2)

	Group	
	2019 \$m	2018 \$m
Analysed as:		
Current liabilities	(40.2)	(37.9)
Non-current liabilities	(16.6)	(16.3)
	(56.8)	(54.2)

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

27. Provisions

As at 31 December 2019, the Group had provisions of \$0.2m (2018: \$0.1m). The Board expects the \$0.2m provisions to be utilised within one year.

	2019 \$m	2018 \$m
At beginning of the year	0.1	(0.1)
Additions	0.4	(0.4)
Utilised in the year	(0.3)	0.4
AT 31 DECEMBER	0.2	(0.1)

28. Notes to the statements of cash flows

	Group		Company	
	2019 \$m	2018 \$m	2019 \$m	2018 \$m
Depreciation and amortisation	8.9	7.7	-	-
Impairment of property, plant and equipment	2.4	10.7	-	-
Loss on disposal of subsidiary	-	10.6	-	-
Finance income	(2.6)	(1.6)	(0.9)	(1.6)
Finance expense	3.5	7.3	-	-
Share of associates	1.3	1.0	-	-
Share based payments	1.6	-	1.6	-
Reversal of tax provision	(7.9)	-	-	-
Fair value gain on acquisition of subsidiary	-	-	-	-
Income tax expense	1.9	(0.7)	-	(2.3)
ADJUSTMENTS TO PROFIT/(LOSS) FOR THE YEAR	9.1	35.0	0.7	(3.9)

29. Financial instruments

The Company has no financial assets apart from the amounts owed by Group undertakings included within note 19. The Company applies a similar approach to credit risk management as the Group. The Directors believe that there are no significant credit risks to the Company at the reporting date.

Exposure to credit, liquidity, interest rate, market and foreign currency risks arise in the normal course of the Group's business.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital which the Directors consider to be the components of total equity excluding minority interests. Further quantitative disclosures are included throughout these consolidated financial statements. The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. No collateral is held at the reporting date. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit

evaluation is performed on the financial condition of accounts receivable. The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The maximum exposure to credit risk on customers at the reporting date was \$20.5m (2018: \$20.5m), being the total of the carrying amount of trade and other receivables as shown in the table below:

	2019 \$m	2018 \$m
Cash at bank	61.6	68.1
Trade receivables	46.0	40.2
Other receivables	11.1	8.8
	118.7	117.1

The ageing of trade receivables at the reporting date was:

	2019 \$m	2018 \$m
Not due	-	-
Past due 0-30 days	26.3	18.7
Past due 31-60 days	10.6	12.6
More than 60 days past due	9.1	8.9
	46.0	40.2

The movement on the provision for doubtful debts is disclosed in note 19. Other amounts past due are considered collectible due to a low credit risk.

The maximum exposure to credit risk for trade receivables by geographic region was:

	2019 \$m	2018 \$m
Sub-Saharan Africa	46.0	40.2
Rest of the World	-	-
	46.0	40.2

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's and Company's short, medium and long-term funding and liquidity management requirements. The Group and Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group had undrawn facilities in respect of uncommitted bank overdraft of \$4.4m at 31 December 2019 (2018: \$4.2m).

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The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	2018					
	Carrying amount \$m	Contractual cash flows \$m	1 year or less \$m	1 to <2 years \$m	2 to <5 years \$m	5 years and over \$m
Bank overdrafts	17.4	17.4	17.4	-	-	-
Trade and other payables	54.0	54.0	37.7	16.3	-	-
Bank loans	1.1	1.1	1.1	-	-	-
Shareholder loans	4.1	4.1	3.5	0.6	-	-
Other loans	0.6	0.6	0.6	-	-	-
	77.2	77.2	60.3	16.9	-	-

	2019					
	Carrying amount \$m	Contractual cash flows \$m	1 year or less \$m	1 to <2 years \$m	2 to <5 years \$m	5 years and over \$m
Bank overdrafts	10.1	10.1	10.1	-	-	-
Trade and other payables	56.8	56.8	40.2	16.6	-	-
Bank loans	1.0	1.0	1.0	-	-	-
Shareholder loans	3.4	3.4	2.8	0.6	-	-
Other loans	0.7	0.7	0.7	-	-	-
	72.0	72.0	54.8	17.2	-	-

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the reporting date and the periods in which they re-price.

	2018				
	Contractual cash flows \$m	1 year or less \$m	1 to <2 years \$m	2 to <5 years \$m	5 years and over \$m
Cash at bank	68.1	68.1	-	-	-
Loans	(4.5)	(4.5)	-	-	-
Bank overdrafts	(17.4)	(17.4)	-	-	-
	46.2	46.2	-	-	-

	2019				
	Contractual cash flows \$m	1 year or less \$m	1 to <2 years \$m	2 to <5 years \$m	5 years and over \$m
Cash at bank	61.6	61.6	0.0	-	-
Loans	(5.1)	(4.5)	(0.6)	-	-
Bank overdrafts	(10.1)	(10.1)	0.0	-	-
	46.4	47.0	(0.6)	-	-

The effective interest rates are 0% for cash and cash equivalents, 9.0% for loans. Finance lease liabilities and bank overdrafts have an effective interest rate of 8%.

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Foreign currency risk management

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than United States Dollars. The currencies giving rise to this risk are , UK Pounds Sterling, South African Rand, Mozambique Metical, Zambian Kwacha, Tanzanian Shilling, Ethiopian Birr, Angolan Kwanza, Malawian Kwacha, Rwandan Franc and Namibian Dollar.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities, and its total net assets at the reporting date is as follows:

	Monetary net assets		Total net assets	
	2019 \$m	2018 \$m	2019 \$m	2018 \$m
UK Pounds Sterling	-	-	-	-
South African Rand	(1.3)	(8.2)	75.9	70.8
Mozambican Metical	(5.1)	(5.8)	8.5	7.9
Zambian Kwacha	(0.4)	-	1.4	0.2
Tanzanian Shilling	2.6	2.6	6.3	7.3
Ethiopian Birr	1.0	1.1	1.0	1.1
Angolan Kwanza	(1.0)	(1.2)	3.8	5.7
Malawian Kwacha	0.7	0.4	4.0	2.6
Rwandan Franc	0.0	0.1	0.4	0.5
Namibian Dollar	(1.4)	(0.3)	(0.2)	(0.1)
Botswana Pula	1.3		5.3	
US Dollar	(71.3)	(80.4)	72.1	78.7
Total	(74.9)	(91.7)	178.5	174.7

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2019	2018	2019	2018
UK Pounds Sterling	0.78	0.75	0.76	0.79
South African Rand	14.45	13.23	14.05	14.38
Mozambican Metical	61.99	59.75	61.44	60.77
Zambian Kwacha	12.91	10.43	14.07	11.90
Tanzanian Shilling	2,299.96	2,268.69	2,298.03	2,294.05
Ethiopian Birr	28.92	29.88	31.95	27.95
Angolan Kwanza	362.38	251.92	482.23	307.06
Malawian Kwacha	722.72	716.59	737.73	723.09
Rwandan Franc	899.66	852.53	943.17	870.00
Namibian Dollar	10.61	13.23	10.63	14.38

Foreign currency sensitivity analysis

A 10% strengthening of the US Dollar against the following currencies at 31 December would have increased/(decreased) equity by the amounts shown below. This analysis assumes that all other variables remain constant.

	Equity	
	2019 \$m	2018 \$m
South African Rand	(8.4)	(7.9)
Mozambican Metical	(1.0)	(0.9)
Tanzanian Shilling	(0.6)	(0.8)
Ethiopian Birr	(0.7)	(0.1)
Angolan Kwanza	(0.1)	(0.6)
Malawian Kwacha	(0.4)	(0.3)
Rwandan Franc	(0.4)	(0.1)

A 10% weakening of US Dollars against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk management

The Group is exposed to interest rate changes on its floating rate borrowings, arising principally from changes in borrowing rates in US Dollar, South African Rand, Mozambican Metical and UK Pounds Sterling.

The Group manages interest rate risk by issuing a combination of fixed and floating rate debt instruments. At 31 December 2019, the Group had 90% (2018: 90%) of fixed rate debt and 10% (2018: 10%) of floating rate debt.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Capital management

The Board's policy for the Group and Company is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding non-controlling interests.

As the Group is in a phase of expansion, the key capital requirements are to ensure that funding is available for current and planned projects.

The Group considers shareholder's funds plus long-term debt to represent capital as defined by IAS 1. The Group currently has no target debt to equity funding range.

The Directors keep the capital structure of the Group under review.

Fair value measurement hierarchy

The fair value of assets and liabilities can be classed in three levels:

Level 1 - Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Fair values measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Fair values measured using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The fair value of derivative instrument liabilities at 31 December 2018 was \$nil (2017: \$nil), which is Level 2 tier per the hierarchy above.

Fair values

The fair value of a financial instrument is the price at which one party would assume the rights and/or duties of another party. The following summarises the major methods and assumptions used in estimating the fair values of financial instruments at the balance sheet date.

- Trade and other receivables/payables** - For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.
- Finance lease liabilities** - The fair value is estimated as the present value of future cash flows, discounted at market interest rates for homogeneous lease agreements. The estimated fair values reflect changes in interest rates.
- Loans and borrowings** - Fair value is calculated based on discounted expected future principal and interest cash flows.
- Convertible bond** - Fair value is calculated with reference to the quoted price (unadjusted) of the instrument in an active market.

e. **Debt-related derivative financial instruments** - The fair value is calculated by discounting expected future cash flows and translating at the appropriate balance sheet rates.

The following table compares the estimated fair values of certain financial assets and liabilities to their carrying values at the balance sheet date.

	Net carrying amount		Estimated fair value	
	2019 \$m	2018 \$m	2019 \$m	2018 \$m
CURRENT ASSETS				
Trade and other receivables	55.5	49.0	55.5	49.0
Cash at bank	61.6	68.1	61.6	68.1
NON-CURRENT LIABILITIES				
Loans and borrowings	-	-	-	-
Trade and other payables	(16.6)	(16.3)	(16.6)	(16.3)
CURRENT LIABILITIES				
Loans and borrowings	(2.0)	(1.7)	(2.0)	(1.7)
Bank overdrafts	(10.1)	(17.4)	(17.4)	(17.4)
Trade and other payables	(40.2)	(37.9)	(37.7)	(37.7)

The estimated fair values of the remaining financial assets and liabilities are consistent with their carrying values at the balance sheet date.

30. Lease

On 1 January 2019, the Group adopted IFRS 16 as published by the IAS in January 2016. It requires lessees to make use of a single lease accounting model to recognise a right-of-use asset for all qualifying leases and a corresponding lease liability as the present value of all future payments as opposed to a straight-lining expense in terms of IAS 17. IFRS 16 sets out the principles for recognition, measurement, presentation and disclosure of leases. IFRS 16 has a material impact on the Group's statement of financial position arising from leased rental properties and vehicles across its divisions.

At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases relating to property, which fall due as follows:

	2019 \$m
<i>Right of use asset</i>	
Buildings	6.2
Vehicles	0.6
Other	0.3
	<u>7.1</u>
<i>Lease liability</i>	
Less than one year	2.0
Between one and five years	6.0
<i>Income Statement effects</i>	
Depreciation	(2.1)
Interest expense	(0.7)

All leases are on standard terms with no amounts of variable lease payments.

31. Capital commitments

The Company had \$nil capital commitments at 31 December 2019 (2018: \$nil).

32. Related parties

Transactions with subsidiaries

Transactions within the Group companies have been eliminated on consolidation and are not disclosed in this note. The transactions for Lonrho Holdings Ltd ('the Company') are disclosed below.

At the reporting date, Lonrho Africa (Holdings) Limited owed the Company \$8.7m (2018: \$1.3m). Lonrho Africa (Holdings) Limited is a wholly owned subsidiary of Lonrho Ltd and holds the operating bank accounts for the Group and the majority of the Group's investments in subsidiaries.

Transactions with other related parties

Investments

Transactions with key Management personnel

Key Management personnel are considered to be the Company's Executive Committee and the Board.

The Executive Committee is made up of Bruno Sidler, Sandrika Chetty, Ashleigh Woolf and Nicholas Taylor. Sandrika Chetty resigned on the 30th June 2019.

The key Management personnel compensations are as follows:

	2019 \$m	2018 \$m
Short-term employee benefits	1.2	1.3
	1.2	1.3

Total remuneration is included in wages and salaries (see note 9).

33. Group entities

Principal subsidiaries

	Country of incorporation	Ownership interest		Registered address	Registered number	Class of share held in subsidiary undertaking
		2019	2018			
Afex Holdings Ltd (dissolved on 06/03/2019)	United States	0%	100.00%	5441 Kietzke Lane, 2nd Floor, Reno, Nevada 89511, USA	E0096042011-5	N/A as it is an LLC
Africa Big Beverages Investment Limited	Mauritius	43.6%	43.6%	5ht floor, Ebene Esplanade 24 Cybercity Ebene Mauritius.	150333	Ordinary
Arlington Associates International Ltd	Malta	50.00%	50.00%	Level 1, Suite No. 5, Tower Business Centre, Tower Street, Swatar, Birkirkara BKR 4013, Malta	C.59660	Ordinary
Atlantis Seafood Distributors (Pty) Ltd	South Africa	58.90%	58.90%	169 Neil Hare Road Atlantis Industrial, Cape Town 7349, South Africa	2003/006029/07	Ordinary
Atlantis Food Holdings (Pty) Limited	South Africa	58.90%	58.90%	169 Neil Hare Road, Atlantis Industrial, Cape Town 7349, South Africa	2009/012426/07	Ordinary
Lingomso Fishing (Pty) Ltd (formerly Atlantis Food Services (Pty) Limited	South Africa	0%	58.90%	169 Neil Hare Road Atlantis Industrial, Cape Town 7349, South Africa	2005/021351/07	Ordinary
Khanyisile Fishing (Pty) Ltd (formerly Atlantis Wholesalers (Pty) Ltd)	South Africa	0%	58.90%	169 Neil Hare Road Atlantis Industrial, Cape Town 7349, South Africa	2010/021773/07	Ordinary
Siyanqoba Fishing (Pty) Ltd (formerly Atlantis Retail Services (Pty) Ltd)	South Africa	58.90%	58.90%	169 Neil Hare Road Atlantis Industrial, Cape Town 7349, South Africa	2010/024361/07	Ordinary

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	Country of incorporation	Ownership interest		Registered address	Registered number	Class of share held in subsidiary undertaking
		2019	2018			
Supapackers Holdings (Pty) Ltd	South Africa	100%	100%	169 Neil Hare Road Atlantis Industrial, Cape Town 7349, South Africa	2010/009574/07	Ordinary
Atuabo Freeport Ghana Ltd	Ghana	100.00%	100.00%	4 Momotse Avenue, Adabraka, Accra, Ghana	CA-99,443	Ordinary
Benson Global Trading Ltd	British Virgin Islands	100.00%	100.00%	Palm Grove House, PO Box 438, Road Town, Tortola VG110, British Virgin Islands	649540	Ordinary
Breco Holdings Proprietary Limited	South Africa	58.90%	58.90%	4 Printers Way Printers Park Montague Gardens Millerton, Cape Town, 7741	1996/008679/07	Ordinary
Breco Proprietary Limited	South Africa	58.90%	58.90%	4 Printers Way Printers Park Montague Gardens Millerton, Cape Town, 7741	1995/002205/07	Ordinary
Big Africa Ventures Limited	Mauritius	37%	37%	24 Cybercity, 5th Floor, Ebene Esplanade, Ebene, Mauritius	151199	Ordinary
Cenon Holdings (Pty) Ltd	South Africa	100.00%	100.00%	2nd Floor, 3 Melrose Boulevard, Melrose Arch, Johannesburg, South Africa	2015/400061/07	Ordinary
Complete Enterprise Solutions Ltd	Mauritius	54.35%	54.35%	1st Floor, Anglo-Mauritius House, Intendance Street, Port Louis, Mauritius	60914	Ordinary
Complete Enterprise Solutions Namibia (Pty) Ltd	Namibia	48.9%	48.9%	Shop 48, 2nd Floor, Old Power Station Complex, Armstrong Street, Windhoek, Namibia	2012/0223	Ordinary
Complete Enterprise Solutions South Africa (Pty) Ltd	South Africa	54.35%	54.35%	Block B, Bradford House, 12 Bradford Road, Bedfordview, Johannesburg, South Africa	2007/025504/07	Ordinary
Complete Enterprise Solutions Zambia Ltd	Zambia	48.9%	48.9%	Nkwazi House, Stand 25/26, Cnr Nkwazi & Chachacha, Lusaka, Zambia	74884	Ordinary
Crop Harvest Ltd	Mauritius	100.00%	100.00%	10th Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius	95061	Ordinary
Cultivate Harvest Ltd (in liquidation)	Mauritius	100.00%	100.00%	10th Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius	96748	Ordinary
Duet Big Beverages Africa Holdings Limited	Mauritius	43.6%	43.6%	24 Cybercity, 5th Floor, Ebene Esplanade, Ebene, Mauritius	C144000	Ordinary
LAH Support Services Ltd	Mauritius	100.00%	100.00%	10th Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius	112193	Ordinary
LonAgro (SS) Ltd	South Sudan	0%	99.00%	Afex Camp, Riverside, Juba, South Sudan	13,531	Ordinary
LonAgro GEP Manufacturing PLC	Ethiopia	99.00%	99.00%	House No. 683, Nefas Silk Lafto Sub City, Wereda 06, Addis Ababa, Ethiopia	EIA-PC/01/005242/08	Common
LonAgro Malawi Ltd	Malawi	100.00%	100.00%	Blantyre East, Stand 153, Kristwick, Masauko Chipembere Highway, Blantyre, Malawi	MBRS1004846	Ordinary
LonAgro Mozambique Lda	Mozambique	100.00%	100.00%	Bairro do Zimpeto, EN1, Field 13, Maputo, Mozambique	15,551	Quotas
LonAgro Rwanda Ltd	Rwanda	95%	95%	Gatenga, Kicukiro, Umujiyi wa Kigali, Rwanda	105141391	Ordinary

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	Country of incorporation	Ownership interest		Registered address	Registered number	Class of share held in subsidiary undertaking
		2019	2018			
LonAgro Tanzania Lda	Tanzania	100.00%	100.00%	Plot No. 46B, Ursino Street, Regent Estate, Dar es Salaam, Tanzania	85694	Ordinary
LonAgro-Equipamentos Agrícolas Lda	Angola	100.00%	51.00%	Estrada Nacional 130, Km 48, Commune de Bon Jesus, Luanda, Angola	1.529-09/090706	Quotas
Lonrho Africa (Holdings) Limited	United Kingdom	100.00%	100.00%	10th Floor, 26-28 Hammersmith Grove, London W6 7HA, UK	00997945	Ordinary
Lonrho Africa Holdings BV	Netherlands	100.00%	100.00%	Luna ArenA, Herikerbergweg 238, CM-1101, Amsterdam, The Netherlands	34112084	Ordinary
Lonrho Agribusiness (BVI) Ltd	British Virgin Islands	100.00%	100.00%	Palm Grové House, PO Box 438, Road Town, Tortola VG110, British Virgin Islands	1482197	Ordinary
Lonrho Agriculture Angola Ltd	British Virgin Islands	100.00%	100.00%	Palm Grove House, PO Box 438, Road Town, Tortola VG110, British Virgin Islands	1508992	Ordinary
Lonrho Amathonga Hotels (Pty) Ltd (in process of being deregistered)	South Africa	70%	70%	102 First Floor, Fulham House, 20 Georgian Crescent, Hampton Park North, Johannesburg 2021, South Africa	2009/010597/07	Ordinary
Lonrho Energy (Pty) Ltd (in process of being deregistered)	South Africa	70%	70%	102 First Floor, Fulham House, 20 Georgian Crescent, Hampton Park North, Johannesburg 2021, South Africa	2009/008050/07	Ordinary
Lonrho Equipment Ltd	Mauritius	100.00%	100.00%	10th Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius	105593	Ordinary
Lonrho Food Supply Chain Management Ltd	United Kingdom	100.00%	100.00%	10th Floor, 26-28 Hammersmith Grove, London W6 7HA, UK	5878892	Ordinary
Lonrho Fresh (Pty) Ltd (in liquidation)	South Africa	100%	100%	Cnr Webb & Jones Roads, Jetpark, Boksburg, Johannesburg 1459, South Africa	2003/001714/07	Ordinary
Lonrho Infra One UK Ltd	United Kingdom	100.00%	100.00%	10th Floor, 26-28 Hammersmith Grove, London W6 7HA, UK	06310007	Ordinary
Lonrho Infra Three UK Ltd	United Kingdom	100.00%	100.00%	10th Floor, 26-28 Hammersmith Grove, London W6 7HA, UK	09041122	Ordinary
Lonrho Infra Two UK Ltd	United Kingdom	100.00%	100.00%	10th Floor, 26-28 Hammersmith Grove, London W6 7HA, UK	06055860	Ordinary
Lonrho Infrastructure Ltd	United Kingdom	100.00%	100.00%	10th Floor, 26-28 Hammersmith Grove, London W6 7HA, UK	06310008	Ordinary
Lonrho International Services Ltd (in liquidation)	Mauritius	100.00%	100.00%	2nd Floor, Block B, Medine Mews, Chaussee Street, Port Louis, Mauritius	132736	Ordinary
Lonrho Investments Ltd	United Kingdom	100.00%	100.00%	10th Floor, 26-28 Hammersmith Grove, London W6 7HA, UK	05840279	Ordinary
Lonrho IT Ltd	Mauritius	100.00%	100.00%	10th Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius	103916	Ordinary
Lonrho Johannesburg (Pty) Ltd	South Africa	100.00%	100.00%	11 Alice Lane, Building 3, 4th Floor South East Suite Sandton Johannesburg South Africa 2146 South Africa	2014/13826/07	Ordinary
Lonrho Limited	United Kingdom	100.00%	100.00%	10th Floor, 26-28 Hammersmith	02805337	Ordinary

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	Country of incorporation	Ownership interest		Registered address	Registered number	Class of share held in subsidiary undertaking
		2019	2018			
				Grove, London W6 7HA, UK		
Lonrho Logistics (Private) Ltd	Zimbabwe	100.00%	100.00%	Bidvest Complex, Area 5, New Cargo Village, International Airport, Harare, Zimbabwe	0654/2012	Ordinary
Lonrho Logistics (Pty) Ltd	South Africa	100.00%	100.00%	Cnr Webb & Jones Roads, Jetpark, Boksburg, Johannesburg 1459, South Africa	2007/034302/07	Ordinary
Lonrho Logistics Mozambique Lda	Mozambique	100.00%	100.00%	Couto Graca & Associados Av. 24 de Julho, no 7 7o Andar Maputo Mozambique	100485117	Quotas
Lonrho Logistics MU Ltd	Mauritius	100.00%	100.00%	10th Floor, Raffles Tower 19 Cybercity Ebene Mauritius	112820	Ordinary
Lonrho Market Expansion Services Ltd	United Kingdom	100.00%	100.00%	10th Floor, 26-28 Hammersmith Grove, London W6 7HA, UK	06319872	Ordinary
Lonrho MES Ltd	Mauritius	100.00%	100.00%	2nd Floor, Block B, Medine Mews, Chaussee Street, Port Louis, Mauritius	124720	Ordinary
Lonrho Ports Ghana Ltd	Mauritius	100.00%	100.00%	10th Floor, Raffles Tower 19 Cybercity Ebene Mauritius	106019	Ordinary
Lonrho Projects Agri (Pty) Ltd (in liquidation)	South Africa	70.00%	70.00%	102 First Floor, Fulham House, 20 Georgian Crescent, Hampton Park North, Johannesburg 2021, South Africa	2009/007772/07	Ordinary
Lonrho Projects Consulting (Pty) Ltd (in process of strike off)	South Africa	70.00%	70.00%	102 First Floor, Fulham House, 20 Georgian Crescent, Hampton Park North, Johannesburg 2021, South Africa	2009/009527/07	Ordinary
Lonrho Projects South Africa (Pty) Ltd (in process of strike off)	South Africa	70.00%	70.00%	102 First Floor, Fulham House, 20 Georgian Crescent, Hampton Park North, Johannesburg 2021, South Africa	2008/006054/07	Ordinary
Lonrho Securitec (Pty) Ltd (in process of strike off)	South Africa	70.00%	70.00%	102 First Floor, Fulham House, 20 Georgian Crescent, Hampton Park North, Johannesburg 2021, South Africa	2009/009501/07	Ordinary
Lonrho South Africa (Pty) Ltd (in the process of strike off)	South Africa	100.00%	100.00%	102 First Floor, Fulham House, 20 Georgian Crescent, Hampton Park North, Johannesburg 2021, South Africa	2006/031629/07	Ordinary
Lonrho Trustees Limited	United Kingdom	100.00%	100.00%	10th Floor, 26-28 Hammersmith Grove, London W6 7HA, UK	10180552	Ordinary
Lonrho Water (Pty) Ltd (in process of strike off)	South Africa	100.00%	100.00%	90 De Korte Street, Braamfontein, Johannesburg 2017, South Africa	2006/039221/07	Ordinary
Lonrho Management South Africa (Pty) Ltd	South Africa	100%	100%	102 First Floor, Fulham House 20 Georgian Crescent Hampton Park North Gauteng 2021 South Africa	2008/004250/07	Ordinary
LPMS Ltd	Ghana	100.00%	100.00%	4 Momotse Avenue, Adabraka, Accra, Ghana	CS501332014	Ordinary

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	Country of incorporation	Ownership interest		Registered address	Registered number	Class of share held in subsidiary undertaking
		2019	2018			
Luba Free Port Ltd	Jersey	63%	100.00%	2nd Floor Gaspe' House 66 - 72 Esplanade St Helier Jersey JE1 1GH Jersey	67503	Ordinary
Mozambique Machines Ltd	Mauritius	100.00%	100.00%	10th Floor, Raffles Tower 19 Cybercity Ebene Mauritius	094912	Ordinary
Protea Seafoods Ltd (in liquidation)	Mauritius	100.00%	100.00%	10th Floor, Standard Chartered Tower 19 Cybercity Ebene Mauritius	099067	Ordinary
Remote Facilities and Catering Services Limited (in liquidation)	Tanzania	0%	99.99%	Golden Jubilee Towers, 16th Floor, Ohio Street, Dar es Salaam, Tanzania	127336	Ordinary
Rollex Cargo (Pty) Ltd	South Africa	100.00%	100.00%	Unit 33 Foreign Airlines Cargo Cent OR Tambo International Airport Kempton Park Gaunteng 1627 South Africa	2006/028672/07	Ordinary
Savanna Canvas Ltd	Kenya	0%	1%	Kalamu House, Grevillea Grove, PO Box 47323-0010, Nairobi, Kenya	C.48199	Ordinary
Sociedade Comercial Bytes & Pices Lda	Mozambique	65.00%	65.00%	Rua da Unami, Nr 21, Maputo, Mozambique	12060	Quotas
Strenner Holding AG (liquidated on-03-2018)	Switzerland	0%	0%	Bellerivestrasse 201, 8034 Zurich, Switzerland	CHE- 11.698.161	Ordinary
Swissta Holding Ltd	Mauritius	100.00%	100.00%	Suites 340-345 Barkly Wharf, Le Caudan Waterfront, Port Louis, Mauritius	54284	Ordinary
Swissta Mozambique Lda	Mozambique	99.00%	99.00%	Avenida do Moamba No. 7111/1, Machava, Maputo, Mozambique	17166	Quotas
Tanzania Harvest Ltd	Mauritius	100.00%	100.00%	10th Floor, Raffles Tower 19 Cybercity Ebene Mauritius	105677	Ordinary
The Big Bottling Company Limited	Nigeria	37.06%	37.06%	252E Muri Okunola Street, Victoria Island, Lagos Nigeria	1093395	Ordinary
Brands Consumer Group Holding	Mauritius	83.7%	0%	Level 2 Alexander House, Silicon Avenue, Ebene Cybercity, Mauritius, 72201	C139895	Ordinary
Brands Consumer Group (Mauritius) Ltd	Mauritius	83.7%	0%	Level 2 Alexander House, Silicon Avenue, Ebene Cybercity Mauritius, 72201	144592	Ordinary
Brands Africa Ltd	Zambia	83.7%	0%	Sub COS Sub 34 of Farm 397A York Commercial Park, Makeni Lusaka, 35637 Zambia	95157	Ordinary
Brands Africa Ltd	Malawi	83.7%	0%	Grevilla Avenue, Limbe CC383A, Malawi	MBRS 1012368	Ordinary
BCG Supply Chain (Pty) Ltd	South Africa	83.7%	0%	Ruwag Building City Deep Production, 83 Heidelberg Road City Deep, Gauteng, 2197 South Africa	2016/296383/07	Ordinary

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	Country of incorporation	Ownership interest		Registered address	Registered number	Class of share held in subsidiary undertaking
		2019	2018			
BCG Supply Chain (Pty) Ltd	Botswana	83.7%	0%	Plot 465, Mathangwane Road Extension 4, POBOX 46699, Village, Gaborone, Botswana	CO2017/21279	Ordinary
Safari Distributors (Pty) Ltd	Botswana	83.7%	0%	Gaborone Plot 50370, Acumen Park, Fairgrounds Office Park Gaborone, Botswana	2000/2830	Ordinary

Exchange control procedures exist in Mozambique, Angola, Zimbabwe and South Africa, which place restrictions on repatriation of cash to the Group.

34. Contingent Liabilities

LonAgro Equipamentos Lda ("LonAgro")

During 2016, in light of currency restrictions in Angola the Group's Angolan subsidiary, LonAgro, engaged a local consultant to provide advice, consultation and assistance in support of making representations to the Bank of Angola to motivate and expedite bona fide \$US foreign currency allocations from the Bank of Angola. LonAgro paid the consultant \$US1.0m in commission for this service, during 2016 and 2017, being a rate of 15% of the total currency allocations secured.

Whilst certain due diligence was undertaken in relation to the consultant and whilst no issues were brought to the attention of the Group either then or since then, the Group's Auditors, on 28 March 2017 queried whether the Group could exclude the possibility that the foreign currency allocations may have been improperly procured by the consultant.

A thorough investigation was then undertaken by the Lonrho Group. This included:

1. legal advice from local Angolan counsel;
2. further enquiries of, and in relation to, the consultant including background checks and face to face interviews;
3. additional interviews with relevant LonAgro personnel (past and present);
4. a detailed review of documentation concerning the services provided by the consultant;
5. a targeted review of email traffic relevant to the instruction and work of the consultant;
6. a detailed level three due diligence review from an independent risk consultancy, and;
7. independent advice from the specialist regulatory risk team of an International Law Firm.

The investigation did not identify any evidence that foreign currency allocations were improperly procured. Although the company ceased engaging with the consultant during 2017, and no substantive concerns have come to light at any stage, it is impossible to exclude the risk that inappropriate actions may have occurred that could expose the company to the consequences of a breach of local or UK laws.

Having taken legal advice, the Directors consider the possibility of any liability arising in the future can currently neither be excluded nor quantified and therefore no provision has been included within the financial statements of the Company and the Group. However, in light of the lack of any substantive concerns having been raised to date and in light of the passage of time since the local consultant was first engaged, the Directors consider that any such risks are low.

35. Events after the reporting date

On 11 March 2020, the World Health Organisation (WHO) officially declared COVID-19, the disease caused by novel coronavirus, a pandemic. Management currently has an appropriate response plan in place by an on-going process of cash conservation and cash monitoring, with a secondary focus on cost savings. Management will continue to monitor and assess the ongoing development and respond accordingly. Management has discussed the impact of Covid-19 on assets held by the company at year end in the Outlook section within the Strategic Report.

On the 10th April 2020, Lonrho entered into an agreement to dispose of its 100% equity interest in LonAgro Market Expansion Services ("LonAgro"). The cash consideration received will be \$1. The sale is subject to conditions such as competition commission approval within Angola and Tanzania. Lonrho does not expect this to prevent the sale from concluding successfully and expect to recognise the impact of the sale in the 2020 financial year. Lonrho retains control of the business which includes working capital obligations and commitments until the sale is finalised. The disposal of the LonAgro division will lead to an impairment to the Lonrho Brand and a loss on sale of LonAgro which is expected to be substantial and up to \$20m.

